

Independent
auditor's report
on accounting (financial) statements of
Public Joint Stock Company Inter RAO UES
for 2017

February 2018

**Independent auditor's report
on accounting (financial) statements
of Public Joint Stock Company Inter RAO UES**

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Independent auditor's report

To the Shareholders and Board of Directors
the Public Joint Stock Company Inter RAO UES

Opinion

We have audited the accounting (financial) statements of PJSC Inter RAO (hereinafter referred to as the Company), which include a balance sheet as of December 31, 2017, profit and loss statement for 2017 and annexes to the same.

In our opinion, the accounting (financial) statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and the financial results and cash flows for 2017 under the rules for preparation of accounting (financial) statements established in the Russian Federation.

Basis for audit opinion

We have conducted the audit under the International Audit Standards (IAS). Our duties according to these standards are described below in the Section "Auditor's responsibility for the audit of accounting (financial) statements" of our report. We are independent in relation to the Company under the Code of Ethics for Professional Accountants of the Accounting Professional and Ethical Standards Board (APESB Code) and ethical requirements applicable to our audit of accounting (financial) statements in the Russian Federation and we have fulfilled other ethical duties pursuant to these requirements and the APESB Code. We believe that the audit evidence obtained by us provide a sufficient and appropriate basis for expressing our opinion.

Key audit aspects

Key audit aspects are those issues, which are, in our professional judgment, most important for our audit of the accounting (financial) statements for the reporting period. These issues have been considered in the context of our audit of accounting (financial) statements as a whole and in forming our opinion about these statements, and we do not express any separate opinion on these issues. With regard to each of the issues outlined below, our description of how these issues were considered in the course of our audit is given in this context.

We have fulfilled our duties as described in the Section "Auditor's responsibility for the audit of accounting (financial) statements" of our report, including those relating to these issues. Accordingly, our audit included performance of procedures developed in response to our evaluation of the risk of material misstatements of the accounting (financial) statements. Results of our audit procedures, including procedures performed in the course of consideration of the issues outlined below, provide a basis for expressing our audit opinion on the attached accounting (financial) statements.

Key audit issue	How the respective key issue was considered in the course of our audit
<p><i>Impairment of financial investments in investment units and shares recognized at their actual costs</i></p> <p>The Company holds various investment units and shares in the capitals of subsidiaries, affiliates and other companies, whose current market share is not determinable. Management evaluation of possible impairment of financial investments in investment units and shares recognized at their actual costs pursuant to the requirements of PBU 19/02 "Accounting of financial investments" is complex and, to a significant degree, subjective and it is based on assumptions, in particular, on the forecast of economic benefits from financial investments to subsidiaries, affiliates and other companies. Therefore, this issue was one of the most important issues of our audit.</p> <p>Information on financial investments in investment units and shares recognized at their actual costs is disclosed in Note 5.1 to these accounting (financial) statements.</p>	<p>We have evaluated the analysis made by the Company with regard to the signs of steady decline of the value of the financial investments in investment units and shares of subsidiaries, affiliates and other companies, whose current market value is not determinable, in particular, we have analyzed the changes of the value of the Company's shareholding in the net assets of subsidiaries, affiliates and other companies, which took place within the current period.</p> <p>With regard to financial investments for which steady decline of value was determined, we have reviewed the available information regarding the plans of subsidiaries, affiliates and other companies as evidence of possible significant increase of the estimated value of these financial investments in future.</p>
<p><i>Valuation of debt securities</i></p> <p>The value of debt securities recognized on the Company's balance sheet is significant, while the conditions of their redemption involve payment delay for 15 years with the possibility of their conversion to shares. Evaluation of possible impairment of the said debt securities whose current market value is not determinable was dependent, among other things, on the estimated credit risk indicator and, therefore, was one of the most important issues of our audit.</p> <p>Information on debt securities is disclosed in Note 5.1 to these accounting (financial) statements.</p>	<p>With the help of a valuation specialist, we have analyzed the calculation by the Company's management of the estimated cost of these debt securities. Our procedures included, inter alia, evaluation of the discount rate used by the Company's management for the calculation, as well as the comparison of other data used in calculation, with available market information on similar securities.</p>

Other information included in the Company's Annual Report for 2017

Other information includes information contained in the Company's Annual Report for 2017, but does not include accounting (financial) statements and our audit report on the same. Responsibility for other information is borne by the management. It is expected that the annual report will be provided to us after the date of this audit report.

Our opinion on accounting (financial) statements does not cover other information and we will not provide a conclusion expressing any form of assurance with regard to that information.

In connection with our audit of accounting (financial) statements, our duty is to get familiar with the other information indicated above, when it is provided to us, and to consider if there are any material discrepancies between other information and accounting (financial) statements or our knowledge obtained in the course of the audit and if the other information contains any material misstatements.

Responsibility of the management and Audit Committee of the Board of Directors for the accounting (financial) statements

The Company's management is responsible for the preparation and fair presentation of the said accounting (financial) statements pursuant to the rules of preparation of accounting (financial) statements established in the Russian Federation, as well as for the internal control system as the management deems necessary for the preparation of accounting (financial) statements free from material misstatements whether due to fraud or error.

In the course of preparing accounting (financial) statements, the management is responsible for the evaluation of the Company's ability to do business as a going concern, for the disclosure, in the relevant situations, of information related to going concern, and for the preparation of statements based on the assumption of going concern, excluding cases when the management intends to liquidate the Company, seize the business activity or has no real alternative to such actions.

The Audit Committee of the Board of Directors is responsible for overseeing the process of preparation of accounting (financial) statements of the Company.

Auditor's responsibility for the audit of accounting (financial) statements

Our objective is to gain the reasonable assurance that these accounting (financial) statements as a whole do not contain any material misstatements whether due to fraud or error, as well as to issue an audit report containing our opinion. Reasonable assurance is high degree of assurance, but is not a guarantee that the audit performed pursuant to the International Audit Standards will always detect material misstatement, if there is such.

Misstatements may be the result of fraud or error and are considered material, if one may reasonably assume that they might, separately or together, affect the economic decisions of users made on the basis of these accounting (financial) statements.

Within the frames of the audit conducted pursuant to the International Audit Standards, we apply professional judgment and retain professional skepticism throughout the audit. In addition, we perform the following:

- ▶ identify and evaluate risks of material misstatements of accounting (financial) statements whether due to fraud or error; develop and conduct audit procedures in response to these risks; get audit evidence constituting sufficient and appropriate basis for expressing our opinion. The risk of non-detection of material misstatements due to fraud is higher than the risk of non-detection of material misstatements due to error, since fraudulent actions may involve collusion, forgery, deliberate omission, distorted presentation of information or actions circumventing the internal control system;
- ▶ gain understanding of internal control system, which is significant for audit, with the purpose of developing audit procedures corresponding to the circumstances, but not for the purpose of expressing opinion on the effectiveness of the Company's internal control system;
- ▶ evaluate the proper nature of the applied accounting policy and the validity of accounting estimates determined by the management, as well as the disclosure of the respective information;
- ▶ make conclusion on the appropriateness of the use by the management of the going concern assumption and, based on received audit evidence, conclusion on whether there is material uncertainty in connection with events or conditions that may cause significant doubt with regard to the Company's ability to do business as a going concern. If we come to the conclusion that there is material uncertainty, we should emphasize in our audit report the respective disclosure of information in the accounting (financial) statements or, if such disclosure of information is inappropriate, modify our opinion. Our conclusions are based on audit evidence received by the date of our audit report. However, future events or conditions may lead to the situation when the Company loses its ability to do business as a going concern;
- ▶ carry out evaluation of presentation of accounting (financial) statements as a whole, its structure and contents, including disclosure of information, as well as evaluation of whether the accounting (financial) statements represent the underlying transactions and events in such a way as to ensure their fair presentation.

We carry out information interaction with the Audit Committee of the Board of Directors, bringing to its notice, inter alia, information on the planned volume and period of audit, as well as material comments on the audit results, including significant weaknesses of the internal control system, if we discover any in the course of audit.

We also submit to the Audit Committee of the Board of Directors a statement confirming that we have followed all the respective ethical requirements with regard to independence and have informed it about all interrelations and other issues which may be reasonably considered as affecting the auditor's independence and, if necessary, on the respective safeguards.

We determine, out of the issues which we have brought to the attention of the Audit Committee of the Board of Directors, the issues which were most important for the audit of the accounting (financial) statements for the current period and which, consequently, are key audit issues. We describe these issues in our audit report, with the exception of cases when the public disclosure of information on these issues is prohibited by the law or regulation or when, in extremely rare situations, we come to the conclusion that information on a certain issue should not be communicated in our report since we can reasonably assume that the negative consequences of communicating such information will exceed the socially significant benefit from such communication.

The Manager responsible for the audit which served as a basis for issuing this independent auditor's report is Igor Anatolyevich Buyan.

/Signature/
I.A. Buyan
Partner
Ernst & Young LLC

February 8, 2018

Information on the audited entity

Name: Public Joint Stock Company Inter RAO UES

Entry was made in the Unified States Register of Legal Entities on November 1, 2002, with the state registration number 1022302933630 assigned to the same.

Principal place of business: 27 Bolshaya Pirogovskaya Str., bld. 2, Moscow, 119435, Russian Federation

Information on the auditor

Name: Ernst & Young LLC

Entry was made in the Unified States Register of Legal Entities on December 5, 2002, with the state registration number 1027739707203 assigned to the same.

Principal place of business: 77 Sadovnicheskaya Emb., bld. 1, Moscow, 115035, Russian Federation

Ernst & Young LLC is a member of Self-Regulatory Organization of Auditors Russian Union of Auditors (Association) (SRO RUA). Ernst & Young LLC is included in the reference copy of the register of auditors and auditing companies under primary registration number 11603050648.

BALANCE SHEET as of December 31, 2017.

			OKUD form			CODES		
			Date (day, month, year)			0710001		
			OKPO code			31	12	2017
Entity	<i>Public Joint Stock Company Inter RAO UES</i>						33741102	
Taxpayer Identification Number			INN (Taxpayer Identification Number):			2320109650		
Type of activity	<i>sales of electricity</i>			as per OKVED			35.14	
Legal form/form of ownership			<i>Public Joint-Stock Company /</i>			12247	49	
<i>Other mixed Russian ownership</i>			as per OKOPF/OKFS (National Classifier of Forms of Incorporation/Forms of Ownership)					
Unit of measurement: RUB thousand			as per OKEI (National Classifier of Measurement Units)			384		
Location (address)			<i>27 Bolshaya Pirogovskaya Str., bld. 2, Moscow, 119435</i>					

Explanatory notes	Name of indicator	Indicator code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
	ASSET				
	I. NON-CURRENT ASSETS				
P-1	Intangible assets	1110	68,627	14,388	32,012
	R&D results	1120	—	—	—
	Intangible exploration assets	1130	—	—	—
	Tangible exploration assets	1140	—	—	—
P-2	Fixed assets	1150	1,186,302	910,859	1,188,499
P-3	including: construction in progress	1155	1,149,885	871,284	1,142,975
P-2	Income-bearing investments in tangible assets	1160	—	3,264	4,003
P-5.1	Financial investments	1170	347,899,147	346,278,308	306,466,238
	Deferred tax assets	1180	3,820,990	1,584,874	2,152,104
P-4, 7.1	Other non-current assets	1190	4,016,016	12,872,059	3,848,255
	TOTAL for section I	1100	356,991,082	361,663,752	313,691,111
	II. CURRENT ASSETS				
P-6	Inventories	1210	7,047	6,024	3,141
	Value added tax on assets purchased	1220	370,579	410,362	336,026
P-7	Receivables expected to be paid within 12 months after the reporting date, including:	1230	30,956,227	24,910,547	16,268,061
P-7.2	Buyers and customers	1231	2,137,039	3,867,502	4,417,035
P-7.4	Advance payments made	1232	1,611,974	2,720,596	3,028,127
P-7.3	Other debtors	1236	27,207,214	18,322,449	8,822,899
P-5.2	Financial investments (excluding cash equivalents)	1240	10,838,269	8,441,079	3,977,381
P-5.2, 8	Cash and cash equivalents	1250	68,913,797	41,655,875	20,395,085
P-9	Other current assets	1260	8,951	834,907	913
	TOTAL for section II	1200	111,094,870	76,258,794	40,980,607
	BALANCE SHEET	1600	468,085,952	437,922,546	354,671,718

Explanatory notes	Name of indicator	Code of item	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
	LIABILITY				
	III. CAPITAL AND RESERVES				
P-10	Authorized capital	1310	293,339,675	293,339,675	293,339,675
	including: Increase (decrease) of authorized capital transferred for registration before the reporting date, but not yet registered	1311	—	—	—
P-10	Treasury shares	1320	—	—	—
P-10	Revaluation of non-current assets	1340	—	—	—
P-10	Additional capital (without revaluation)	1350	195,416,130	195,416,130	195,416,130
P-10	Reserve capital	1360	5,377,885	504,121	318,048
	Retained earnings (accumulated loss)	1370	(63,810,957)	(59,277,959)	(154,706,428)
	including: retained earnings of previous years	1371	(79,479,723)	(156,753,228)	(158,427,881)
	retained earnings of the current year	1372	15,668,766	97,475,269	3 721 453
	TOTAL for section III	1300	430,322,733	429,981,967	334,367,425
	IV. LONG-TERM LIABILITIES				
P-12	Borrowed funds	1410	—	—	950,195
	Deferred tax liabilities	1420	34,513	410,342	40,574
P-11	Estimated liabilities	1430	—	—	10,095,546
P-13.1	Other liabilities	1450	—	—	99,477
	TOTAL for section IV	1400	34,513	410,342	11,185,792
	V. SHORT-TERM LIABILITIES				
P-12	Borrowed funds	1510	28,853,002	—	599
P-13.2	Payables expected to be paid within 12 months after the reporting date, including:	1520	6,491,926	5,454,666	7,601,836
P-13.2.1	Suppliers and contractors	1521	3,242,927	2,624,911	4,510,806
	Payables to personnel	1522	66,047	69,344	1,464
	Payables to state non-budgetary foundations	1523	35,817	29,989	524
	Outstanding taxes and levies	1524	15,259	15,263	588
	Advance payments received	1525	2,151,327	2,294,917	2,683,618
	Other creditors	1527	980,549	420,242	404,836
	Deferred revenues	1530	—	—	—
P-11	Estimated liabilities	1540	2,383,778	2,075,571	1,516,066
	Other liabilities	1550	—	—	—
	TOTAL for section V	1500	37,728,706	7,530,237	9,118,501
	BALANCE SHEET	1700	468,085,952	437,922,546	354,671,718

Head

(signature)

B. Yu. Kovalchuk

(print full name)

February

2018



PROFIT AND LOSS STATEMENT
for the period from January 1, 2017 to December 31, 2017

Entity Public Joint Stock Company Inter RAO UES
Taxpayer Identification Number _____
Type of activity sales of electricity
Legal form/form of ownership
Public Joint-Stock Company/
Other mixed Russian property

			CODES		
OKUD form			0710002		
Date (day, month, year)			31	12	2017
OKPO code			33741102		
INN (Taxpayer Identification Number):			2320109650		
as per OKVED			35.14		
			12247	49	
er OKOPF/OKFS (National Classifier of as of Incorporation/Forms of Ownership)			384		
ational Classifier of Measurement Units)					

Explanatory notes	Name of indicator	Code	For January – December 2017	For January – December 2016
P-14, 21	Proceeds (net) from sales of goods and services (net of value added tax, excise duties and similar mandatory payments), including:	2110	40,975,442	43,180,221
	electricity export	2111	27,322,778	30,681,583
	sale of electricity (power) in the domestic market	2112	13,226,729	9,688,812
	sale of energy equipment	2113	223,343	2,682,644
	other	2114	202,592	127,182
P-15, 21	Prime cost of goods, products, works and services sold	2120	(32,884,033)	(31,669,437)
	Purchase of electricity (power) in the domestic market	2121	(26,571,031)	(26,129,607)
	electricity import	2123	(6,042,813)	(3,247,065)
	sale of energy equipment	2124	(268,845)	(2,291,445)
	other	2125	(1,344)	(1,320)
	Gross profit	2100	8,091,409	11,510,784
P-15	Selling costs	2210	(2,991,296)	(3,163,283)
P-15	Administrative costs	2220	(5,783,080)	(5,719,843)
	Profit (loss) on sales	2200	(682,967)	2,627,658
	Revenue from participation in other entities	2310	13,795,530	1,037,558
	Interest receivable	2320	3,528,811	5,695,209
	Interest payable	2330	(414,498)	(188,019)
P-16	Other revenues	2340	2,386,955	131,825,860
P-16	Other expenses	2350	(5,241,753)	(42,408,915)
	Profit (loss) before tax	2300	13,372,078	98,589,351
P-18	Current profit tax	2410	(596,128)	(158,079)
	including standing tax liabilities (assets)	2421	221,604	(7,671,646)
	Change in deferred tax liabilities	2430	375,829	(369,768)
	Change in deferred tax assets	2450	83,298	(567,230)
P-18	Other	2460	2,433,689	(19,005)
	Net profit (loss) for the reporting period	2400	15,668,766	97,475,269
	FOR REFERENCE			
	Result from revaluation of non-current assets not included in net profit (loss) for the period	2510	—	—
	Result from other transactions not included in net profit for the period	2520	—	—
	Aggregate financial result for the period	2500	15,668,766	97,475,269
P-19	Basic earnings (loss) per share (RUB)	2900	0.1501	0.9337
	Diluted earnings (loss) per share (RUB)	2910	0.1501	0.9337

Head  B. Yu. Kovalchuk
(signature) (print full name)

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STATEMENT OF CHANGES IN EQUITY for 2017

Entity Public Joint Stock Company Inter RAO UES
Taxpayer Identification Number _____
Type of activity sales of electricity
Legal form/form of ownership Public Joint-Stock Company/
Other mixed Russian property

	CODES		
OKUD form	0710004		
Date (day, month, year)	31	12	2017
OKPO code	33741102		
INN (Taxpayer Identification Number):	2320109650		
as per OKVED	35.14		
er OKOPF/OKFS (National Classifier of as of Incorporation/Forms of Ownership)	12247	49	
	384		
National Classifier of Measurement Units)			

Unit of measurement: RUB thousand

1. Capital flow

Name of indicator	Code	Authorized capital	Own stock repurchased from shareholders	Additional capital	Reserve capital	Retained earnings (accumulated loss)	Total
Value of capital as of December 31, 2015	3100	293,339,675	—	195,416,130	318,048	(154,706,428)	334,367,425
for 2016							
Increase in capital – total:	3210	—	—	—	—	97,475,269	97,475,269
including net profit	3211	X	X	X	X	97,475,269	97,475,269
revaluation of property	3212	X	X	—	X	—	—
revenues attributed directly to capital increase	3213	X	X	—	X	—	—
additional issue of shares	3214	—	—	—	X	X	—
Increase of nominal value of shares	3215	—	—	—	X	—	—
legal entity's reorganization	3216	—	—	—	—	—	—
sale of own shares	3217	—	—	—	—	—	—
Decrease of capital – total:	3220	—	—	—	—	(1,860,727)	(1,860,727)
including loss	3221	X	X	X	X	—	—
revaluation of property	3222	X	X	—	X	—	—
expenses directly related to the decrease of capital	3223	X	X	—	X	—	—
decrease of nominal value of shares	3224	—	—	—	X	—	—
decrease of the number of shares	3225	—	—	—	X	—	—
legal entity's reorganization	3226	—	—	—	—	—	—
dividends	3227	X	X	X	—	(1,860,727)	(1,860,727)
Change in additional capital	3230	X	X	—	—	—	X
Change in reserve capital	3240	X	X	X	186,073	(186,073)	X
Value of capital as of December 31, 2016	3200	293,339,675	—	195,416,130	504,121	(59,277,959)	429,981,967
for 2017							
Increase in capital – total:	3310	—	—	—	—	15,668,766	15,668,766
including net profit	3311	X	X	X	X	15,668,766	15,668,766
revaluation of property	3312	X	X	—	X	—	—
revenues attributed directly to capital increase	3313	X	X	—	X	—	—
additional issue of shares	3314	—	—	—	X	X	—
Increase of nominal value of shares	3315	—	—	—	X	—	X
legal entity's reorganization	3316	—	—	—	—	—	—
sale of own shares	3317	—	—	—	—	—	—

Name of indicator	Code	Authorized capital	Own stock repurchased from shareholders	Additional capital	Reserve capital	Retained earnings (accumulated loss)	Total
Decrease of capital – total:	3320	—	—	—	—	(15,328,000)	(15,328,000)
including loss	3321	X	X	X	X	—	—
revaluation of property	3322	X	X	—	X	—	—
expenses directly related to the decrease of capital	3323	X	X	—	X	—	—
decrease of nominal value of shares	3324	—	—	—	X	—	—
decrease of the number of shares	3325	—	—	—	X	—	—
legal entity's reorganization	3326	—	—	—	—	—	—
dividends	3327	X	X	X	—	(15,328,000)	(15,328,000)
Change in additional capital	3330	X	X	—	—	—	X
Change in reserve capital	3340	X	X	X	4,873,764	(4,873,764)	X
Value of capital as of December 31, 2017 1	3300	293,339,675	—	195,416,130	5,377,885	(63,810,957)	430,322,733

2. Adjustments due to changes in accounting policy and error corrections

Name of indicator	code	As of December 31, 2015	Change in capital for 2016		As of December 31, 2016
			on account of net profit (loss)	on account of other factors	
Capital – total					
before adjustments	3400	334,367,425	97,475,269	(1,860,727)	429,981,967
adjustment due to:					
change in accounting policy	3410	—	—	—	—
error corrections	3420	—	—	—	—
after adjustments	3500	334,367,425	97,475,269	(1,860,727)	429,981,967
including:					
retained earnings (accumulated loss):					
before adjustments	3401	—	—	—	—
adjustment due to:					
change in accounting policy	3411	—	—	—	—
error corrections	3421	—	—	—	—
after adjustments	3501	—	—	—	—
other items of capital adjusted					
before adjustments	3402	—	—	—	—
adjustment due to:					
change in accounting policy	3412	—	—	—	—
error corrections	3422	—	—	—	—
after adjustments	3502	—	—	—	—

3. Net Assets

Name of indicator	Code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Net assets	3600	430,322,733	429,981,967	334,367,425

Head



(signature)

B. Yu. Kovalchuk

(print full name)

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CASH FLOW STATEMENT for 2017

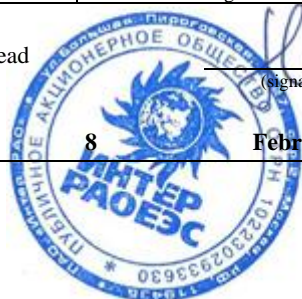
Entity Public Joint Stock Company Inter RAO UES
Taxpayer Identification Number _____
Type of activity sales of electricity
Legal form/form of ownership _____
Public Joint-Stock Company/
Other mixed Russian property
Unit of measurement: RUB thousand

OKUD form			CODES		
Date (day, month, year)			0710005		
OKPO code			31	12	2017
INN (Taxpayer Identification Number):			33741102		
as per OKVED			2320109650		
			35.14		
			12247		49
as per OKOPF/OKFS (National Classifier of Forms of Incorporation/Forms of Ownership)					
as per OKEI (National Classifier of Measurement Units)			384		

Explanatory notes	Name of indicator	Code	For 2017	For 2016
	Cash flows from current transactions			
	Proceeds - total	4110	57,428,861	45,828,919
	including:			
	from sales of products, goods, works and services	4111	42,933,900	42,892,613
	lease payments, license fees, royalties, commissions and other similar payments	4112	108,066	79,605
	from resale of financial investments	4113	-	-
	from repayment of interest-free loans provided	4114	8,357,954	-
	other revenues	4119	6,028,941	2,856,701
	Payments - total	4120	(54,188,493)	(44,082,128)
	including			
	to suppliers (contractors) for raw and other materials, works and services	4121	(37,495,428)	(37,592,657)
	related to payment of employees' remuneration	4122	(3,475,194)	(3,288,645)
	interests on debt liabilities	4123	(292,594)	(188,618)
	corporate profit tax	4124	(110,394)	(1,550,369)
	provision of interest-free loans	4125	(10,096,484)	-
	other payments	4129	(2,718,399)	(1,461,839)
	Balance of cash flows from current transactions	4100	3,240,368	1,746,791
	Cash flows from investment transactions			
	Proceeds - total	4210	31,593,826	83,805,494
	including:			
	from sales of current assets (other than financial investments)	4211	1,782,776	4,612,467
	from sales of shares (interest) in other organizations	4212	12,706,634	51,142,896
	from repayment of loans provided, from sales of debt securities (rights of demand of cash to other entities)	4213	3,900,275	16,395,977
	dividends, interest on debt financial investments and similar proceeds from equity participation in other organizations	4214	7,371,181	5,774,154
	repayment of deposits placed for the period over 3 months	4215	5,832,960	5,880,000
	other revenues	4219	-	-
	Payments - total	4220	(21,089,998)	(28,035,970)
	including			
	due to acquisition, creation, modernization, reconstruction and preparation for the use of non-current assets	4221	(325,458)	(341,136)
	due to acquisition of shares (interest) in other organizations	4222	(4,107,784)	(20,683)
	due to acquisition of debt securities (rights of claiming cash from other persons), provision of loans to other entities	4223	(634,768)	(18,544,065)
	Interests on debt liabilities, included into the cost of investment asset	4224	-	-
	placement of deposits for a period of more than 3 months	4225	(16,014,032)	(4,500,000)
	other payments	4229	(7,956)	(4,630,086)
	Balance of cash flows from investment transactions	4200	10,503,828	55,769,524

Explanatory notes	Name of indicator	Code	For 2017	For 2016
	Cash flows from financial transactions			
	Proceeds - total	4310	30,192,048	2,802,396
	including:			
	receipt of credits and loans	4311	30,192,048	2,802,396
	cash contributions of owners (participants)	4312	—	—
	from the issue of shares, increase in interest, sale of own shares repurchased from shareholders	4313	—	—
	from issue of bonds, bills of exchange and other debt securities, etc.	4314	—	—
	other revenues	4319	—	—
	Payments - total	4320	(16,738,433)	(37,253,035)
	including:			
	to owners (participants) due to repurchase from them of organization's shares (interest) or their withdrawal from the list of participants	4321	—	—
P-10	for payment of dividends and other payments on distribution of profits in favor of owners (participants)	4322	(15,274,538)	(1,824,199)
	due to repayment (repurchase) of bills of exchange and other debt securities, repayment of credits and loans	4323	(1,460,950)	(3,752,591)
	guarantee payments	4324	(2,945)	(31,676,245)
	other payments	4329	—	—
	Balance of cash flows from financial transactions	4300	13,453,615	(34,450,639)
	Balance of cash flows for the reporting period	4400	27,197,811	23,065,676
P-8	Balance of cash and cash equivalents at the beginning of the reporting period	4450	41,655,875	20,395,085
P-8	Balance of cash and cash equivalents as of the end of the reporting period	4500	68,913,797	41,655,875
	The effect of changes in the exchange rate of foreign currency to ruble	4490	60,111	(1,804,886)

Head



B. Yu. Kovalchuk
(signature) (print full name)

8 February 2018

EXPLANATORY NOTES

to accounting (financial) statements of Inter RAO PJSC for 2017

These Explanatory Notes constitute an integral part of the annual accounting (financial) statements of PJSC Inter RAO for 2017 prepared in accordance with applicable laws of the Russian Federation.

All amounts are shown in thousand rubles, unless otherwise specified.

I. GENERAL INFORMATION

Public Joint Stock Company Inter RAO UES¹ (the "Company") was established on October 23, 2002. The main focus of the Company's activities is sale of electricity both within the Russian Federation and abroad. The company and its subsidiaries are hereinafter collectively referred to as Inter RAO Group.

In 2017, the Company carried out sales of electrical energy in the domestic market and outside the Russian Federation, supplied power equipment abroad and managed activities of generating, sales, engineering and other companies included in Inter RAO Group.

The Company shares are admitted to trading at the securities market and added to the Tier 1 securities admitted to trading at PJSC Moscow Exchange.

The Company has the following registered address: 27, Bolshaya Pirogovskaya Str., bld. 2, Moscow, 119435, Russia

Taxpayer Identification Number (INN): 2320109650.

The average payroll count of the Company for 2017 made 504 persons (479 persons for 2016).

These statements were signed on February 8, 2018.

¹ Prior to the change of its name, Sochinskaya TPP OJSC (renamed on the basis of the Resolution of the Company's sole shareholder, OJSC RAO UES of Russia, dated March 28, 2008).

EXPLANATORY NOTES

to accounting (financial) statements of Inter RAO PJSC for 2017

Representative Offices of the Company as of December 31, 2017:

Name	Type of activity	Location
Representative office in the territory of the Republic of Ecuador	Functions of the representative office	Office 403, Tower B, World Trade Center building, 12 October Avenue No. 24-528 and Louis Cordero, Quito, the Republic of Ecuador
Representative office in the Kingdom of Belgium	Functions of the representative office	56 Avenue des Arts, Brussels, 1000, Kingdom of Belgium

Members of the Company's Board of Directors in 2017:

No.	FULL NAME	Position
1	Igor Ivanovich Sechin	Chairman of the Board of Directors of PJSC Inter RAO, Chief Executive Officer, Chairman of the Management Board, Deputy Chairman of the Board of Directors of PJSC Rosneft Oil Company
2	Boris Ilyich Ayuyev	Chairman of the Management Board, JSC System Operator of the Unified Energy System
3	Andrey Yevgenyevich Bugrov	Senior Vice-President of PJSC Mining and Metallurgical Company Norilsk Nickel (Independent Director)
4	Anatoliy Anatolyevich Gavrilenko	General Director of Leader CJSC
5	Boris Yuryevich Kovalchuk	Chairman of the Management Board, PJSC Inter RAO
6	Alexander Markovich Lokshin	First Deputy General Director for Operations Management, Rosatom Atomic Energy State Corporation (Independent Director)
7	Andrey Yevgenyevich Murov	Chairman of the Management Board of PJSC FGC UES
8	Ronald J. Pollett	GE Vice-President, President and CEO of GE in Russia and CIS (Independent Director)
9	Elena Vladimirovna Sapozhnikova	Partner of UCP Group of Companies (Independent Director)
10	Denis Vladimirovich Fedorov	Head of the Power Sector Development and Marketing Department of Gazprom PJSC, General Director of Gazpromenergoholding LLC
11	Dmitriy Yevgenyevich Shugaev	Deputy Chairman of the Board of Directors of PJSC Inter RAO, Director of the Federal Service for Military and Technical Cooperation

EXPLANATORY NOTES

to accounting (financial) statements of Inter RAO PJSC for 2017

Members of the Company's Revision Commission in 2017:

No.	FULL NAME	Position	Date changes to the composition
1	Gennadiy Ivanovich Bukayev	Vice-President, Head of Internal Audit Service of PJSC Rosneft Oil Company, General Director of JSC ROSNEFTEGAZ	
2	Tatyana Vladimirovna Fisenko	Head of Budget Planning and Accounting Department of the Ministry of Energy of the Russian Federation	
3	Izumrud Aligadzhiyevna Alimuradova	Director for Internal Audit — Head of Internal Audit Department, PJSC FGC UES	ending on June 9, 2017
4	Dmitriy Lvovich Shishkin	Director for Internal Control of PJSC FGC UES	ending on June 9, 2017
5	Yuriy Aleksandrovich Shcherbakov	Head of the Treasury Department of the Financial and Economic Center, PJSC Inter RAO	ending on June 9, 2017
6	Tatyana Borisovna Zaltsman	Head of Economic Planning Department of the Financial and Economic Center, PJSC Inter RAO	starting from June 10, 2017
7	Svetlana Nikolaevna Kovalyova	Director for Internal Audit — Head of Internal Audit Department, PJSC FGC UES	starting from June 10, 2017
8	Igor Vladimirovich Feoktistov	Director for Internal Control of PJSC FGC UES	starting from June 10, 2017

Members of the Company's Management Board in 2017:

No.	FULL NAME	Position
1	Boris Yuryevich Kovalchuk	Chairman of the Management Board, PJSC Inter RAO
2	Aleksandr Gennadyevich Boris	Deputy Chairman of the Management Board, PJSC Inter RAO
3	Mikhail Vladimirovich Konstantinov	Member of the Management Board, Head of the Legal Unit, PJSC Inter RAO
4	Evgeniy Nikolaevich Miroshnichenko	Member of the Management Board, Head of the Financial and Economic Center, PJSC Inter RAO
5	Ilmar Ilbatirovich Mirsiyapov	Member of the Management Board, Head of the Strategy and Investments Unit, PJSC Inter RAO

EXPLANATORY NOTES
to accounting (financial) statements of Inter RAO PJSC for 2017

No.	FULL NAME	Position
6	Valeriy Valeryevich Murgulets	Member of the Management Board, Head of the Innovations, Investments and Costs Management Unit, PJSC Inter RAO
7	Pavel Ivanovich Okley	Member of the Management Board, Head of the Production Activities Unit, PJSC Inter RAO
8	Dmitriy Aleksandrovich Filatov	Member of the Management Board, Head of the Procurement Division, PJSC Inter RAO
9	Karina Valeryevna Tsurkan	Member of the Management Board, Head of the Trading Unit, PJSC Inter RAO
10	Yuriy Vladimirovich Sharov	Member of the Management Board, Head of the Engineering Unit, PJSC Inter RAO

II. MAIN PROVISIONS OF THE ACCOUNTING POLICY

These accounting (financial) statements of the Company have been prepared based on the following accounting policy.

Main Approaches to the Preparation of the Annual Accounting (Financial) Statements

The Company's accounting (financial) statements have been prepared according to the rules of accounting and reporting being in effect in the Russian Federation, in particular, Federal Law No. 402-FZ of December 6, 2011 "On Accounting", Regulations on Accounting "Accounting Policy of Organization" PBU 1/2008 approved by the Order of the RF Ministry of Finance No. 106n of October 6, 2008 (as amended on April 28, 2017), Regulations on Accounting and Reporting in the Russian Federation approved by the Order of the RF Ministry of Finance No. 34n of July 29, 1998 (as amended on March 29, 2017), Regulations on Accounting "Accounting Statements of Organization" PBU 4/99 approved by the Order of the RF Ministry of Finance No. 43n of July 6, 1999.

Pursuant to Clause 1, Article 12 of the Federal Law No. 402-FZ, items of accounting are subject to monetary measurement. Monetary measurement of the items of accounting is made in the currency of the Russian Federation.

EXPLANATORY NOTES

to accounting (financial) statements of Inter RAO PJSC for 2017

Uncertainty of Estimated Values

Below are basic assumptions concerning future events, as well as other sources of uncertainty of estimated values as of the reporting date, which imply considerable risk of the necessity to make material adjustments to the book value of assets and liabilities in the next reporting year: provision for bad debts; provision for impairment of financial investments; estimated liabilities.

Fixed assets

The composition of the fixed assets includes property with the useful life of over 12 months and value of over 40 thousand rubles.

The inventory item is the unit for the accounting of fixed assets. In the event that any single item is composed of several parts having different useful lives, each of such parts shall be recorded as an individual inventory item.

Acquired items with the cost of not more than RUB 40 thousand per unit are accounted as part of inventories and included in the costs at the time of transfer to operation.

Personal computer components (system unit, monitor, keyboard, etc.) purchased as separate units are considered for the accounting purposes as separate items of accounting. In case of purchase as a single item, automated work place, they are accounted for as a single inventory item. Personal computer components are accounted on the basis of the general procedure, as part of inventories or as part of fixed assets, depending on the cost of each component.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Fixed assets are accepted for accounting at their cost. The sum of actual costs of the Company for acquisition, construction and manufacturing, with the exception of value added tax and other recoverable taxes (except in cases provided for by the legislation of the Russian Federation) is deemed the cost of fixed assets acquired for payment.

In the event that the fixed assets items are acquired under agreements providing for fulfillment of liabilities in kind, the value of assets transferred or subject to transfer by the Company shall be considered as the cost of such items. The value of assets transferred or subject to transfer by the Company is set on the basis of the price which the Company determines for the value of similar assets in ordinary practice in comparable circumstances.

The Company did not acquire fixed assets items for non-monetary consideration in the reporting period.

The Company did not carry out the revaluation of the fixed assets in the reporting year.

Depreciation of fixed assets items is based on straight-line method. Decreasing and increasing factors are not applied for calculation of depreciation.

Depreciation of fixed assets is calculated based on the periods of useful life determined pursuant to the Classification of Fixed Assets Included in Depreciation Groups approved by Decree of the RF Government No. 1 dated January 1, 2002. The periods of useful life accepted by the Company, by groups of fixed assets, are given below.

Group of fixed assets	Periods of useful life (number of years) of items on the balance sheet
Machines and equipment	2-8
Transportation vehicles	5-8
Production and economic equipment	3-20
Other types of fixed assets	3-8

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Depreciation of fixed assets is charged irrespective of the results of the Company's business activities in the reporting period.

income and costs from disposal of fixed assets are reflected in the Profit and Loss Statement as part of other income and costs.

In the accounting (financial) statements, the fixed assets are shown at cost less accumulated depreciation.

Leased fixed assets are accounted off the balance sheet within the valuation as stated by the lessor during the transfer of fixed assets to lease.

Intangible assets

The Company, along with exclusive rights, recognizes as intangible assets also non-exclusive rights on the use of the results of intellectual activity and rights to items not being results of intellectual activity and means of individualization, provided that such items meet all criteria of recognition as intangible assets.

The assets not meeting all criteria of recognition of items as intangible assets are accounted by the Company as part of deferred costs, being included in the balance sheet under the item "Other current assets" / "Other non-current assets".

The inventory item is the unit for the accounting of intangible assets.

Intangible assets are accepted for accounting at their factual (original) cost.

The cost of intangible assets acquired for consideration is determined by the amount of actual costs of purchase.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

The cost of intangible assets received under agreements providing for the fulfillment of liabilities by non-monetary resources will be set at the cost of valuables handed over by the Company in exchange, but not less than the market value of these valuables. Where the market value of valuables handed over by the Company in exchange is not determinable, the market value of the valuables received is deemed the cost of such valuables.

The Company did not acquire intangible assets objects for consideration in kind in the reporting period.

Expenses on modernization (improvement) of intangible assets made after their accounting, are accepted in accounting records as independent objects of intangible assets, regardless of the period of the use of modernization (improvement), and are written off through the mechanism of depreciation accrual within the established period of the use of modernized intangible asset after modernization (improvement) or remaining period of the use of this asset (if the period of use was not reviewed after modernization) as normal business expenses. Expenses on modernization (improvement) of intangible assets are reflected as part of non-current assets under the item "Intangible assets".

The Company does not carry out revaluation of intangible assets.

The Company examines the intangible assets as to the signs of possible impairment each year before preparing annual accounting statements on the basis of the procedure provided for by IFRS. As of December 31, 2017, the Company has detected no signs of impairment of intangible assets.

Depreciation of intangible assets is charged using a linear method based on the following periods of useful life.

Intangible asset type	Period of useful life (number of years)
Rights to software products	2-14
Rights to use a trade mark	7-10

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Depreciation of intangible assets is charged irrespective of the results of the Company's business activities in the reporting period.

Income and costs from disposal of intangible assets are reflected in the Profit and Loss Statement as part of other income and costs.

The accounting (financial) statements include the intangible assets at cost less any accumulated depreciation.

Intangible assets received for use are accounted off the balance sheet within the valuation as determined based on the amount of compensation as stated in the agreement.

In the balance sheet, investments in unfinished intangible assets are reflected by the Company as part of intangible assets under the item "Intangible assets".

Inventories

The following assets are recognized by the Company as part of inventories:

- raw materials, supplies etc. intended to be used for production and sales of products, goods, performance of works, rendering of services, for the Company management needs;
- acquired or received from other persons and intended for resale;
- tools, appliances, equipment used for production and sales of products, goods, performance of works, rendering of services, for the Company management needs and other assets:
 - whose period of useful life is not more than 12 months (regardless of the cost);
 - whose period of useful life is over 12 months, but, at the same time, the cost is not more than RUB 40 thousand.

The classification unit is the unit for accounting of inventories.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

The batch is the unit for accounting of purchased electricity and power for resale. The batch is understood as the goods (electricity, power) received within one month under one document.

Inventories are accepted for accounting at their actual prime cost. The sum of actual costs of the Company, with the exception of value added tax and other recoverable taxes (except in cases provided for by the legislation of the Russian Federation) is deemed the actual cost of inventories acquired for consideration.

Estimation of inventories at their disposal is made:

- at the actual prime cost for each item of Inventory and Supplies at the storage location;
- for electricity and power purchased at the wholesale electricity and power market for resale, the prime cost of the unit of sold goods is determined pursuant to the "Methods for Distribution of Volumes and Value of Electricity (Power) Purchased/Sold at the Wholesale Electricity and Power Market by Market Sectors".

Receivables and payables

Receivables and payables are reflected in the accounting (financial) statements by having been classified into short-term (stated maturity is not more than 12 months from the date of the accounting statements) and long-term (stated maturity is more than 12 months from the date of the accounting statements).

Receivables repayable (payable) within 12 months after the reporting date are reflected on the balance sheet as part of current assets. Receivables repayable (payable) within more than 12 months after the reporting date are reflected on the balance sheet in the Section I "Non-current assets" under the item "Other non-current assets".

Receivables of buyers and customer (including those for electricity) is accounted on the basis of primary documents and other documents confirming the received incomes, under the justified prices and tariff rates, less payments made by the buyers (on the basis of primary documents confirming the payment).

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Payables to suppliers and other creditors are recognized within the value of accrued liabilities according to agreements and primary accounting documents, taking into account the amounts of advances received less the liabilities repaid (based on primary documents confirming the payment).

Advances received and made are reflected in the accounting and statements as part of payables and receivables, respectively, with VAT.

Advances paid in connection with technical modernization and reconstruction, acquisition and construction of fixed assets items, acquisition of intangible assets whose cost is repaid within the periods over 12 months are reflected in the accounting in the section I "Non-current assets" regardless of the period of repayment by counterparties of liabilities under the advances issued to them (preliminary payment) within the valuation less VAT amount subject to deduction (accepted for deduction) pursuant to the tax legislation.

Receivables per zero-yielding bills of exchange of third persons received from buyers as their debt repayment are reflected in the accounting (financial) statements of the Company as part of trade receivables under the item "Buyers and customers".

Receivables of assignee under the agreements of claim assignment formed as a result of realization of receivables from customers are reflected in the accounting statements of the Company as part of trade receivables under the item "Buyers and customers".

For fair reflection of current receivables in the accounts, the provision for bad debts is made.

Formation and adjustment of provision for bad debts is made under the procedure and within the periods established by the "Methods to reflect estimated liabilities and provisions in the accounting and reporting".

The analysis as to the need to record any provisions shall cover all receivables.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

The Company uses various approaches to forming the bad debts provision for trade and other receivables and issued advances.

In order to calculate the bad debt provision, the actual receivables, existing as of the reporting date is classified by three groups of legal entities:

- legal persons being consumers at the wholesale electricity and power market;
- debtors with specific payment discipline;
- other debtors.

The reserve ratio is determined for each individual debtor pursuant to the Methods to Calculate Bad Debt Provisions.

The Company has the right to change or apply a separate provision rate to individual debtors in case of receipt of information enabling to infer a significant change in their financial position.

With regard to the suppliers' receivables (issued advances), the Company shall record 100% provision in the event that the supplier has defaulted on its obligations within the period stipulated by the contract, with the overdue period exceeding 12 months.

With regard to the receivables for the goods, sold to the buyers via the commission agent, the size of the bad debt provision shall be determined based on the analysis into the indebtedness for each buyer, accounting for the information as to the indebtedness, furnished by the commissioned agent.

Accrual/recovery of provision for the bad debts is reflected as part of other expenses/incomes. In case of disposal (repayment) of receivables, the respective amount of provision is written off. The written-off provision amounts are included in other income.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Income

Revenue is accepted for accounting in the amount calculated in monetary terms and equal to the amount of proceeds of cash and other property and/or to the amount of receivables. The value of proceeds and/or receivables is determined based on the price set forth by the agreement between the Company and the buyer (customer) or user of the Company assets.

Revenue is recognized by the Company in the accounting records if the following conditions are met:

- The Company is entitled to receive the revenues following from a certain agreement or duly confirmed otherwise; the amount of the revenue is determinable;
- there is confidence that the economic benefits of the Company will grow as a result of a certain transaction. The confidence that the economic benefits of the Company will grow as a result of a certain transaction is present when the Company has received an asset as payment or when there is no uncertainty with regard to the receipt of the asset;
- the right of ownership (possession, use or disposal) for products (goods) has passed from the Company to the buyer or the work has been accepted by the customer (service has been rendered);
- the costs which have been or will be incurred in connection with such transaction are determinable.

Income from normal business operations includes revenue from sales of products and goods, proceeds related to the performance of works, rendering of services, including income from lease of property.

The structure of other income includes interest charged on loaned funds (including deposits placed), income from interest in other organizations, income from revaluation of financial investments, income from sale of currency and fixed assets, disposal of financial investments and other assets, penalties receivable under agreements in the area of power trade, profits of previous years, foreign exchange gains, changes in estimates, etc.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Regardless of their value, the following types of other incomes and expenses related to them occurring as a result of one and same or similar (in nature) fact of business activity are reflected in the results of profit and loss statement of the Company:

- foreign exchange gains and losses related to recalculation of the book value of assets and liabilities;
- foreign currency sales and purchase transactions;
- creation/recovery (write-off) of estimated liabilities and provisions (as per types of estimated liabilities and provisions).

COSTS

Expenses on normal business operations are accepted to accounting in the amount calculated in monetary terms and equal to the amount of payment in cash and other form or to the amount of payables.

The value of payment and/or payables is determined based on the price and terms set forth by the agreement between the Company and the supplier (contractor) or other counterparty.

The expenses are recognized in the accounting regardless of the intention to gain revenue, miscellaneous or other incomes, as well as of the form of expense (in money, in kind and other).

The prime cost of trading transactions (purchase of electricity (power) in the domestic market, import of electricity) consists of the costs of purchase of electricity and power.

Expenses related to lease of property are expenses on normal business operations.

Commercial expenses are recognized in the cost of sold products, goods, works, services fully in the reporting year when they were recognized as expenses on normal business operations, being reflecting in the account of 90.07 "Expenses on sales".

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

The structure of commercial costs includes costs of transmission of electricity, loss of electricity, customs payments, wages of personnel engaged in trading and selling activity, etc.

Indirect expenses related to several types of business/trade are not distributed between the types of business and are reflected in the account 26 "General business expenses".

In the accounting (financial) statements administrative costs are recognized within the prime cost of sold products, goods, works, services fully in the reporting year when they were recognized as expenses on normal business operations. The amount of general business expenses included in the prime cost of sold products is reflected in the profit and loss statement under the separate item "Administrative costs".

The structure of other costs includes interests charged on borrowed funds, costs of sale of currency and fixed assets, disposal of financial investments and other assets, losses of previous years, foreign exchange losses, changes in estimates, etc.

Accounting of Loans and Credits

In the balance sheet, information on debts on loans and credits, depending on the maturity period, is divided into:

- short-term (maturity date according to the agreement terms is not more than 12 months from the reporting date);
- long-term (maturity date according to the agreement terms is over 12 months from the reporting date).

Additional expenses on attracting loans and credits are included as a lump-sum as part of other costs within the reporting period when they were made.

Additional expenses on loans and credits received, which are included as part of other costs are reflected in the Profit and Loss Statement as follows:

- interest payable is included in the line "Interest payable";
- other additional expenses are included in the line "Other costs".

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Accrual of interest payable to the lender (creditor) is reflected in the accounting evenly and proportionally on the last day of each month to which they belong (regardless of the repayment schedule provided by the agreement).

In the accounting (financial) statements, interest on long-term credits (loans) payable within 12 months from the reporting date is reflected as part of short-term liabilities on borrowed funds, including the cases when the credit (loan) itself is reflected as part of long-term liabilities on borrowed funds.

Financial investments

Financial investments are accepted for accounting at their original value in the amount of the actual costs of the Company on the acquisition of financial investments, excluding value added tax and other recoverable taxes (except in cases provided for by the legislation of the Russian Federation on taxes and levies).

The value of property serving as a contribution to the authorized capital with added expenses incurred by the Company in connection with the transaction, as agreed between the founders, is deemed the original cost of contributions to authorized (share) capitals of other organizations made with property (property rights, except cash).

The cost of the financial investments purchased based on contracts providing for the discharge of obligations (payments) by non-monetary means shall be equal to the value of the assets transferred or subject to transfer by the Company. The value of the assets transferred or subject to transfer by the Company shall be set on the basis of the price at which the Company defines value of similar assets in ordinary practice in comparable circumstances. Where it is not possible to determine the cost of assets transferred or subject to transfer by organization, the cost of financial investments received by organization under agreements stipulating performance of liabilities (payment) with non-monetary consideration is determined based on the cost, at which, in comparable circumstances, similar financial investments are acquired.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Adjustment of accounting value of financial investments whose current market value is determinable according to the established procedure is made on a mandatory basis as of December 31 of the reporting year. The current market value is determined in the amount of their price (last quoting) as of the date of close of trading (last day of the month) at the Moscow Exchange, calculated under the established procedure by the organizer of stock exchange trade. The difference between the current evaluation of the market value of financial investments at the reporting date and the previous evaluation of financial investments is attributed to financial results as part of other income and costs.

In the event that at the reporting date no current market value can be determined for the financial investment that has been earlier estimated at the current market value, the financial investment shall be reflected in accounting records at the value of its latest evaluation on the last quotation date less the provision for impairment of financial investments formed in respect of that investment. Review for impairment and formation of provision for impairment of such financial investments is made on the basis of the procedure established for financial investments whose current market value is not determined, starting from the reporting period when the said financial investments ceased to be quoted at the securities market.

Financial investments whose current market value cannot be determined are reflected in the accounting statement at the end of the reporting year at their book value less the provision for impairment of financial investments formed in respect of the assets for which there is impairment at the reporting date.

The Company carries out review for impairment of financial investments once a year as of December 31 of the reporting year in case of available signs of impairment.

Impairment of financial investments is a steady material decrease of the value of financial investments whose current market value is not determinable below the value of economic benefits which the Company expects to receive from these financial investments in the normal course of business. In such case, the estimated cost of financial investments is determined based on the Company's calculation, equal to the difference between the cost of the financial investments recognized in the accounting records (book value) and the amount of such decrease.

EXPLANATORY NOTES
to accounting (financial) statements
of Inter RAO PJSC for 2017

Steady decrease of the value of financial investments is characterized by the presence of the following conditions:

as of the reporting date and the last date of the previous reporting year, the book value is considerably higher than their estimated cost (over 20%);

during the reporting year, the estimated cost of financial investments has considerably changed solely towards its decrease (over 20%); as of the reporting date, there is no evidence of possible significant (over 20%) increase of estimated cost of these financial investments in future.

In case when the loan agreement terms are violated in part of repayment, the estimated cost corresponds to the book value of loans granted, decreased by:

Period of delay in payment, months	% of overdue amount
Over 12 months	100
From 9 to 12 months	75
From 6 to 9 months	50
From 3 to 6 months	25

In case of detection of signs of impairment of financial investment in the form of contributions to the authorized capital of the company (except contributions to the quoted shares of the company), loans (credits) granted and other financial investments, testing for impairment should include other assets of the company (including receivables, advances made, goods transferred to processing) in regard to which the signs of financial investment impairment have been discovered.

Estimated provision for impairment of financial investment is formed for the amount of difference between the accounting value and estimated value of financial investments, with its attribution as part of other costs.

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Financial investment in the form of loan to related party having relation to Inter RAO Group is classified as a long-term investment, in case of absence of intention of the parties to repay/claim the loan granted within the period not more than 12 months from the reporting date, regardless of the loan agreement terms. Confirmation of absence of intention to repay such loan is the budget of the parties to the loan approved by the parent company of the Group for a period of 12 months from the reporting date.

Loans granted to the companies not being members of Inter RAO Group are classified depending on the agreement terms.

During disposal of financial investments, according to which current market value is not determined, the value of contributions to authorized (share) capitals of other organizations (except shares of joint-stock companies), loans granted to other organizations, deposits of credit organizations, other securities to be individually determined, is determined as per the original value of each normalized financial investment unit of accounting.

Other financial investments, which current market value is not determinable (shares etc.) at their disposal are evaluated at their average original value of each unit of accounting. At the same time, the average original value is determined per each unit of financial investments accounting as a quotient of original value divided by the quantity, formed respectively of original value and balance amount as of the beginning of the month and financial investments received related to this unit of accounting within this month.

In case of disposal of assets accepted for accounting as a financial investment, according to which its current market value is determined, its value is determined by the Company based on the latest evaluation.

Revenues and costs from financial investments are reflected as part of other revenues and costs.

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Cash and Cash Equivalents, Reflection of Cash Flows

Cash and Cash Equivalents

For the purpose of preparing a accounting balance sheet and a statement of cash flow, the Company includes cash equivalents as part of cash, meaning high liquidity financial investments, that may easily be converted into a known amount of cash and are subject to an insignificant risk of change in value, as well as zero-yielding bank deposits not being financial investments, that may be freely converted into a known amount of cash. In particular, the Company attributes to cash equivalents deposits held at the call, deposits with a period of placement from 1 day to three months.

Minimized Reflection of Cash Flows

Cash flows are reflected in the statement of cash flows minimized in cases where they characterize the activity of the Company counterparts rather than of the Company itself, and/or where the revenues from certain entities determine the corresponding payments to other entities, as well as in cases where they are distinguished by a quick turnover, large amounts and shorter repayment periods. In particular, the Company reflects in its cash flow statement the following cash flows minimized:

- cash flows of commissioner or agent related to providing commission or agent services (excluding commission or agent fees where the Company is a commissioner or agent);
- value added tax as part of the proceeds from buyers and customers, payments to suppliers and contractors and payments to the budget of the Russian Federation or reimbursement out of it;
- placement of cash on deposits for a period less than 3 months;
- - short-term (below three months) credit and loan settlements; payments and proceeds from sales and purchase of currency;
- cash returns related to settlements with the buyers and customers,
- suppliers and contractors;
- settlements with reporting entities;
- payroll settlements with the employees;
- dividend settlements (in case of return due to incorrect payment details).

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Accounting of Cash Flows in Foreign Currency

For the purposes of preparing the statement of cash flows the value of cash flows in foreign currency is converted into Rubles at the official exchange rate of that foreign currency to Ruble as established by the Central Bank of the Russian Federation on the date of effecting and receiving the payment.

Assets and Liabilities in Foreign Currencies

Recalculation of the cost of asset or liability expressed in the foreign currency into RUB is made according to the official exchange rate of this foreign currency to RUB as set forth by the Central Bank of the Russian Federation.

For the accounting purposes, the said recalculation into RUB is made using the exchange rate effective as of the date of foreign currency transaction.

Value of bank notes in hand of the Company, funds in bank accounts (bank deposits), fiscal and payment documents, securities (except shares), resources in settlement, including under debentures (except funds of advance payments received and provided, and pre-payment), denominated in a foreign currency, are reflected in the accounting (financial) statements in the amounts calculated based on official exchange rates, being in effect as of December 31, 2017.

The exchange rates at the same date amounted to RUB 57.6002 per 1 USD (December 31, 2016 — RUB 60.6569, December 31, 2015 - RUB 72.8827), RUB 68.8668 for 1 EURO (December 31, 2016 — RUB 63.8111, December 31, 2015 — RUB 79.6972).

The exchange difference shall be attributed to the Company financial results as other revenues (costs).

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Deferred costs.

Deferred costs include the costs incurred by the Company within the reporting period, but related to the next reporting period, and not meeting the criteria of recognizing the certain asset as set forth by accounting regulations (fixed assets, inventories, financial investments etc.).

As part of deferred costs, the Company recognizes:

- expenses on acquisition of rights to use intellectual property objects not meeting all the criteria of recognizing the object as part of intangible assets;
- expenses on future technical support of software and similar expenses, which are not possible to classify as advances, since due to the agreement terms or legislation and regulation requirements, or pursuant to the good business practices, refund of remitted money is not possible, including early agreement termination, provided that they belong to different reporting years;
- other expenses.

Amount of expenses is transferred in equal shares within the period of receiving economic benefits. Duration of such period in days is determined at the moment of acceptance of such expenses to accounting.

Deferred costs, depending on the remaining period of receiving economic benefits (on the whole per asset) as of the reporting date, are divided into long-term and short-term costs reflecting in the accounting as part of other non-current assets or other current assets, respectively.

Authorized, Additional and Reserve Capital

The Authorized capital is reflected in the total of the nominal value of ordinary shares. The amount of authorized capital corresponds to the amount of authorized capital set forth in the Company Articles of Association.

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The Company's additional capital includes the amount of share premium revenue obtained as a result of allotment of the Company shares at a price exceeding their nominal value.

According to the Articles of Association, the Company shall form a reserve fund equal to 15% of the authorized capital. The amount of obligatory annual contributions to the reserve fund shall equal 5% of the net profit of the Company; annual contributions shall be made until the target amount of the reserve fund is reached.

Segment Reporting

Risks and profits of the Company depend mainly on distinctions between the geographical regions where the Company sells the goods (electricity and equipment). Therefore, the basis for singling out the reporting segments of the Company is the geographical sale markets, each of which accounts for over 10% of the total volume of the Company revenue.

The reporting segment revenue are distributed across segments based on the geography of export flows (irrespective of the buyer's incorporation country).

Profit tax (RAR (Russian Accounting Regulations)18/02)

The value of current profit tax corresponds to the amount of accrued profit tax reflected in the profit tax declaration.

In the accounting (financial) statements, the amounts of deferred assets and deferred tax liabilities are reflected in details.

The differences occurring on provisions for bad debts between the business and tax accounting, are deemed temporary. Provided that the bad debt provision is formed, which bad debts at their write-off shall never be recognized as part of costs for the taxation purposes (for instance, in case of absence of duly issued primary documents confirming the debt, provided that there is no confidence in receiving these documents in future), permanent difference is formed.

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If the Company acquires financial investments not planning their future resale, the amounts of contributions to provisions for impairment of financial investments, the amounts on which the provision value is adjusted, as well as amounts of recalculation of securities in the accounting are reflected as other costs or other revenues, while for the taxation purposes the profits are not recognized as costs and revenues. Since the Company is not planning to gain revenue or incur costs from sale of these financial investments, than when forming and adjusting provision for impairment of financial investments, as well as revaluation of securities, permanent differences are formed.

The amounts of costs recognized in business accounting in the form of estimated liabilities are not included at the time of their forming as part of costs in the tax accounting and form:

deductible temporary difference, in case if in future, when such costs shall be actually incurred, they shall be recognized in the tax accounting; permanent difference in case if such costs are not accountable for the taxation purposes and shall not be recognized in the tax accounting at the moment of when they are actually made.

The amount of loss incurred, which may be in future recognized in the tax accounting, shall be deemed deductible temporary difference, which results in occurrence of deferred tax asset.

Changes in the Accounting Policy

Changes in legislation did not have any impact on the accounting policy of the Company in 2017. No other changes in the Company's accounting policy were introduced as of 2017.

III. DISCLOSURE OF SIGNIFICANT INDICATORS

1. INTANGIBLE ASSETS

As of December 31, 2017, the Company has no earlier depreciated intangible assets, as well as intangible assets with indefinite period of useful life.

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Remaining period of useful life of intangible assets amounts to:

- for exclusive rights on software products and information systems – from 1 to 6 years;
- for non-exclusive rights on software products and information systems – from 1 to 5 years;
- for trademarks – 2 years;
- for utility model – 5 years.

Within the reporting year, the periods of useful life of intangible assets were not reviewed.

Original value of intangible assets with fully repaid value, but not written off the accounting balance as of December 31, 2017, amounts to RUB 16,075 thousand, including exclusive rights to software products and information systems — RUB 15,650 thousand, non-exclusive rights to software products and information systems — RUB 305 thousand, other intangible assets — RUB 120 thousand (RUB 15,770 thousand — as of December 31, 2016; as of December 31, 2015 – none).

The intangible assets mainly include exclusive and non-exclusive rights to the information systems developed by third parties based on various program platforms and used by the Company in the managerial activities.

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The presence and flows of intangible assets within the reporting year are specified in the table below:

Name of indicator	Code	Period	As of the beginning of the period		Changes for the period				As of the end of the period	
			Original value	Accumulated depreciation	Received	Disposed		Accrued depreciation	Original value	Accumulated depreciation
						Original value	Accumulated depreciation			
Intangible assets – total	5100	2017	36,209	(22,253)	6,185	(525)	525	(4,798)	41,869	(26,526)
	5110	2016	58,113	(29,254)	6,859	(28,763)	12,446	(5,445)	36,209	(22,253)
Including:										
Exclusive rights to software products and information systems	5101	2017	30,216	(18,944)	6,185	—	—	(4,072)	36,401	(23,016)
	5111	2016	42,057	(17,702)	6,459	(18,300)	1,983	(3,225)	30,216	(18,944)
Other intangible assets with exclusive rights	5102	2017	680	(252)	—	—	—	(151)	680	(403)
	5112	2016	280	(180)	400	—	—	(72)	680	(252)
Non-exclusive rights to software products and information systems	5103	2017	5,313	(3,057)	—	(525)	525	(575)	4,788	(3,107)
	5113	2016	15,776	(11,372)	—	(10,463)	10,463	(2,148)	5,313	(3,057)

The flows and presence of uncompleted transactions to purchase intangible assets within the reporting year are presented in the table below:

Name of indicator	Code	Period	As of the beginning of the period	Changes for the period			As of the end of the period
				Expenses for the period	Expenses written off as incurred without yielding any positive result	Accounted as intangible assets	
Expenses on unfinished intangible assets, advances made on acquisition of intangible assets – total	5180	2017	432	59,037	—	(6,185)	53,284
	5190	2016	3,153	7,291	(3,153)	(6,859)	432
Including:							
Exclusive rights to software products and information systems	5181	2017	—	59,037	—	(6,185)	52,852
	5191	2016	3,153	6,459	(3,153)	(6,459)	—
Other unfinished expenses on objects of intangible assets	5183	2017	—	—	—	—	—
	5193	2016	—	400	—	(400)	—
Advances made for acquisition of intangible assets	5184	2017	432	—	—	—	432
	5194	2016	—	432	—	—	432

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2. FIXED ASSETS AND INCOME-BEARING INVESTMENTS IN TANGIBLE ASSETS

The book value of fixed assets as of December 31, 2017 amounted to RUB 36,417 thousand (RUB 39,575 thousand — as of December 31, 2016; RUB 45,524 thousand — as of December 31, 2015).

The book value of fully depreciated fixed assets, excluding any accumulated depreciation as of December 31, 2017 amounted to RUB 180,497 thousand (RUB 131,029 thousand — December 31, 2016; RUB 31,477 thousand — as of December 31, 2015).

The book value of fully depreciated income-bearing investments into tangible assets excluding any accumulated depreciation as of December 31, 2017 amounted to RUB 15,894 thousand (RUB 15,894 thousand — as of December 31, 2016; as of December 31, 2015 — none).

As of December 31, 2017, December 31, 2016 and December 31, 2015, the Company had no fixed assets under pledge, at conservation, and no real estate items in a process of state registration.

Fixed assets receipt

During the reporting year, the Company commissioned new fixed assets at the total amount of RUB 14,486 thousand (RUB 17,210 thousand — in 2016).

Disposal of fixed assets and income-yielding investments into tangible assets

Brief information as to the disposal of fixed assets is presented in the table below:

Nature of disposal of fixed assets	Disposed according to book value		
	2017	2016	2015
Liquidation, write-off	219	330	35
Sale under purchasing contracts	—	421	12,383
Total	219	751	12,418

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The information as to the presence and flows of fixed assets and interest-bearing investments in the material assets is presented in the table below:

Period	Code	As of the beginning of the period		Changes for the period				As of the end of the period	
		Original value	Accumulated depreciation	Increase in value due to proceeds	Depreciation	Decrease in value due to disposal		Original value	Accumulated depreciation
						Original value	Accumulated depreciation		
Fixed assets (excluding income-bearing investments in the tangible assets) – total									
2017	5200	230,358	(190,783)	14,486	(17,425)	(4,854)	4,635	239,990	(203,573)
2016	5210	225,356	(179,832)	17,210	(22,408)	(12,208)	11,457	230,358	(190,783)
Including:									
Machines and equipment									
2017	5202	142,460	(135,060)	2,968	(4,365)	(4,336)	4,282	141,092	(135,143)
2016	5212	146,430	(133,345)	2,788	(8,467)	(6,758)	6,752	142,460	(135,060)
Tools and utility accessories									
2017	5203	57,318	(43,955)	2,049	(9,487)	(518)	353	58,849	(53,089)
2016	5213	54,645	(33,807)	2,673	(10,148)	—	—	57,318	(43,955)
Transportation vehicles									
2017	5204	23,072	(4,423)	9,469	(3,491)	—	—	32,541	(7,914)
2016	5214	16,773	(5,621)	11,749	(3,507)	(5,450)	4,705	23,072	(4,423)
Other types of fixed assets									
2017	5206	7,508	(7,345)	—	(82)	—	—	7,508	(7,427)
2016	5216	7,508	(7,059)	—	(286)	—	—	7,508	(7,345)
Registered as income bearing investments in the tangible assets - total									
2017	5200	20,469	(17,205)	—	(321)	(4,575)	1,632	15,894	(15,894)
2016	5210	20,469	(16,466)	—	(739)	—	—	20,469	(17,205)
Including:									
Buildings and Structures									
2017	5220	4,575	(1,311)	—	(321)	(4,575)	1,632	—	—
2016	5230	4,575	(990)	—	(321)	—	—	4,575	(1,311)
Machines and equipment									
2017	5220	15,894	(15,894)	—	—	—	—	15,894	(15,894)
2016	5230	15,894	(15,476)	—	(418)	—	—	15,894	(15,894)

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Leased Fixed Assets

Name of indicator	Code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Fixed assets recorded at the balance sheet accounts (original cost), including:				
Fixed assets transferred into operational lease	5280	381	—	—
Total		381	—	—
Fixed assets taken into account on the off-balance sheet, including:				
Fixed assets accepted into operational lease	5283	1,595,856	1,585,255	1,013,906
Fixed assets accepted into financing lease (leasing)	5286	1,099,771	1,099,771	1,778,188
Total		2,695,627	2,685,026	2,792,094

Fixed Assets Received on a Leasing Basis

Fixed assets received under leasing agreements are taken into account on the lessor's balance sheet. The Company shall account for the received property off the balance sheet as stipulated by the leasing contract.

Information on the fixed assets received under leasing (sub-leasing) agreements and reflected off the balance sheet:

Name of the object of leasing	Agreement duration	Value as of December 31, 2017	Value as of December 31, 2016	Value as of December 31, 2015
Aircraft Bombardier CL-60002B16	March 2016	—	—	678,417
Aircraft Bombardier Global Express BD-700-1A10	August 2018	1,099,771	1,099,771	1,099,771
Total		1,099,771	1,099,771	1,778,188

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Within 2017, leasing payments were accrued in the amount of RUB 185,883 thousand (RUB 223,592 thousand — in 2016; RUB 267,168 thousand — in 2015). Advances on redemption payments for aircraft as of December 31, 2017 amounted to

1 RUB 148,673 thousand (RUB 871,284 thousand – as of December 31, 2016; RUB 1,141,075 thousand – as of December 31, 2015) and are reflected as part of construction in progress (refer to the section 3 "Construction in progress" of these Notes).

Total liabilities due under the leasing agreement in 2018 amount to USD 3,972 thousand (equivalent of RUB 228,812 thousand). Of them, lease payments amount to USD 1,610 thousand (equivalent of RUB 92,760 thousand), redemption payments

2 USD 362 thousand (equivalent of RUB 136,052 thousand).

Fixed assets taken on lease

The cost of the property shall be recorded based on the accounting data from the lessor and shall be equal to the book value as of the date when the property is leased.

Information on the fixed assets received under leasing (sub-leasing) agreements and reflected off the balance sheet:

Name of the object of leasing	Deadline of the effective period of agreement	Value As of December 31, 2016	Received in 2017	Disposed in 2017	Value As of December 31, 2017
Office Premises of Executive Team in LUCH Business Center	February 2018	930,938	935,381	(937,510)	928,809
Aircraft Bombardier CL-60002B16	March 2026	652,415	—	—	652,415
Other property for general administrative purposes	2018–2020	1,902	12,730	—	14,632
Total		1,585,255	948,111	(937,510)	1,595,856

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3. CONSTRUCTION IN PROGRESS

As a part of construction in progress, the Company recognizes the unfinished transactions of acquisition, upgrade of fixed assets, advance payments (without VAT) paid to suppliers of fixed assets, and advance payments made on the redemption value of the leased property.

As of December 31, 2017, advance payments made on the redemption value of the leased property include the redemption payments under the aircraft leasing agreement to the amount of RUB 1,148,673 thousand (RUB 871,284 thousand as of December 31, 2016; RUB 1,141,075 thousand as of December 31, 2015). Other advance payments made to suppliers when acquiring fixed assets (without VAT) as of December 31, 2017 amount to RUB 43 thousand (none as of December 31, 2016; RUB 1,900 thousand as of December 31, 2015).

Information on the flow and presence of construction-in-progress objects and unfinished transactions for the purchase, modernization of the fixed assets is presented in the table below:

Name of indicator	Code	Period	As of the beginning of the period	Changes for the period			As of the end of the period
				Expenses for the period	expenses as incurred (including sold)	accepted for registration as part of fixed assets	
Construction in progress and unfinished transactions on acquisition, modernization of fixed assets – total	5240	2017	871,284	293,087	—	(14,486)	1,149,885
	5250	2016	1,142,975	334,011	(588,492)	(17,210)	871,284
Including:							
expenses on construction and acquisition of fixed assets objects	5241	2017	—	15,655	—	(14,486)	1,169
	5251	2016	—	15,310	—	(15,310)	—
Advance payments made on the redemption value of leased property	5243	2017	871,284	277,389	—	—	1,148,673
	5253	2016	1,141,075	318,701	(588,492)	—	871,284
Advances, issued for the purchase of fixed assets	5244	2017	—	43	—	—	43
	5254	2016	1,900	—	—	(1,900)	—

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4. OTHER NON-CURRENT ASSETS

Information on the composition of other non-current assets of the Company is presented below:

Name	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Receivables that are supposed to be paid more than 12 months after the reporting date	4,015,927	8,205,300	3,848,255
Deferred expenses are recorded with the repayment period in excess of 12 months	89	161	—
Cash restricted for use, including moratorium interest ¹	—	4,666,598	—
Total	4,016,016	12,872,059	3,848,255

¹ See Section 5.1. "Debt Financial Investments" of these Explanatory Notes.

The flows and composition of accounts receivable are presented in Section 7.1 "Long-Term Accounts Receivable" of these Notes.

5. FINANCIAL INVESTMENTS

5.1 Long-term financial investments

Shares quoted at the stock exchange are reflected on the balance sheet at the market value calculated by stock exchange trade organizer (Moscow Stock Exchange PJSC) as of the last working day, December 29, 2017

Financial investments are recorded on the balance sheet less financial investment impairment provision in the amount of RUB 347,899,147 thousand as of December 31, 2017 (RUB 346,278,308 thousand — as of December 31, 2016; RUB 306,466,238 thousand — as of December 31, 2015).

As of December 31, 2017 the value of provision created for impairment of financial investments in authorized (share) capitals of other companies amounts to RUB 26,774,880 thousand (RUB 26,167,480 thousand — as of December 31, 2016; RUB 86,771,930 thousand — as of December 31, 2015).

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Information on the presence and flow of financial investments in the reporting period is presented in the table below:

Name of indicator	Code	Period	As of the beginning of the period		Changes for the period					As of the end of the period	
			Book value	Impairment provision	Received	Disposed (repaid)	Influence of market quotations, exchange rate differences	Impairment provision	Reclass	Book value	Impairment provision
Long-term — total	5301	2017	372,463,224	(26,184,916)	8,927,270	(1,433,334)	(56,644)	(4,164,324)	(1,652,129)	378,248,387	(30,349,240)
	5311	2016	393,255,604	(86,789,366)	1,382,021	(20,369,987)	(909,563)	60,604,450	(894,851)	372,463,224	(26,184,916)
Including:											
<i>Those taken into account at current market value</i>											
shares quoted on stock exchange	5302	2017	633,505	—	—	—	(69,599)	—	—	563,906	—
	5322	2016	16,370,868	—	—	(15,790,416)	53,053	—	—	633,505	—
<i>Those taken into account at actual costs</i>											
shares and investment units	5303	2017	366,545,900	(26,167,480)	4,107,784	(28,894)	—	(607,400)	—	370,624,790	(26,774,880)
	5323	2016	366,884,723	(86,771,930)	20,910	(359,733)	—	60,604,450	—	366,545,900	(26,167,480)
loans	5304	2017	5,266,383	—	58,409	(1,404,440)	12,955	—	(1,652,129)	2,281,178	—
	5324	2016	9,982,577	—	1,361,111	(4,219,838)	(962,616)	—	(894,851)	5,266,383	—
debt securities	5306	2017	—	—	4,761,077	—	—	(3,556,924)	—	4,761,077	(3,556,924)
	5326	2016	—	—	—	—	—	—	—	—	—
contributions into joint activities	5307	2017	17,436	(17,436)	—	—	—	—	—	17,436	(17,436)
	5327	2016	17,436	(17,436)	—	—	—	—	—	17,436	(17,436)
Short-term — total	5308	2017	8,441,079	—	16,590,391	(8,328,795)	(78,581)	—	(5,785,825)	10,838,269	—
	5328	2016	3,977,381	—	21,682,954	(18,056,139)	(57,968)	—	894,851	8,441,079	—
Including:											
<i>Those taken into account at actual costs</i>											
loans	5310	2017	8,441,079	—	576,359	(2,495,835)	22,481	—	(5,785,825)	758,259	—
	5330	2016	2,597,381	—	17,182,954	(12,176,139)	(57,968)	—	894,851	8,441,079	—
deposits in banks	5311	2017	—	—	16,014,032	(5,832,960)	(101,062)	—	—	10,080,010	—
	5331	2016	1,380,000	—	4,500,000	(5,880,000)	—	—	—	—	—
Financial investments - total		2017	380,904,303	(26,184,916)	25,517,661	(9,762,129)	(135,225)	(4,164,324)	(7,437,954)	389,086,656	(30,349,240)
		2016	397,232,985	(86,789,366)	23,064,975	(38,426,126)	(967,531)	60,604,450	—	380,904,303	(26,184,916)

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Participation in the Authorized Capital of Other Organizations

Quoted financial investments

Listed shares

In 2016-2017, the Company did not invest any funds in purchasing listed shares.

The information as to the changes in the value of the listed shares due to the revaluation is presented below:

Name of issuing company	As of December 31, 2016		Revaluation	As of December 31, 2017	
	Percentage of participation in the capital	Value of financial investment		Percentage of participation in the capital	Value of financial investment
"Tambov Energy Retail Company" PJSC	59.3845	137,222	8,285	59.3845	145,507
"Saratovenergo" PJSC	56.2254	496,283	(77,884)	56.2254	418,399
Total		633,505	(69,599)		563,906

Unlisted Financial Investments

Unlisted shares and other Financial Investments

The information on changes of the composition of unlisted shares due to their disposal:

Legal entity name	As of December 31, 2016			Disposed in 2017	As of December 31, 2017		
	Percentage of participation in the capital	Value of the contribution	Provision		Percentage of participation in the capital	Value of the contribution	Provision
Kambartinskaya GES-1 CJSC	50.0	28,864	—	(28,864)	—	—	—
Total		28,864	—	(28,864)	—	—	—

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Shares in the Authorized Capital of Limited Liability Companies

During the reporting period, the Company increased investments in its subsidiaries by means of acquisition as well as by making additional contributions to the authorized capital of the following companies:

Legal entity name	As of December 31, 2016			Amount of the contribution in 2017	Changes of the provision in 2017	As of December 31, 2017		
	Percentage of participation in the capital	Value of the contribution	Provision			Percentage of participation in the capital	Value of the contribution	Provision
ESKB LLC	—	—	—	4,100,000	—	100.0	4,100,000	—
"Inter RAO Finance" LLC	100.0	10,000	—	6,000	(3,977)	100.0	16,000	(3,977)
"Energoconnect" LLC	100.0	7,720	(3,514)	1,784	(3,453)	100.0	9,504	(6,967)
Total		17,720	(3,514)	4,107,784	(7,430)		4,125,504	(10,944)

The information as to the changes of the composition of the shareholding interests in the authorized capital due to the disposal:

Legal entity name	As of December 31, 2016			Disposed in 2017	Changes of the provision in 2017	As of December 31, 2017		
	Percentage of participation in the capital	Value of the contribution	Provision			Percentage of participation in the capital	Size of contribution	Provision
INTER RAO – Export, LLC	100.0	300,000	—	(30)	(299,970)	99.99	299,970	(299,970)
Total		300,000		(30)	(299,970)		299,970	(299,970)

The information on the financial investments under pledge as of December 31, 2017 is presented in the table below:

Name of indicator	Code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Financial investments under pledge - total	5320	916,372	961,099	1,138,507
Including:				
shares of SEGRES–2 JSC	5321	916,372	961,099	1,138,507

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Subsidiaries and Affiliated Companies

The Company controls another entity when by virtue of its participation or in accordance with the powers received from other entities, it has more than 50 % of the total number of votes related to voting shares (participatory interest) in the authorized (share) capital of the legal entity, and is able to determine decisions made by such entity. Such participation shall be attributed by the Company to the category of participation in subsidiaries.

The Company has influence over another entity when it has the right to manage directly or through its subsidiaries more than 20 % of the total number of votes related to voting shares (participatory interest) in the authorized (share) capital of the legal entity and is able to determine decisions made by such entity. Such participation shall be attributed by the Company to the category of participation in affiliated companies.

The information as to the Company's shareholding interests in the authorized capital of other organizations with the percentage share specified as of December 31, 2017 is presented below:

Legal entity name	Percentage share in the capital as of December 31, 2017	Amount of financial investment as of December 31, 2017	Impairment provision as of December 31, 2017	Amount of investment less provision as of December 31, 2017	Amount of investment less provision as of December 31, 2016	Amount of investment less provision as of December 31, 2015
Investments in subsidiaries		366,778,921	(25,093,406)	341,685,515	337,954,760	277,323,075
Inter RAO Electric Power Plants JSC Russia	100.0000	185,648,281	—	185,648,281	185,648,281	185,648,281
Inter RAO Capital JSC, Russia	100.0000	104,666,874	(11,105,351)	93,561,523	93,561,523	33,004,516
BGK LLC, Russia	100.0000	24,038,482	—	24,038,482	24,038,482	24,038,482
Saint-Petersburg Sales Company JSC (ordinary shares), Russia	85.3651	11,493,589	(8,628,348)	2,865,241	2,865,241	2,865,241

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Legal entity name	Percentage share in the capital as of December 31, 2017	Amount of financial investment as of December 31, 2017	Impairment provision as of December 31, 2017	Amount of investment less provision as of December 31, 2017	Amount of investment less provision as of December 31, 2016	Amount of investment less provision as of December 31, 2015
Saint-Petersburg Sales Company JSC (preferred shares), Russia	14.6349	1,129,473	—	1,129,473	1,129,473	1,129,473
Mosenergosbyt PJSC, Russia	37.5563	5,753,700	—	5,753,700	5,753,700	5,753,700
Moldavskaya GRES CJSC, Moldovan Transdnistrian Republic	100.0000	5,152,103	(4,506,352)	645,751	645,751	645,751
RN-Energo LLC, Russia	100.0000	4,995,804	—	4,995,804	4,995,804	4,995,804
TGK-11 JSC, Russia	98.5373	4,978,688	—	4,978,688	4,978,688	4,978,688
INTER RAO Holding B.V. Netherlands	100.0000	4,413,668	—	4,413,668	4,413,668	4,413,668
ESKB LLC, Russia	100.0000	4,100,000	—	4,100,000	—	—
Tomskaya generatsiya JSC, Russia	98.5373	2,929,170	—	2,929,170	2,929,170	2,929,170
EEC JSC, Russia	100.0000	2,190,290	—	2,190,290	2,190,290	2,190,290
Electroluch JSC, Russia	100.0000	2,065,573	—	2,065,573	2,065,573	2,065,573
RAO Intertech B.V. Netherlands	100.0000	908,860	—	908,860	908,860	891,441
Opencast Coal Mine LLC, Russia	100.0000	785,515	(542,441)	243,074	243,074	243,074
Saratovenergo PJSC, Russia	56.2254	418,399	—	418,399	496,283	458,247
Altayenergosbyt JSC, Russia	100.0000	330,000	—	330,000	330,000	330,000
INTER RAO – Export LLC, Russia	99.9900	299,970	(299,970)	—	300,000	300,000
Tambov Energy Retail Company PJSC, Russia	59.3845	145,507	—	145,507	137,222	122,205
INTER RAO – Procurement Management Center LLC, Russia	100.0000	122,038	—	122,038	122,038	122,038
INTER RAO Finance B.V. Netherlands	100.0000	82,748	—	82,748	82,748	82,748

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Legal entity name	Percentage share in the capital as of December 31, 2017	Amount of financial investment as of December 31, 2017	Impairment provision as of December 31, 2017	Amount of investment less provision as of December 31, 2017	Amount of investment less provision as of December 31, 2016	Amount of investment less provision as of December 31, 2015
Orel Energosbyt LLC, Russia	100.0000	60,000	—	60,000	60,000	60,000
RAO Nordic Oy, Republic of Finland	100.0000	43,410	—	43,410	43,410	43,410
Inter RAO – Finance LLC, Russia	100.0000	16,000	(3,977)	12,023	10,000	10,000
Energocconnect LLC, Republic of Belarus ¹	100.0000	9,504	(6,967)	2,537	4,206	—
INTER RAO Engineering LLC, Russia	100.0000	775	—	775	775	775
Inter RAO – Management of Electric Power Plants LLC, Russia	100.0000	500	—	500	500	500
Investments in affiliated companies		2,240,580	(569,168)	1,671,412	1,700,276	17,803,697
Gas Turbine Technologies EC LLC, Russia	52.9500	1,250,250	(555,164)	695,086	695,086	695,086
SEGRES-2 JSC, Kazakhstan	50.0000	603,311	—	603,311	603,311	603,311
INTER RAO UES Energy Efficiency Center LLC, Russia	50.0000	258,250	—	258,250	258,250	258,250
Tomskenergosbyt PJSC (Ordinary Shares), Russia	24.5644	83,602	—	83,602	83,602	83,602
Tomskenergosbyt PJSC (Preferred Shares), Russia	6.7089	21,358	—	21,358	21,358	21,358
Industrial Energy Company CJSC, Russia	50.0000	10,000	(10,000)	—	—	—
RT-ET LLC, Russia	50.0000	9,805	—	9,805	9,805	9,805
LLC INTERENERGOEFFECT Russia	50.0000	4,004	(4,004)	—	—	—
Kambaratinskaya HPP-1 CJSC, Republic of Kyrgyzstan					28,864	28,864

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Legal entity name	Percentage share in the capital as of December 31, 2017	Amount of financial investment as of December 31, 2017	Impairment provision as of December 31, 2017	Amount of investment less provision as of December 31, 2017	Amount of investment less provision as of December 31, 2016	Amount of investment less provision as of December 31, 2015
Irkutskenergo PJSC, Russia	—	—	—	—	—	15,790,416
Hrazdan Energy Company (HrazTES) OJSC, Republic of Armenia	—	—	—	—	—	312,290
Energoconnect LLC, Republic of Belarus ²	—	—	—	—	—	715
Investments into other companies	—	2,169,195	(1,112,306)	1,056,889	1,356,889	1,356,889
AKKUYU NUKLEER ANONİM ŞİRKETİ, Turkey	0.8207	1,025,707	(177,849)	847,858	847,858	847,858
Sangtuda HPP-1 OJSC, Tajikistan	14.8724	795,869	(634,457)	161,412	161,412	161,412
INTER RAO – LED systems OJSC, Russia	17.5800	300,000	(300,000)	—	300,000	300,000
SIBECO JSC, Russia	0.1613	18,738	—	18,738	18,738	18,738
Elektromagistral JSC (preferred shares), Russia	0.1085	16,022	—	16,022	16,022	16,022
Elektromagistral JSC (ordinary shares), Russia	0.0870	12,849	—	12,849	12,849	12,849
Kaliningrad Generation LLC, Russia	0.00001	10	—	10	10	10
Total (investment units and shares)		371,188,696	(26,774,880)	344,413,816	341,011,925	296,483,661

² An investment in Energoconnect LLC (Republic of Belarus) as of December 31, 2016 were reclassified from investments into affiliated companies to investments into subsidiaries.

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Investments into joint activities

In 2007, the Company entered into a contract of simple partnership to participate in joint activity on obtaining a written justification of investments in joint construction of Kambaratinskaya HPP-1 and HPP-2 in the Kyrgyz Republic. Electricity Stations OJSC (Kyrzysstan) acts as the other party to the contract. Participants contribute cash as a contribution to a joint activity. The Company's contribution as of December 31, 2017 amounted to RUB 17,436 thousand (RUB 17,436 thousand — as of December 31, 2016; RUB 17,436 thousand — as of December 31, 2015).

Due to the fact that the Company did not derive any profits from its participation in the joint operations under the contract of ordinary partnership over the last few years, and the Company did not expect to derive any economic benefits in the short term, in 2014 the provision for impairment of the contribution to the joint operations was created in the amount for RUB 17,436 thousand, and the amount of the provision was unchanged as of December 31, 2017.

Debt Financial Investments

Debt securities

As of December 31, 2017, debt securities were recognized in the balance sheet in the amount of RUB 1,204,153 thousand, minus the provision for impairment of financial investments (none as of December 31, 2016 and December 31, 2015).

In April 2017, as a part of restructuring the debt of PERESVET Joint-Stock Commercial Bank (JSC) (hereinafter – Bank) to the Company, a part of the debt was converted into long-term bonds in the amount of 14,471,360 pieces with the nominal value of RUB 4,761,077thousand and the maturity period of 15 years, with the option of their conversion into shares at the Bank's discretion, and reclassified into unlisted financial investments. The rate of interest income is 0.51% per annum, paid at the maturity date of the bonds. The Company does not plan to sell the Bank's bonds in the short term.

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Since there were no material changes in the Bank's business during 2017, and there were no bond quotations at the stock exchange, to generate the accounting (financial) statements as of the end of the reporting year, the Company conducted an audit to check for impairment. To determine the estimated cost of the Bank's bonds, the Company applied the discounted value of the bonds according to the IFRS data, with regard to requirements of the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" at the interest rate of 10.12%. The estimated cost of the bonds with regard to the discounting effect as of the year end amounted to RUB 1,204,153 thousand

Long-term loans, issued in foreign currency

The information as to long-term loans, issued in foreign currency, is presented in the table below:

in thousand, units of currency

Name	Loan balance as of December 31, 2016	Provided in 2017	Disposed in 2017		Exchange differences balance	Loan balance as of December 31, 2017
			Repaid	Reclassificati on into short- term		
Loans in USD	25,372	1,000	(5,713)	(20,659)	—	—
Loans in EUR	25,485	—	(15,485)	(10,000)	—	—
Loans in RUB equivalent	3,165,205	58,409	(1,359,440)	(1,877,129)	12,955	—

As of December 31, 2017, there are no long-term loans with the repayment period in excess of 12 month of the reporting date. The interest rates, which were effective in 2017, amounted to 10% per annum for the loans in USD and in EUR (10% per annum for the loans in USD, from 4% to 10% per annum for the loans in EUR – in 2016).

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Long-term loans, provided in rubles

The information as to the long-term loans, issued in rubles, is presented in the table below:

Name	Loan balance as of December 31, 2016	Reclassification n from short- term in 2017	Disposed in 2017		Loan balance as of December 31, 2017
			Repaid	Reclassification n into short- term	
Loans in RUB	2,101,178	300,000	(45,000)	(75,000)	2,281,178

The Company provides RUB-denominated long-term loans to the companies within Inter RAO Group. The repayments periods are from 2021 to 2023. The interest rates, which were effective in 2017, ranged from 11.50% up to 12.20% per annum (from 12% to 13.75% per annum — in 2016).

5.2 Short-term financial investments (other than cash equivalents)

The short-term financial investments (excluding cash equivalents) as of December 31, 2017 amounted to RUB 10,838,269 thousand (RUB 8,441,079 thousand — as of December 31, 2016; RUB 3,977,381 thousand — as of December 31, 2015).

The provision for impairment of financial investments concerning short-term financial investments in the form of loans as of December 31, 2017, December 31, 2016, December 31, 2015 was not created.

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Short-term loans, issued in foreign currency

The information as to short-term loans, issued in foreign currency, is presented in the table below:

in thousand, units of currency

Name	Loan balance as of December 31, 2016	Received in 2017		Repaid in 2017	Exchange rate exchange rate differences	Loan balance as of December 31, 2017
		Granted	Reclassificati on from long- term			
Loans in USD	—	—	20,659	(15,281)	—	5,378
Loans in EUR	—	2,500	10,000	(12,500)	—	—
Loans in RUB equivalent	—	174,359	1,877,129	(1,764,210)	22,481	309,759

Interest rates on loans issued in EUR, effective in 2017, amounted to from 4% to 10% per annum, those in USD – 10% per annum (from 4% to 6% per annum on EUR loans in 2016).

Short-term loans issued in rubles

The information as to the short-term loans issued in rubles is presented in the table below:

Name	Loan balance as of December 31, 2016	Received in 2017		Disposed in 2017			Loan balance as of December 31, 2017
		Granted	Reclassificati on from long- term	Repaid	Reclassificati on to long- term	Reclassificati on to accounts receivable	
Loans in RUB	8,441,079	402,000	75,000	(731,625)	(300,000)	(7,437,954)	448,500

The Company provides RUB-denominated short-term loans to the companies within INTER RAO Group with the maturity period of less than 365 days. The interest rates, which were effective in 2017, ranged from 11% up to 12.75% per annum (from 11% to 16.65% per annum — in 2016).

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Bank Deposits

During the reporting period, the Company placed free funds on bank deposits. Deposits were made in RF rubles and US dollars. Interest rates under RUB deposits were within the range of 5.00 % – 9.50% per annum (7.77% – 12.50% per annum in

2016), on USD deposits – within the range of 0.01%-1.25% per annum (0.56%-0.90% per annum in 2016). The terms of deposits were from 1 to 318 days. Generally, the Company placed the deposits for the term from 1 to 3 days.

The Company records deposits with the repayment period of less than 3 months within cash and cash equivalents on the balance sheet. As of December 31, 2017 cash equivalents amounted to RUB 38,721,291 thou. (RUB 8,536,130 thousand as of December 31, 2016; RUB 9,100,000 thousand as of December 31, 2015), including those in a foreign currency, RUB 3,221,291 thousand (equivalent to USD 55,925 thousand) (RUB 3,336,130 thousand (equivalent to USD 55,000 thousand) as of December 31, 2016).

Deposits with the repayment period in excess of 3 months, as of December 31, 2017, amounted to RUB 10,080,010 thousand (none as of December 31, 2016; RUB 1,380,000 thousand as of December 31, 2015), including those in a foreign currency, RUB 2,880,010 thousand (equivalent to USD 50,000 thousand) (none as of December 31, 2016 and December 31, 2015).

The information as to the deposits placed with commercial banks, as of December 31, 2017, is presented in the table below:

Name of the credit institution	Time of placement (year, month)		Amount, RUB thousand
	Effective as of	Up to	
VTB Bank (PJSC)	December 2017	January 2018	14,000,000
ROSSIYA Joint-Stock Bank (JSC)	December 2017	January 2018	10,100,000
GPB Bank (JSC)	December 2017	January 2018	4,900,000
GPB Bank (JSC)	December 2017	February 2018	3,000,000
ROSSIYA Joint-Stock Bank (JSC)	October 2017	January 2018	2,500,000
Sberbank PJSC	December 2017	January 2018	2,069,287
GPB Bank (JSC)	November 2017	January 2018	1,000,000
Sberbank PJSC	November 2017	January 2018	576,002
Sberbank PJSC	December 2017	February 2018	576,002
Total deposits reflected as part of cash and cash equivalents			38,721,291

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Name of the credit institution	Time of placement (year, month)		Amount, RUB thousand
	Effective as of	Up to	
GPB Bank (JSC)	October 2017	January 2018	4,000,000
Sberbank PJSC	October 2017	January 2018	2,880,010
GPB Bank (JSC)	May 2017	April 2018	2,400,000
VTB Bank (PJSC)	October 2017	February 2018	800,000
Total deposits reflected as part of short-term financial investments			10,080,010
Total	—	—	48,801,301

The information as to the deposits placed with commercial banks, as of December 31, 2016, is presented in the table below:

Name of credit organization	Time of placement (year, month)		Amount, thousand rubles
	Effective as of	Up to	
Sberbank PJSC	December 2016	January 2017	3,336,130
GPB Bank (JSC)	December 2016	January 2017	3,200,000
ROSSIYA Joint-Stock Bank (JSC)	December 2016	January 2017	2,000,000
Total deposits reflected as part of cash and cash equivalents			8,536,130
Total deposits reflected as part of short-term financial investments			—
Total	—	—	8,536,130

The information as to the deposit contributions placed with commercial banks, as of December 31, 2015, is presented in the table below:

Name of credit organization	Time of placement (year, month)		Amount, thousand rubles
	Effective as of	Up to	
GPB Bank (JSC)	December 2015	January 2016	7,400,000
PERESVET ACB (JSC)	December 2015	January 2016	1,700,000
Total deposits reflected as part of cash and cash equivalents			9,100,000
PERESVET ACB (JSC)	November 2015	June 2016	700,000
Moscow Credit bank PJSC	September 2015	March 2016	500,000
PERESVET ACB (JSC)	December 2015	November 2016	180,000
Total deposits reflected as part of short-term financial investments			1,380,000
Total	—	—	10,480,000

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6. INVENTORIES

The information as to the presence and flows of inventories is presented in the table below:

Name of indicator	Code	Period	As of the beginning of the period	Changes for the period		As of the end of the period
			Balance value	Receipts	Disposed	Balance value
					Balance value	
Inventories - total	5400	2017	6,024	79,304	(78,281)	7,047
	5420	2016	3,141	79,561	(76,678)	6,024
Including:						
fuel and lubricants	5402	2017	—	225	(225)	—
	5422	2016	—	221	(221)	—
inventory and utility accessories	5403	2017	—	20,157	(20,157)	—
	5423	2016	—	20,163	(20,163)	—
low-value fixed assets	5404	2017	1,699	4,055	(4,102)	1,652
	5424	2016	—	5,093	(3,394)	1,699
other materials	5405	2017	4,325	54,867	(53,797)	5,395
	5425	2016	3,141	54,084	(52,900)	4,325

As of December 31, 2017, the Company had no morally obsolete material and production inventories, with fully or partially lost quality, as well as pledged ones. No provision for impairment of material production reserves was set up in 2016-2017.

7. RECEIVABLES

7.1 Long-term receivables

The long-term receivables are reflected less the bad debt provision within other non-current assets on the balance sheet as of December 31, 2017 in the amount of RUB 4,015,927 thousand (RUB 8,205,300 thousand — as of December 31, 2016; RUB 3,848,255 thousand — as of December 31, 2015) (see Section 4 "Other Non-Current Assets" of these Notes).

The bad debts provision in the part of long-term accounts receivable, as of December 31, 2017, amounted to RUB 14,164 thousand (RUB 255,244 thousand — as of December 31, 2016; RUB 637,578 thousand — as of December 31, 2015).

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The information as to the presence and flows of long-term accounts receivable is presented in the table below:

Name of indicator	Code	Period	As of the beginning of the period		Changes for the period				As of the end of the period	
			Recorded under the contract terms	Provision for overdue debt	Receipt as a result of business transactions	Repayment	Provision for overdue debt	Reclass	Recorded under the contract terms	Provision for overdue debt
Long-term receivables	5501	2017	8,460,544	(255,244)	3,271,750	(1,540,083)	241,080	(6,162,120)	4,030,091	(14,164)
– total	5521	2016	4,485,833	(637,578)	13,138,128	(416,288)	382,334	(8,747,129)	8,460,544	(255,244)
Including:										
for electric energy, sold	5507	2017	—	—	—	—	—	285,343	285,343	—
outside of Russia	5527	2016	—	—	—	—	—	—	—	—
on transactions with	5502	2017	6,401,953	—	—	—	—	(6,401,953)	—	—
securities	5522	2016	306,284	—	12,500,000	—	—	(6,404,331)	6,401,953	—
on interest-free loans	5503	2017	3,470	—	3,252,790	(419)	—	(272)	3,255,569	—
(including by installments)	5523	2016	4,151	—	—	(408)	—	(273)	3,470	—
on interest revenues	5504	2017	1,523,676	(255,244)	18,960	(1,512,995)	241,080	(10,681)	18,960	(14,164)
	5524	2016	2,119,948	(637,578)	83,861	(415,880)	382,334	(264,253)	1,523,676	(255,244)
advance payments made	5505	2017	—	—	—	—	—	—	—	—
	5525	2016	64,450	—	—	—	—	(64,450)	—	—
on property sale	5506	2017	531,445	—	—	(26,669)	—	(34,557)	470,219	—
transactions	5526	2016	1,991,000	—	554,267	—	—	(2,013,822)	531,445	—

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The composition of the long-term receivables less the bad debt provision is presented in the table below:

Type of debts	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015	Repayment term
Long-term indebtedness - total	4,015,927	8,205,300	3,848,255	
Including:				
On interest-free loans (including by installments)				
Non-interest bearing loans granted	3,252,790	—	—	Year 2032
Debts of the individuals on apartments acquired by installments	2,779	3,470	4,151	2019-2027
On property sale transactions				
Indebtedness on sold property	470,219	531,445	1,991,000	Year 2026
For electric energy				
For electric energy sold outside of Russia	285,343	—	—	2019-2027
On interest revenues				
ACI on bonds	4,796	—	—	Year 2032
Due interest indebtedness on borrowed funds, installment payments plan	—	1,268,432	1,482,370	—
On securities transactions				
On share sale	—	6,401,953	303,907	—
Bank bills	—	—	2,377	—
Advance payments made				
For power equipment delivery	—	—	64,450	—

¹ See Section 5.1. "Debt Financial Investments" of these Explanatory Notes.

Long-Term Indebtedness on Sold Property

Long-term indebtedness on the aircraft sold in 2016 to a subsidiary (see Section 2 – Fixed Assets and Income-Bearing Investments in Tangible Assets of these Notes), as of December 31, 2017, amounted to USD 8,164 thousand (equivalent to RUB 470,219 thousand) (USD 8,762 thousand (equivalent to RUB 531,445 thousand) as of December 31, 2016). The interest accrued on the balance of the unpaid accounts receivable at the rate of 6.5% per annum are accounted for as a part of short-term accounts receivable.

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7.2 Short-term receivables of buyers and customers

The short-term accounts receivable from buyers and customers is recorded less the bad debts provision within the current assets of the balance sheet in the amount of RUB 2,137,039 thousand as of December 31, 2017 (RUB 3,867,502 thousand — as of December 31, 2016; RUB 4,417,035 thousand — as of December 31, 2015).

The amount of the bad debts provision set up for the short-term accounts receivable from buyers and customers, as of December 31, 2017 amounted to RUB 1,154,184 thousand (RUB 1,271,124 thousand — as of December 31, 2016; RUB 1,262,748 thousand — as of December 31, 2015).

As of December 31, 2017, the amount of accounts receivable related to settlements with buyers and customers in the amount of RUB 1,070,753 thousand (RUB 2,813,668 thousand — as of December 31, 2016; RUB 3,408,730 thousand — as of December 31, 2015) is denominated in foreign currency (EUR and USD).

Company's largest debtors in terms of payment for electricity (power) as of December 31, 2017:

- The amount of the indebtedness of electricity (power) buyers under the commission agency contract with FIC JSC to the Company amounted to RUB 680,724 thousand (RUB 728,809 thousand — as of December 31, 2016; RUB 520,707 thousand — as of December 31, 2015). The Company set up the bad debts provision concerning this indebtedness in the amount of RUB 8,709 thousand (RUB 133,885 thousand — as of December 31, 2016; RUB 96,255 thousand — as of December 31, 2015);
- INTER RAO Lietuva AB (Republic of Lithuania). The amount of the indebtedness to the Company amounts to RUB 631,075 thousand (RUB 743,475 thousand — as of December 31, 2016; RUB 824,111 thousand — as of December 31, 2015).

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The information as to the presence and flows of short-term accounts receivable is presented in the table below:

Name of item	Code	Period	As of the beginning of the period		Changes for the period					As of the end of the period	
			Recorded under the contract terms	Provision for overdue debt	Receipt as a result of business transactions	Disposal		Provision for overdue debt	Reclass	Recorded under the contract terms	Amount of provision for overdue debt
						Repayment	Writing-off to financial result				
Short-term receivables - total	5510	2017	26,803,311	(1,892,764)	84,990,202	(92,789,896)	(189,449)	434,749	13,600,074	32,414,242	(1,458,015)
	5530	2016	18,227,578	(1,959,517)	130,962,251	(131,119,194)	(14,453)	66,753	8,747,129	26,803,311	(1,892,764)
Including:											
Trade receivables											
for electricity (power) sold inside the RF	5511	2017	1,411,371	(816,426)	15,632,301	(15,533,631)	(12,551)	(3,170)	—	1,497,490	(819,596)
	5531	2016	1,302,790	(805,640)	11,436,505	(11,327,924)	—	(10,786)	—	1,411,371	(816,426)
for electricity (power) sold outside the RF	5512	2017	1,664,327	(330,161)	27,404,154	(27,101,120)	—	—	(285,343)	1,682,018	(330,161)
	5532	2016	1,909,573	(330,161)	30,804,254	(31,049,500)	—	—	—	1,664,327	(330,161)
for thermal energy	5513	2017	89,472	(89,472)	—	(29)	(89,443)	89,472	—	—	—
	5533	2016	89,965	(89,965)	—	(493)	—	493	—	89,472	(89,472)
other debts	5514	2017	1,973,456	(35,065)	533,047	(2,351,091)	(43,697)	30,638	—	111,715	(4,427)
	5534	2016	2,377,455	(36,982)	2,854,857	(3,244,519)	(14,337)	1,917	—	1,973,456	(35,065)
Total trade receivables	5515	2017	5,138,626	(1,271,124)	43,569,502	(44,985,871)	(145,691)	116,940	(285,343)	3,291,223	(1,154,184)
	5535	2016	5,679,783	(1,262,748)	45,095,616	(45,622,436)	(14,337)	(8,376)	—	5,138,626	(1,271,124)
Other receivables											
on securities transactions (including contributions to the authorized capital and other financial transactions)	5516	2017	12,806,284	(75,977)	54,680	(12,709,010)	—	—	6,401,953	6,553,907	(75,977)
	5536	2016	151,956	—	57,393,877	(51,143,880)	—	(75,977)	6,404,331	12,806,284	(75,977)
on interest revenues	5517	2017	729,472	(255,244)	1,870,571	(2,170,308)	(5)	255,244	10,681	440,411	—
	5537	2016	443,679	—	4,767,216	(4,745,676)	—	(255,244)	264,253	729,472	(255,244)
on dividends due	5518	2017	8,754	(8,754)	13,795,530	(3,795,530)	—	—	—	10,008,754	(8,754)
	5538	2016	346,382	(331,502)	1,037,558	(1,375,186)	—	322,748	—	8,754	(8,754)
other debts	5519	2017	5,362,113	(244,199)	12,361,882	(15,581,717)	(30,039)	31,180	8,389,653	10,501,892	(213,019)
	5539	2016	8,536,969	(324,585)	3,856,213	(9,045,048)	(116)	80,386	2,014,095	5,362,113	(244,199)
Total other receivables	5520	2017	18,906,623	(584,174)	28,082,663	(34,256,565)	(30,044)	286,424	14,802,287	27,504,964	(297,750)
	5540	2016	9,478,986	(656,087)	67,054,864	(66,309,790)	(116)	71,913	8,682,679	18,906,623	(584,174)
Advance payments made											
Advance payments made	5521	2017	2,758,062	(37,466)	13,338,037	(13,547,460)	(13,714)	31,385	(916,870)	1,618,055	(6,081)
	5541	2016	3,068,809	(40,682)	18,811,771	(19,186,968)	—	3,216	64,450	2,758,062	(37,466)

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7.3 Other short-term receivables

Other receivables are reflected net of provision for bad debts included in other current assets of the balance sheet in the amount of RUB 27,207,214 thousand as of December 31, 2017 (RUB 18,322,449 thousand as of December 31, 2016; RUB 8,822,899 thousand — as of December 31, 2015).

The amount of the bad debts provision, set up for other accounts receivable, as of December 31, 2017, amounted to RUB 297,750 thousand (RUB 584,174 thousand — as of December 31, 2016; RUB 656,087 thousand — as of December 31, 2015).

Other short-term receivables net of bad debt provision are presented below:

Other short-term receivables	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Other indebtedness, total	27,207,214	18,322,449	8,822,899
Including:			
On dividend income			
Debts on dividends due	10,000,000	—	14,880
On securities transactions			
Debts on shares sale	6,477,930	12,727,930	151,956
Bank bills	—	2,377	—
On taxes and levies			
VAT to be compensated from the budget including on export	1,142,954	2,215,281	1,357,853
Overpayment of taxes to the federal budget, the budgets of the constituent entities of the Russian Federation	63,967	40,801	324,870
On interest revenues			
Due interest indebtedness on borrowed funds, placed deposits, installment payments plan	440,411	474,228	443,679
On property sale transactions			
Indebtedness on sold property	34,445	2,099,509	5,400,000

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Other short-term receivables	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
On other settlements			
Non-interest bearing loans granted	5,923,694	—	—
Debt on settlements for electricity under contracts of commission, assignment	2,468,289	630,071	1,052,043
Settlements under leasing, suretyship agreements, etc.	655,524	132,252	77,618

7.4 Advance payments made

Advance payments granted are recorded less the bad debts provision within current assets at the balance sheet in the amount of RUB 1,611,974 thousand as of December 31, 2017 (RUB 2,720,596 thousand — as of December 31, 2016; RUB 3,028,127 thousand — as of December 31, 2015).

The amount of the bad debt provision set up for the advances granted, as of December 31, 2017 amounted to RUB 6,081 thousand (RUB 37,466 thousand — as of December 31, 2016; RUB 40,682 thousand — as of December 31, 2015).

As of December 31, 2017, the major portion of advance payments granted were constituted by advance payments paid for the power equipment delivery to Bolivarian Republic of Venezuela in the amount of RUB 1,357,413 thousand (RUB 1,357,413 thousand — as of December 31, 2016; RUB 1,357,413 thousand — as of December 31, 2015).

8. CASH AND CASH EQUIVALENTS

Cash	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Cash in RUB in hand and on accounts in banks	20,215,187	28,118,102	10,439,505
Cash in foreign currency in hand and on accounts in banks	9,977,319	5,001,643	855,580
Total	30,192,506	33,119,745	11,295,085

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Cash in foreign currency

in thousand, units of currency

Cash	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Cash on accounts in banks in USD	366	29,421	8,402
Equivalent in RUB at the CB (Central Bank) exchange rate	21,089	1,784,611	612,394
Cash on accounts in banks in EUR	144,572	50,415	3,051
Equivalent in RUB at the CB (Central Bank) exchange rate	9,956,230	3,217,032	243,186
TOTAL in RUB	9,977,319	5,001,643	855,580

Cash equivalents

Type of cash equivalents	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Short-term bank deposits (with the placement period of below 3 months)	38,721,291	8,536,130	9,100,000

9. OTHER CURRENT ASSETS

As part of other current assets, deferred expenses are recorded with the write-off period within 12 months from the reporting date (with respect to the asset as a whole).

Information on other current assets of the Company is presented below:

Name	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Deferred expenses are recorded with the repayment period up to 12 months - total, including:	8,951	11,390	913
- <i>software products (licenses)</i>	1,309	1,815	724
- <i>market value expert evaluation and assessment services</i>	7,587	9,575	—
- <i>other</i>	55	—	189
Cash restricted for use, including moratorium interest ¹	—	823,517	—
Total	8,951	834,907	913

¹ See Section 5.1. "Debt Financial Investments" of these Explanatory Notes.

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10. CAPITAL AND RESERVES

Authorized capital

As of December 31, 2017, the authorized capital of the Company amounted to RUB 293,339,675 thousand. It is divided into 104,400,000,000 ordinary shares with the nominal value of RUB 2.809767. The Company has no preferred shares.

The major shareholders of the Company as of December 31, 2017 were the following entities:

- ROSNEFTGAS OJSC — 26.37% of shares (26.37% as of December 31, 2016; 26.37% of shares as of December 31, 2015);
- Inter RAO Capital JSC — 19.98% of shares (19.98% as of December 31, 2016; 18.98% of shares as of December 31, 2015);
- PJSC FGC UES - 18.57% of shares (Companies within FGC UES Group — 18.57% of shares as of December 31, 2016; 18.57% of shares as of December 31, 2015).

As of December 31, 2017, a subsidiary Inter RAO Capital JSC held Company shares with the nominal value of RUB 58,610,285 thousand (as of December 31, 2016 — RUB 58,610,285 thousand in Inter RAO Capital JSC; as of December 31, 2015 — RUB 55,678,379 thousand in Inter RAO Capital JSC, Inter RAO Invest LLC - RUB 330,066 thousand, BGK LLC — RUB 176,548 thousand).

As of December 31, 2017 the Company's authorized capital had been fully paid.

Shares purchased from shareholders

As of December 31, 2015, December 31, 2016 and December 31, 2017, the Company had no Shares purchased from shareholders.

Reserve capital

According to the laws and the Articles of Association of the Company, a reserve fund is formed in the amount of 15% of the authorized capital of the Company.

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The reserve capital, as of December 31, 2016, amounted to RUB 504,121 thousand. In 2017, the contributions to the reserve capital amounted to RUB 4,873,764 thousand. The reserve capital, as of December 31, 2017, amounted to RUB 5,377,885 thousand, which equals to 1.83% of the authorized capital.

Additional Capital

Within its additional capital, the Company takes into account:

Line items of additional capital	Amount		
	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Share Premium	195,090,772	195,090,772	195,090,772
Revenue from reorganization	325,345	325,345	325,345
Other	13	13	13
Total	195,416,130	195,416,130	195,416,130

As of December 31, 2017, the additional capital had not changed versus the previous year.

Dividends

In 2017, the annual General Meeting of Company Shareholders, it was decided to pay dividends based on the 2016 results in the amount of RUB 15,328,000 thousand. The share of the paid dividends out of the total amount of the declared dividends amounted to 99.7%, as of the end of the year. The reason for non-payment of dividends in the amount of RUB 51,535 is a failure by a number of shareholders to submit information to the holder of the Company shareholders register on changes in their data pursuant to Article 8.2, clause 16 of Federal Law dated April 22, 1996 No. 39-FZ "On Securities Market" (as amended on December 31, 2017).

In 2016, the annual General Meeting of Company Shareholders made a decision to the payment of the dividends based on the 2015 results in the amount of RUB 1,860,727 thousand.

In the statement of cash flows, the amount of dividends paid, as recorded in line 4322 "Payments of dividends and other payments on allocation of profits to owners (members)" includes the amount of profit tax on dividends.

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11. ESTIMATED LIABILITIES

The presence and flows of the estimated liabilities are specified in the table below:

Name	Court actions	Unused vacations	Remuneration based on the annual results to Company employees, Members of the Board of Directors	Other estimated liabilities	Total
As of December 31, 2015	3,481	207,075	1,102,071	10,298,985	11,611,612
Recognized in the reporting period	—	34,084	1,191,214	20,146,441	21,371,739
Written off as expenses or recognition of accounts payable	(3,131)		(1,102,071)	(29,802,228)	(30,907,430)
Written off due to the excessive amounts or termination of compliance with recognition terms	(350)				(350)
As of December 31, 2016	—	241,159	1,191,214	643,198	2,075,571
Recognized in the reporting period	—	—	1,491,084	—	1,491,084
Written off as expenses or recognition of accounts payable		(9,458)	(1,173,419)		(1,182,877)
As of December 31, 2017	—	231,701	1,508,879	643,198	2,383,778

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Estimated liabilities for remuneration payments

The estimated liability for remuneration payments for 2017 to Company employees in the amount of RUB 1,508,879 was recognized pursuant to the Accounting Policy of the Company and includes the amount of insurance premiums. The remuneration amounts are set forth by the Provisions for Remuneration and Incentives for Employees of PJSC "Inter RAO" and the Provisions for Monetary Incentives for Chairman of the Management Board and Members of the Management Board of the Company. This estimated liability is scheduled to be repaid in the first half of 2018. The management believes that the actual flow of payments for the above purposes will not exceed the amount of the recognized estimated liabilities.

Estimated liabilities for unused vacations payments

The value of estimated liabilities for the payment of unused vacations in the amount of RUB 231,701 thousand was determined by the Company on the basis of statistics of accounting data of working days and vacation days within the period 2008-2017. The Company recognized the estimated liability for the payments for vacations unused as of December 31, 2017, including insurance premiums.

The estimated liability for the unused vacations payments shall be recalculated as of each reporting date and adjusted to reduced (increased) depending on the reduction (increase) in the number of the unused vacation days. The estimated liability may be fully repaid in the event of simultaneous dismissal of employees during the reorganization (liquidation) of the Company

Other estimated liabilities

The estimated liability for possible losses in the amount of RUB 203,439 thousand was recognized in 2011 based on the data as to the probable reduction in the economic benefits due to fulfillment by the Company of the claim as to the repayment of the liability of its subsidiary. The probability of such liability execution persists in the short term.

In 2016, the Company recognized the estimated liability on penalty sanctions resultant from the agreement early termination in the amount of maximum possible outflow of economic benefits in the short turn of RUB 439,759 thousand. The probability of such liability execution persists.

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12. CREDITS AND LOANS

In 2017, the Company raised borrowed funds in the form of bank loans and credits from subsidiaries.

In addition, in 2017, the Company accumulated Group funds within the centralization of managing Inter RAO Group cash flows by raising RUB loans at the interest rate from 6.30% to 7.78% with short repayment periods.

In the statement of cash flows, cash flows related to settlements under short-term (up to three months) loans are reflected minimized within cash flows of financial transactions.

the Company has no overdue debts on borrowings.

Information as to loans raised by the Company within the reporting period is presented in the table below:

Creditor	Loan currency	Balance as of December 31, 2016	Received in 2017	Repaid in 2017	Balance as of December 31, 2017
Loans					
IRP LLC	RUB	—	3,252,790	(1,460,950)	1,791,840
RN-Energo, LLC	RUB	—	2,000,000	(2,000,000)	—
Loans within the centralization of managing Inter RAO Group cash flows.	RUB	—	49,880,735	(22,941,477)	26,939,258
Total net of interest		—	55,133,525	(26,402,427)	28,731,098
Debts on interest (short-term)		—	414,498	(292,594)	121,904
Total, with interest		—	55,548,023	(26,695,021)	28,853,002

The total amount of long-term credits repayable within one year from the reporting date and reclassified to the short-term indebtedness net of interest as of December 31, 2017 was RUB 1,791,840 thousand (absent as of December 31, 2016 and as of December 31, 2015).

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During 2017, the interest rate on credits and loans was from 0% to 8.50% per annum (from 10% to 11.5% per annum in 2016).

The information as to the loans and credits, raised by the Company in 2016, is presented in the table below:

Creditor	Credit (loan) currency	Balance as of December 31, 2015	Received in 2016	Repaid in 2016	Balance as of December 31, 2016
Bank credits					
Sberbank PJSC	RUB	950,195	1,202,396	(2,152,591)	—
Loans					
RN-Energo, LLC	RUB	—	1,600,000	(1,600,000)	—
Total net of interest		950,195	2,802,396	(3,752,591)	—
Debts on interest (short-term)		599	188,019	(188,618)	—
Total, with interest		950,794	2,990,415	(3,941,209)	—

Interests on borrowings included in the value of investment assets

In 2017 and 2016, there were no interest payments for the loans and credits, included in the value of investment assets.

Credit lines

Information as to the free cash balance, available to the Company under credit lines as of December 31, 2017, is presented in the table below:

Creditor	Limit amount	Unused balance as of December 31, 2017	Availability deadline
Moscow Credit bank PJSC	10,000,000	10,000,000	August 2019
RN-Energo, LLC	5,000,000	5,000,000	June 2018
Total	15,000,000	15,000,000	

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Information on credit lines as of December 31, 2016:

Creditor	Limit amount	Unused balance as of December 31, 2016	Availability deadline
Sberbank PJSC	10,536,000	10,536,000	November 2017
Moscow Credit bank PJSC	10,000,000	10,000,000	August 2019
RN-Energo, LLC	5,000,000	5,000,000	June 2018
Total	25,536,000	25,536,000	

Information on credit lines as of December 31, 2015:

Creditor	Limit amount	Unused balance as of December 31, 2015	Availability deadline
Sberbank PJSC	10,536,000	9,585,805	November 2017
RN-Energo, LLC	5,000,000	5,000,000	June 2018
Total	15,536,000	14,585,805	

13. ACCOUNTS PAYABLE

13.1 Other long-term liabilities

As of December 31, 2017, the Company has no long-term liabilities.

13.2 Short-term payables

As of December 31, 2017 and for 2015-2016, the structure of the Company's accounts payable included current (not overdue) debts to suppliers and contractors, the Company personnel, tax authorities, extra-budgetary funds and other creditors.

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The information as to the presence and flows of accounts payable is presented in the table below:

Name of indicator	Code	Period	As of the beginning of the period	Changes for the period				As of the end of the period
				Receipt	Disposal		Reclass	
				As a result of business transactions	Repayment	Writing-off to financial result		
Short-term payables - total	5560	2017	5,454,666	95,001,935	(93,964,636)	(39)	—	6,491,926
	5580	2016	7,601,836	101,595,924	(103,839,547)	(3,024)	99,477	5,454,666
Including:								
Debt to suppliers and contractors								
for electricity (power) acquired	5561	2017	2,277,078	37,988,959	(37,322,347)	—	—	2,943,690
	5581	2016	1,838,351	34,579,625	(34,140,898)	—	—	2,277,078
for the transmission of electricity	5562	2017	240,199	3,856,190	(3,938,713)	—	—	157,676
	5582	2016	213,660	3,709,380	(3,682,841)	—	—	240,199
other debts	5564	2017	107,634	2,988,031	(2,954,067)	(37)	—	141,561
	5584	2016	2,458,795	5,148,321	(7,497,831)	(1,651)	—	107,634
Total debt to suppliers and contractors	5565	2017	2,624,911	44,833,180	(44,215,127)	(37)	—	3,242,927
	5585	2016	4,510,806	43,437,326	(45,321,570)	(1,651)	—	2,624,911
Other payables								
on securities transactions	5566	2017	140,479	8,879,992	(8,868,861)	—	—	151,610
	5586	2016	175,453	20,683	(55,657)	—	—	140,479
other debts (including taxes and levies, payments to employees)	5568	2017	394,359	17,750,667	(17,718,062)	(2)	519,100	946,062
	5588	2016	231,959	35,076,973	(34,913,937)	(636)	—	394,359
Total other payables	5569	2017	534,838	26,630,659	(26,586,923)	(2)	519,100	1,097,672
	5589	2016	407,412	35,097,656	(34,969,594)	(636)	—	534,838
Advance payments received								
Advance payments received	5570	2017	2,294,917	23,538,096	(23,162,586)	—	(519,100)	2,151,327
	5590	2016	2,683,618	23,060,942	(23,548,383)	(737)	99,477	2,294,917

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13.2.1 Payables to suppliers and contractors

The accounts payable on the settlements with suppliers in the amount of RUB 50,435 thousand as of December 31, 2017 (RUB 25,087 thousand — as of December 31, 2016; RUB 2,404,743 thousand — as of December 31, 2015) was denominated in foreign currency (EUR or USD).

The major creditors of the Company as of December 31, 2017:

- The Company's indebtedness to TsFR JSC for electricity amounts to RUB 1,395,532 thousand (RUB 1,017,480 thousand — as of December 31, 2016; 539,885 thousand — as of December 31, 2015);
- The Company's indebtedness to TsFR JSC for electricity under agency agreements amounts to RUB 452,819 thousand (RUB 246,315 thousand — as of December 31, 2016; 576,884 thousand — as of December 31, 2015);
- The Company's indebtedness to Ekibastuzskaya GRES-1 LLP for electricity amounts to RUB 446,802 thousand (RUB 0,00 — as of December 31, 2016 and December 31, 2015);
- The Company's indebtedness to DEK PJSC for electricity under agency agreements amounts to RUB 228,455 thousand (RUB 104,743 thousand — as of December 31, 2016; RUB 295,009 thousand — as of December 31, 2015);
- The Company's indebtedness to FGC EUS PJSC on the electricity transmission amounts to RUB 117,953 thousand (RUB 205,057 thousand — as of December 31, 2016; RUB 188,889 thousand — as of December 31, 2015);
- The Company's indebtedness to Inter RAO - Elektrogeneratsiya JSC for electricity (power) amounts to RUB 108,916 thousand (RUB 233,643 thousand — as of December 31, 2016; RUB 195,533 thousand — as of December 31, 2015).

14. REVENUES FROM SALES

The Company discloses the information as to the sales revenues for 2016-2017 in Section 21 "Information by Segments" of these Notes.

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15. COSTS ON COMMON TYPES OF ACTIVITIES

Expenses, associated with common types of activities are specified in the table below.

Name of indicator	Code	For 2017	For 2016
Tangible costs - total	5610	32,882,689	31,668,117
Including:			
electricity (power) for resale	5611	32,613,844	29,376,672
energy equipment for export	5614	268,845	2,291,445
Expenses on labor remuneration	5620	3,189,090	2,899,623
Allocations for social needs	5630	581,563	529,425
Depreciation — Total	5640	22,544	28,592
Including:			
fixed assets depreciation	5641	17,746	23,147
intangible assets depreciation	5642	4,798	5,445
Other costs - total	5650	4,982,523	5,426,806
Including:			
electricity transportation costs	5651	2,186,458	2,293,885
property operational lease	5652	408,882	386,421
services of infrastructure organizations, customs clearance costs	5653	356,500	525,892
consultation and information, legal, audit services	5657	298,647	330,508
travel, transportation expenses	5658	577,662	638,860
financial lease (leasing)	5659	185,883	223,592
expenses on voluntary property insurance, civil liability insurance, medical insurance	5660	60,817	52,314
IT and communication expenses	5661	565,706	504,893
security services costs	5662	12,833	12,708
Advertising, marketing, PR and GR services	5663	59,311	63,289
services of agents concerning sale of power equipment	5664	26,667	—
Corporate governance expenses	5666	62,812	72,019
other expenses	5665	180,345	322,425
TOTAL expenses on regular types of activities	5600	41,658,409	40,552,563

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16. OTHER REVENUES AND COSTS

In the profit & loss statement of the Company for 2017 and 2016, the structure of other revenues and costs mainly reflects revenues (costs) from operations with currency, exchange rate differences from revaluation of assets and liabilities denominated in foreign currency, revenues (costs) from revaluation of quoted securities, adjustments to estimated values, etc.

Other revenues and costs of operations effected are given in the table below:

Other revenues	For 2017	For 2016
Other revenues, total	2,386,955	131,825,860
Including:		
Penalties, fines under business agreements	774,602	214,196
Subsidy from federal budget	748,324	—
Recovery of provision for bad debts	499,999	—
Revenues from currency sale and purchase transactions	151,311	317,636
Revenues derived from disposal of financial investments not traded on the Organized Market of the Central Bank	54,680	376,943
Income from disposal of fixed assets, tangible assets and other property	38,069	675,697
Revenues received as a result of revaluation of quoted securities	8,285	53,053
Income derived from disposal of financial investments traded on the Organized Market of the Central Bank	—	69,516,935
Restoration of a provision for financial investments impairment	—	60,604,450
Other revenues	111,685	66,950

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Other expenses	For 2017	For 2016
Other costs, total:	5,241,753	42,408,915
Including:		
Provision for impairment of financial investments, not traded on the Organized Market of the Central Bank	4,164,324	—
Penalties, fines under business agreements	416,220	1,887
Exchange rate differences from revaluation of assets and liabilities in foreign currency	212,499	3,251,024
Social expenses	151,465	118,838
Expenditures incurred as a result of revaluation of quoted securities	77,884	—
Expenses for organizing the issue and service of securities	56,416	53,501
Bank services	33,220	44,763
Costs of disposal of financial investments not traded on the Organized Market of the Central Bank	29,144	360,503
Costs of disposal of fixed assets, tangible assets and other property	12,244	616,735
Other taxes (including VAT)	6,383	80,739
Costs related to guarantee liabilities for a subsidiary	2,945	21,580,699
Costs of disposal of financial investments not traded on the Organized Market of the Central Bank	—	15,798,755
Estimated liabilities	—	439,759
Other expenses	79,009	61,712

17. STATE SUPPORT

In 2017, the Company received subsidies from the federal budget to recover part of the costs, associated with the sales of electricity to cover power shortage in the Republic of Abkhazia in February-March 2016 and in February-April 2017, worth RUB 748,324 thousand. This amount is recognized in the Company's accounting records as revenue and is reflected in the Statement of Financial Results in Other revenues.

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18. TAXES

Profit tax

Indicator	For 2017	For 2016
Profit (loss) before tax (except revenues from participation in other organizations) according to accounting data	(423,452)	97,551,793
Including:		
Currency exchange rate differences for dividends	440	—
Profit taxed at a rate of 0%	—	(53,718,180)
Profit (loss) taxed at a rate of 20%	(423,012)	43,833,613
Amount of conditional profit (loss) under profit tax	84,602	(8,766,723)
Permanent difference within reporting period, Including:	1,108,018	(38,358,229)
- under provision for financial investments impairment	607,400	(60,604,450)
- managerial and administrative expenses	336,595	350,502
- sporting and other corporate events	151,465	118,838
- for revaluation of financial investments (quoted shares)	69,599	(53,053)
- for contributions to non-profit organizations	13,866	12,934
- for the fulfillment of guarantee obligations	2,945	21,580,699
- for sales of securities, which are not traded on the Organized market of the Central Bank	(12,768)	—
- for estimated liabilities	—	439,409
-for other expenses (revenues)	(61,084)	(203,108)
Deductible temporary differences of the reporting period, including:	416,489	(2,836,148)
- under provision for financial investments impairment ¹	3,556,924	—
- for sales of securities, traded the organized market of the Central Bank	(1,843,110)	(1,843,110)
- loss from operations	(1,124,762)	—
- under provision for bad debts	(433,706)	(893,512)
- for sales of securities, which are not traded on the Organized market of the Central Bank	—	(166,395)
- for estimated liabilities	271,711	123,151
-for other expenses (revenues)	(10,568)	(56,282)
Taxable temporary differences of the reporting period, including:	1,879,145	(1,848,842)
- under provision for bad debts	1,875,439	(1,875,439)
- for fixed assets	3,711	2,000
- for voluntary medical insurance	—	24,522
-for other expenses (revenues)	(5)	75
Taxable profit under tax accounting	2,980,640	790,394
Profit tax rate	20%	20%
Profit tax	596,128	158,079

¹See Section 5.1 "Debt Financial Investments" of these Explanatory Notes.

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Revenues from participation in other organizations (dividends) received by the Company in 2017 amounted to RUB 13,795,530 thousand (RUB 1,037,558 thousand — in 2016). The Company records the profit tax, accrued for the revenues from shareholding interests in other organizations, in line 2460 "Other" of the Profit and Loss Statement. Revenues from participation in other organizations in the amount of RUB 13,680,890 thousand (RUB 1,036,756 thousand — in 2016) are subject to profit tax at the rate of 0% in accordance with Article 284 of the Tax Code.

The breakdown for line 2460 "Other" of the Profit and Loss Statement is presented in the table below:

Indicator	For 2017	For 2016
Adjustment (accrual) of a deferred tax asset	2,155,332	—
Profit tax to be reduced under clarified tax returns	317,302	354
Penalties on taxes	(817)	(27)
Profit tax to be additionally paid under clarified tax returns	(2,335)	—
Adjustment (write-off) of a deferred tax asset	(2,514)	—
Profit tax from participation in other organizations (dividends)	(33,279)	(104)
Profit tax to be additionally paid based on the results of the on-site tax inspection	—	(19,228)
Total	2,433,689	(19,005)

In 2017, following the receipt of a reasoned opinion of the tax authority, the Company filed an updated tax declaration for 2016, which included the amount of uncollectible accounts receivable into uncollectible expenses for income tax purposes, with those accounts payable formed with respect to Silverteria Holdings Limited (in connection with the debtor's liquidation), worth RUB 11,567,053 thousand, and reflected the accrual of the deferred tax asset in respect of the tax loss for 2016, deferred in the amount of RUB 2,155,332 thousand.

Value-added tax

The total indebtedness on the VAT recovery from the federal budget, including export of electricity, as of December 31, 2017, amounts to RUB 1,142,954 thousand (RUB 2,215,281 thousand — as of 31 December 2016; RUB 1,357,853 thousand — as of December 31, 2015). This amount is recorded within other accounts receivable on the balance sheet.

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19. PROFIT PER SHARE

The base profit per share reflects a part of the profits of the reporting period, which can be potentially distributed among the shareholders – holders of ordinary shares. It is calculated as the ratio of the base profit for the reporting year to the average quantity of outstanding ordinary shares over the reporting year.

The calculation of the average quantity of shares outstanding during the reporting period has been made according to the Methodical Recommendations on Disclosure of Information on Profits per Share, approved by the RF Ministry of Finance Order No. 29n of March 21, 2000.

Indicator	2017	2016
Base profit for the reporting period, RUB thousand	15,668,766	97,475,269
Number of shares, pieces	104,400,000,000	104,400,000,000
Base profit per share, RUB	0.1501	0.9337

In 2017 and 2016, the Company had no diluting effect in place.

20. RELATED PARTIES

20.1 Predominating companies

As of December 31, 2017, the Company shareholder, ROSNEFTEGAS OJSC owned 26.37% shares of the Company. In the reporting period, the Company did not settle accounts with the organization, except for paying dividends.

The Company has no other shareholders (legal entities and individuals), whose participation interest exceeds 20% of the authorized capital of the Company.

The Russian Federation, acting via the state agencies and other organizations, has direct and indirect control and influence over a large number of companies (collectively referred to as the "state-related companies").

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The Company transacts with these companies in order to sell and purchase electricity (power), goods, works and services, deliver equipment, place deposits and arrange for cashier services, currency exchange transactions, provision and receipt of guarantees, as well as transactions with securities and derivatives. The transactions to purchase and sell electricity (power) with the state-related companies account for a significant portion of the transactions, carried out the by the Company.

20.2 *Subsidiaries and Affiliated Companies*

A complete list of subsidiaries and affiliated companies is available on the website of the Company <http://www.interrao.ru/investors/disclosure/affiliated/2017.php>

20.2.1 *Revenues from sales to subsidiaries and affiliated companies*

Revenues of the Company from sales of goods (works, services) to subsidiaries and affiliated companies for 2017 amounted to RUB 17,531,947 thousand (RUB 18,695,869 thousand — for 2016), excluding VAT.

Electricity sale was carried out on regular commercial terms at market rates for the corresponding regions of supplies. Other sales mainly include agency fees, services under the Agreement on Operation and Maintenance, revenue from leasing property. The prices for provided services are aligned with the market prices.

Name	Amount	
	For 2017	For 2016
Revenues, total	17,531,947	18,695,869
Including:		
Sale of electricity (power) under bilateral agreements	15,053,897	16,820,414
Sales of electricity (power) under commission agreement, concluded with FSC JSC	2,314,098	1,776,283
Other sales	163,952	99,172

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20.2.2 Other revenues, received from subsidiaries and affiliated companies

Name	Amount	
	For 2017	For 2016
Other revenues, total	14,390,760	3,785,372
Including:		
Dividends on ordinary shares	13,680,890	1,036,755
Interest revenues on all types of borrowings issued by subsidiaries and associated companies	542,518	1,971,932
Other revenues in the form of revenues from realization of property, lease of property, fines under contracts, fees for surety provision and other revenues received from subsidiaries and affiliated companies	167,352	776,685

The interest rates corresponded to the market level of interest rates for similar borrowings within the loans provision period.

20.2.3 Purchases of goods (works, services) from subsidiaries and affiliated companies

The cost of the purchased goods, performed works and provided services by the subsidiaries and affiliated companies in 2017 amounted to RUB 2,967,749 thousand (RUB 6,436,885 thousand — in 2016), excluding VAT.

Purchases were carried out on regular commercial terms and conditions.

Name	Amount	
	For 2017	For 2016
Purchase of electricity (power)	1,885,968	5,461,147
Purchase of other goods (works, services)	1,081,781	975,738
TOTAL	2,967,749	6,436,885

The structure of expenses on purchasing services includes expenses on the office premises leasing from subsidiaries with the total book value of RUB 1,581,405 thousand as of December 31, 2017 (RUB 1,583,353 thousand — as of December 31, 2016; RUB 1,012,009 thousand — December 31, 2015). (see Section 2 "Fixed Assets and interest bearing investments in tangible assets" of this Explanatory Note).

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20.2.4 State of settlements with subsidiaries and affiliated companies

Receivables

Name	As of December 31, 2017		As of December 31, 2016		As of December 31, 2015	
	Receivables	Provisions for bad debts	Receivables	Provisions for bad debts	Receivables	Provisions for bad debts
Long-term accounts receivable from subsidiaries and affiliated companies						
Non-interest bearing loans granted	3,252,790	—	—	—	—	—
Indebtedness on sold property	470,219		531,445		1,991,000	
Interest on provided loans	—	—	—	—	2,116,244	(637,578)
Total	3,723,009	—	531,445	—	4,107,244	(637,578)
Short-term accounts receivable from subsidiary and affiliated companies						
Short-term receivables of buyers and customers	912,797		832,039		883,611	
Short-term receivables from buyers of electricity (power) under commission agreement entered into with FSC JSC.	88,784		88,842		68,261	
Advances to suppliers and contractors	33,051		84,390		32,024	
Other receivables	18,773,273	(199,408)	3,380,584	(199,408)	7,490,989	(611,311)

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Name	As of December 31, 2017		As of December 31, 2016		As of December 31, 2015	
	Receivables	Provisions for bad debts	Receivables	Provisions for bad debts	Receivables	Provisions for bad debts
Including:						
<i>Indebtedness on dividends due</i>	10,000,000	—	—	—	324,924	(322,748)
<i>Non-interest bearing loans granted</i>	5,923,694	—	—	—	—	—
<i>Debt on settlements for electricity under contracts of commission, assignment</i>	2,468,206	—	630,071	—	1,051,666	—
<i>Indebtedness on sold property</i>	233,853	(199,408)	2,298,917	(199,408)	5,679,408	(279,408)
<i>Due interest indebtedness on borrowed funds, installment payments plan</i>	103,095	—	18,787	—	18,787	—
<i>Other debts</i>	44,425	—	18,787	—	24,180	(9,155)
Total	19,807,905	(199,408)	4,385,855	(199,408)	8,474,885	(611,311)

Accounts payable

Short-term accounts payable to subsidiary and affiliated companies

Name	Amount		
	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Payables to suppliers and contractors	213,245	561,163	248,335
Advances received from buyers	83	12,127	30,881
Other payables	153,588	145,321	183,083
Total	366,916	718,611	462,299

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20.2.5 Loans issued to subsidiaries and associated companies

The interest rates for the borrowed funds, provided to subsidiaries and affiliated companies in 2017 amounted to 4% —10% p.a. in currency (4% to 10% p.a. — in 2016), 11% to 12.75% p.a. in rubles (11% to 16.65% p.a. — in 2016).

The presence and flows of the loans provided to subsidiary and affiliated companies for the reporting period is specified in the table below net of interest.

Name of related party	Loan balance as of December 31, 2016	Provided in 2017	Repaid in 2017	Reclassification into accounts receivable	Exchange rate exchange rate differences	Loan balance as of December 31, 2017
Electroluch, JSC	2,101,178	—	(45,000)	—	—	2,056,178
QUARTZ Group LLC	600,000	—	(226,500)	—	—	373,500
Moldavskaya GRES, CJSC	1,426,795	58,409	(1,119,737)	—	(55,708)	309,759
"Inter RAO – Engineering" LLC	300,000	—	—	—	—	300,000
Inter RAO Capital JSC	7,437,954	—	—	(7,437,954)	—	—
Orlovsky Energosbyt, LLC	103,125	—	(103,125)	—	—	—
TomskRTS JSC	—	247,000	(247,000)	—	—	—
RAO Nordic Oy	—	174,359	(170,054)	—	(4,305)	—
Inter RAO IT LLC	—	155,000	(155,000)	—	—	—
Total	11,969,052	634,768	(2,066,416)	(7,437,954)	(60,013)	3,039,437

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The presence and flows of the loans, provided to subsidiary and affiliated companies in 2016, is specified in the table below, net of interest.

Name of related party	Loan balance as of December 31, 2015	Provided in 2016	Repaid in 2016	Exchange differences balance	Loan balance as of December 31, 2016
Inter RAO Capital JSC	—	7,437,954	—	—	7,437,954
Electroluch, JSC	2,314,354	—	(213,176)	—	2,101,178
Electric Networks of Armenia CJSC ¹	2,671,514	—	(446,694)	(486,410)	1,738,410
Moldavskaya GRES, CJSC	2,842,425	158,715	(1,156,043)	(418,302)	1,426,795
QUARTZ Group LLC	300,000	300,000	—	—	600,000
"Inter RAO – Engineering" LLC	—	300,000	—	—	300,000
Orlovsky Energosbyt, LLC	128,506	—	(25,381)	—	103,125
"BGC" LLC	2,250,195	1,202,396	(3,452,591)	—	—
RAO Nordic Oy	796,972	—	(681,100)	(115,872)	—
Saint-Petersburg Retail Company JSC	509,276	6,700,000	(7,209,276)	—	--
RGT LLC	424,000	—	(424,000)	—	—
Inter RAO IT LLC	217,716	—	(217,716)	—	—
Opencast Coal Mine LLC	125,000	180,000	(305,000)	—	—
"Mosenergosbyt" PJSC	—	2,265,000	(2,265,000)	—	—
Total	12,579,958	18,544,065	(16,395,977)	(1,020,584)	13,707,462

¹ Electric Networks of Armenia CJSC was excluded from the list of affiliated entities of the Company on December 28, 2016.

20.2.6 Loans, received from subsidiaries and affiliated companies

Loans in currency

In 2016 and 2017, the Company received no loans in currency from its subsidiaries and affiliated companies.

Short-term loans in rubles

In 2017, the Company attracted short-term borrowed funds in RUB from its subsidiaries, including within the centralization of cash management of Inter RAO Group.

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During 2017, the interest rate on loans was from 0% to 8.50% per annum (10% per annum in 2016).

The data on short-term loans in rubles received from subsidiaries for the reporting period are presented in the table below, including interest:

Name of related party	Loan balance as of December 31, 2016	Provided/accrued in 2017	Repaid in 2017	Loan balance as of December 31, 2017
IRP LLC	—	3,252,790	(1,460,950)	1,791,840
Including the interest	—	—	—	—
RN-Energo, LLC	—	2,035,863	(2,035,863)	—
Including the interest	—	35,863	(35,863)	—
Loans within the centralization of managing Inter RAO Group cash flows.	—	50,259,370	(23,198,208)	27,061,162
Including the interest	—	378,635	(256,731)	121,904
Total	—	55,548,023	(26,695,021)	28,853,002
Including the interest	—	414,498	(292,594)	121,904

The data on the short-term loans in RUB received from subsidiaries in 2016 are presented in the table below, including interest:

Name of related party	Loan balance as of December 31, 2015	Provided/accrued in 2016	Repaid in 2016	Loan balance as of December 31, 2016
RN-Energo, LLC	—	1,633,333	(1,633,333)	—
Including the interest	—	33,333	(33,333)	—

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Credit lines

The information on the credit lines opened by subsidiaries and affiliated companies as of December 31, 2017, is specified in the table below:

Creditor	Limit amount	Unused balance as of December 31, 2017	Availability deadline
RN-Energo, LLC	5,000,000	5,000,000	June 2018
Total	5,000,000	5,000,000	

The information the credit lines opened by subsidiary and affiliated companies as of December 31, 2016, is specified in the table below:

Creditor	Limit amount	Unused balance as of December 31, 2016	Availability deadline
RN-Energo, LLC	5,000,000	5,000,000	June 2018
Total	5,000,000	5,000,000	

20.3 Information on transactions with key management personnel

The Company attributes Management Board and Board of Directors members to the key management personnel. Their lists are given in the "General Information" section of these Explanatory Note.

In 2017, the Company accrued the remunerations for the participation in the meetings for the members of the Board of Directors for the total amount of RUB 29,162 thousand (RUB 32,693 thousand — in 2016). No other payments to the members of the Board of Directors were effected in 2017 and 2016.

In 2017, the Company accrued remunerations for the members of the Management Board (salary, bonuses, benefits) for the total amount of RUB 808,808 thousand (RUB 944,059 thousand — in 2016). In 2017, the Company did not transfer the voluntary retirement pension contributions to the non-state pension fund "GAZFUND" to the benefit of the members of the Management Board (RUB 30,467 thousand — in 2016). No other payments to the members of the Management Board were effected in 2017 and 2016.

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In 2017, the Company accrued remunerations for the members of the Revision Commission (salary, bonuses, benefits, considerations) for the total amount of RUB 5,339 thousand (RUB 8,553 thousand — in 2016). In 2017, the Company did not transfer the voluntary retirement pension contributions to the non-state pension fund "GAZFUND" to the benefit of the members of the Revision Commission (RUB 779 thousand — in 2016). No other payments to the members of the Revision Commission were effected in 2017 and 2016.

20.4 Cash flows on transactions with related parties

Name of indicator	Code	For 2017	For 2016
Cash flows from current transactions			
Proceeds - total	4110	25,926,988	18,825,107
Including:			
From sales of products, goods, works and services	4111	15,132,304	16,938,770
From the sale of electricity (power) under commission agreement entered into with FSC JSC	4111	2,314,147	1,758,841
Lease payments, license fees, royalties, commissions and other similar payments	4112	78,410	72,028
From repayment of interest-free loans provided	4114	8,357,954	—
Other revenues	4119	44,173	55,468
Payments - total	4120	(14,788,639)	(7,507,822)
Including:			
To suppliers (contractors) for raw materials, works and services	4121	(3,244,796)	(6,183,102)
Related to payment of employees' remuneration	4122	(960,979)	(1,128,442)
Interests on debt liabilities	4123	(292,594)	(33,333)
Provision of interest-free loans	4125	(10,096,484)	—
Other payments	4129	(193,786)	(162,945)
Cash flows from investment transactions			
Proceeds - total	4210	8,431,669	23,887,671
Including:			
From sales of current assets (other than financial investments)	4211	1,782,278	4,610,853
From sales of shares (interest) in other organizations	4212	54,520	—
From repayment of loans provided, from sales of debt securities (rights of demand of cash to other entities)	4213	2,066,415	16,395,977

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Name of indicator	Code	For 2017	For 2016
Dividends, interest on debt financial investments and similar proceeds from equity participation in other organizations	4214	4,528,456	2,880,841
Payments - total	4220	(4,742,552)	(18,565,068)
Including:			
Due to acquisition of shares (interest) in other organizations	4222	(4,107,784)	(20,683)
Due to acquisition of debt securities (rights of claiming cash from other persons), provision of loans to other entities	4223	(634,768)	(18,544,065)
Other payments	4229	—	(320)
Cash flows from financial transactions			
Proceeds - total	4310	30,192,048	1,600,000
Including:			
Receipt of loans	4311	30,192,048	1,600,000
Payments - total	4320	(16,738,433)	(35,100,444)
including			
For payment of dividends and other payments on distribution of profits in favor of owners (participants)	4322	(15,274,538)	(1,824,199)
Related to repayment (repurchase) of bills of exchange and other debt securities, repayment of loans	4323	(1,460,950)	(1,600,000)
Guarantee payments	4324	(2,945)	(31,676,245)

21. INFORMATION BY SEGMENTS

Risks and profits of the Company are defined mainly by distinctions between the geographical regions where the Company sells electricity. The Company singles out the reporting segments in the form of geographical segments based on the electricity sale markets.

In 2017, the share of sales at the domestic market amounted to 33% (in 2016 — 23%).

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A significant amount of electricity was supplied to Finland (21%), Belarus (18%), Lithuania (17%). The segment "Other Countries" includes electricity supplies to Azerbaijan, Kazakhstan, Ukraine, Georgia, South Ossetia, as well as deliveries of power equipment to Venezuela and Ecuador. The share of revenues falling on sales to each of the listed countries separately is less than 10 %.

Indicators of the reported segments to be disclosed are set out in the assessment, in which they are submitted to the Company's management for decision making (according to management accounting).

Not distributed revenues and costs represent the revenues and costs related to the Company in general. Segment assets consist mainly of fixed assets, intangible assets and receivables. Segment assets generally do not include investments. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and certain types of loans related to the Company in general. Capital expenses include the receipt of fixed assets and intangible assets. Estimated values relate to a segment only if they relate to the assets thereof.

In the reporting period there were no changes in the methods to assess indicators used for determining the financial result (profit, loss) of the reportable segment, as compared to previous periods and, accordingly, there was no effect of changes in the financial result (profit, loss) of the reportable segment in the reporting period.

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The tables below present information on revenues and profits, as well as assets and liabilities by the Company's geographical segments.

Name	Russia	Finland	Belarus	Lithuania	Other countries	Total
For 2017						
Revenues	13,385,481	8,547,434	7,556,656	6,783,465	4,702,406	40,975,442
Cost	(14,986,354)	(6,916,070)	(3,986,998)	(3,943,818)	(3,050,793)	(32,884,033)
Profit (loss) by segment	(1,600,873)	1,631,364	3,569,658	2,839,647	1,651,613	8,091,409
Not distributed revenues and costs (administrative, managerial, other revenues and costs)						5,280,669
Total profit before tax						13,372,078
Assets by segments	32,494,899	228,444	38,417	631,075	1,579,319	34,972,154
Not distributed assets						433,113,798
Total on assets						468,085,952
Non-currents assets by segments	106,256	—	—	—	1,148,673	1,254,929
Not distributed non-current assets						355,736,153
Total on non-current assets						356,991,082
Liabilities by segment	2,942,387	246	39,560	2,551	3,390,059	6,374,803
Not distributed liabilities						31,388,416
Total liabilities						37,763,219
Capital investments	74,692	—	—	—	—	74,692
For 2016						
Revenues	9,769,883	9,615,986	8,794,941	7,535,545	7,463,866	43,180,221
Cost	(11,260,944)	(7,160,108)	(4,731,268)	(3,750,929)	(4,766,188)	(31,669,437)
Profit (loss) by segment	(1,491,061)	2,455,878	4,063,673	3,784,616	2,697,678	11,510,784
Not distributed revenues and costs (administrative, managerial, other revenues and costs)						87,078,567
Total profit before tax						98,589,351
Assets by segments	27,712,663	60,917	17,089	743,475	4,581,703	33,115,847
Not distributed assets						404,806,699
Total on assets						437,922,546
Non-currents assets by segments	57,227	—	—	—	871,284	928,511
Not distributed non-current assets						360,735,241
Total on non-current assets						361,663,752
Liabilities by segment	2,481,462	12,268	35,002	5,593	2,805,745	5,340,070
Not distributed liabilities						2,600,509
Total liabilities						7,940,579
Capital investments	24,069	—	—	—	—	24,069

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The following table represents information on buyers (customers), sales to which provide proceeds at least 10 % of total proceeds from sales to the Company's buyers (customers):

Name of buyer	Total amount of revenue	Share in total revenue from sales, %	Name of reporting segment
For 2017			
FSC JSC	13,226,399	32.28	Russia
RAO Nordic Oy	8,270,432	20.18	Finland
Belenergo GPO	7,556,656	18.44	Belarus
UAB «INTER RAO Lietuva»	6,783,465	16.55	Lithuania
Total	35,836,952	87.45	
For 2016			
FSC JSC	9,634,955	22.31	Russia
RAO Nordic Oy	9,284,829	21.50	Finland
Belenergo GPO	8,794,941	20.37	Belarus
UAB «INTER RAO Lietuva»	7,535,545	17.45	Lithuania
Total	35,250,270	81.63	
For 2015			
FSC JSC	8,751,628	19.03	Russia
UAB «INTER RAO Lietuva»	7,826,333	17.02	Lithuania
Belenergo GPO	7,319,624	15.92	Belarus
RAO Nordic Oy	5,333,501	11.60	Finland
Ukrinterenergo GPVD	5,027,400	10.93	Other countries
Total	34,258,486	74.50	

These indicators are given in the assessment applicable for reflection of the similar indicators of the Company in general in the accounting (financial) statements.

22. DISCLOSURE OF INFORMATION ON OFF-BALANCE LINE-ITEMS

Description of securities and other bonds issued by the Company

The total amount of security guarantees and other obligations issued by the Company as of December 31, 2017 amounted to RUB 40,210,719 thousand (RUB 31,574,827 thousand as of December 31, 2016; RUB 79,544,020 thousand — as of December 31, 2015).

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The remuneration for the surety provision by the Company is recorded within other income in the Profit and Loss Statement.

Description of securities and other issued bonds is given below:

Name of security issued	Date of issue	Deadline:	Organization, in favor of which the surety has been issued	Security amount as of December 31, 2017
Surety for credit, provided by EADB (Vnesheconombank) to the benefit of SEGRES-2 JSC	March 4, 2011	June 23, 2025	SEGRES-2 JSC	8,132,938
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	May 30, 2017	October 1, 2019	"Inter RAO – Engineering" LLC	5,383,564
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	September 16, 2016	October 1, 2018	"Inter RAO – Engineering" LLC	5,334,584
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	December 13, 2017	July 31, 2018	"Inter RAO – Engineering" LLC	5,062,083
Surety to ING BANK (EURASIA) JSC for execution of all payment obligations under the loan agreement by Trakya Elektrik A.S.	December 4, 2012	May 31, 2020	Trakya Elektrik A.S.	3,418,789
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	November 8, 2017	July 28, 2019	"Inter RAO – Engineering" LLC	3,080,374
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	September 16, 2016	July 28, 2019	"Inter RAO – Engineering" LLC	2,497,397

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Name of security issued	Date of issue	Deadline:	Organization, in which favor the surety has been issued	Security amount as of December 31, 2017
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	September 28, 2017	July 31, 2018	"Inter RAO – Engineering" LLC	1,909,186
Surety to Kaliningrad generation LLC for execution of obligations under the contractor agreement by Inter RAO - Engineering LLC	May 30, 2017	July 31, 2018	"Inter RAO – Engineering" LLC	1,778,882
Reserve letter of credit issued by BNP PARIBA Bank Joint-stock company in favor of GE Energy Holdings Vostok B.V. in ensuring the fulfillment of obligations under the contract on the adoption of covenants and obligations	August 24, 2017	September 30, 2020	GE Energy Holdings Vostok B.V.	1,430,822
Pledge of shares of SEGRES–2 JSC (7,559,026 of ordinary shares, which makes 50% of the authorized capital) for securing obligations of SEGRES–2 JSC with respect to EADB (Vnesheconombank)	October 17, 2011	June 23, 2025	SEGRES–2 JSC	916,372
Surety for the credit granted by the EBRD to the benefit of Telasi JSC	February 2, 2011	November 4, 2020	Telasi JSC	338,177
Advance payment guarantee under the contractor agreement, issued in favor of Inter RAO-Engineering LLC for the obligations of QUARTZ Group LLC	December 1, 2017	October 1, 2019	QUARTZ Group LLC	182,111
Guarantee issued in favor of Atomstroyexport JSC for execution of obligations to pay money in the event of entry into force of the decision of the Arbitration Court by Inter RAO - Electric Power Plants JSC	December 1, 2017	November 30, 2018	"Inter RAO Electric Power Plants" JSC	181,738
Surety to Kaliningrad generation LLC for execution of obligations under the supply agreement by RGT LLC	December 23, 2016	August 14, 2018	RGT LLC	153,771

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Name of security issued	Date of issue	Deadline:	Organization, in which favor the surety has been issued	Security amount as of December 31, 2017
Surety to ING BANK (EURASIA) JSC for execution of all payment obligations arising under the guarantee agreement by INTER RAO - Export LLC	January 26, 2016	January 18, 2018	INTER RAO – Export, LLC	132,996
Surety to Kaliningrad generation LLC for execution of obligations under the supply agreement by RGT LLC	December 23, 2016	February 14, 2018	RGT LLC	93,730
Surety to Kaliningrad generation LLC for execution of obligations under the supply agreement by RGT LLC	December 23, 2016	February 14, 2018	RGT LLC	92,149
Guarantee issued in favor of Inter RAO-Engineering LLC for execution of obligations under the contractor agreement by QUARTZ Group LLC	December 1, 2017	October 31, 2019	QUARTZ Group LLC	91,056
Total				40,210,719

Description of securities of obligations and payments received by the Company

The total amount of obligations and payments securities received by the Company as of December 31, 2017 amounted to RUB 29,085,402 thousand (RUB 42,693,918 thousand — as of December 31, 2016; RUB 24,627,696 thousand — as of December 31, 2015).

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Description of securities and other bonds is given below:

Name of security received / Guarantor	Term of validity of the guarantee	Organization, for which the guarantee has been received/pledger	Security amount as of December 31, 2017
Surety under Master Agreement with Sistema-Invest JSC and Ecu Gest Holding S.A. dated May 12, 2012, concerning the performance on the contractual obligations	November 6, 2018	Sistema-Invest JSC, Ecu Gest Holding S.A.	22,500,000
Bank guarantee issued by Sberbank PJSC for execution of obligations by EuroSibEnergo-Hydrogeneration LLC under the contract for the purchase and sale of shares of Irkutskenergo PJSC	June 30, 2018	EuroSibEnergo-Hydrogeneration LLC	3,125,000
Bank guarantee issued by VTB Bank PJSC for execution of obligations by EuroSibEnergo-Hydrogeneration LLC under the contract for the purchase and sale of shares of Irkutskenergo PJSC	June 30, 2018	EuroSibEnergo-Hydrogeneration LLC	3,125,000
Surety under the Contract (without number) dated October 27, 2015 with Roselektronika JSC for the discharge by NLT CJSC of its obligations under the sales contract in relation to shares of INTER RAO LED Systems OJSC	October 27, 2018	NLT CJSC	331,650
Liabilities received from individuals under apartments sales contracts	2024- 2027	Individuals	3,752
Total			29,085,402

23. CONDITIONAL LIABILITIES AND FACTS OF BUSINESS ACTIVITIES

Factors affecting the financial condition of the Company Operating environment of the Company

In Russia economic reforms and development of the legal, tax and administrative infrastructure to meet the requirements of the market economy are in progress. Stability of the Russian economy will to a high degree depend on the course of such reforms, as well as on the efficiency of the measures taken by the Government in the sphere of economics, financial and monetary policy.

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Negative impact on the Russian economy is caused by lower oil prices and sanctions imposed on Russia by some countries. Interest rates in RUB remain high. The joint impact of these factors resulted in the squeeze of available capital and increase in its cost, as well as increase in uncertainty as to the future economic growth, which may negatively impact financial position, results of activities and economic potential of the Company. The Company's management believes that they undertake all necessary measures aimed at ensuring economic stability of the Company in these conditions.

Taxation

The Russian tax, currency and customs laws allow different interpretations and are subject to frequent changes. Interpretation of such laws by the Company's management concerning the operations and activity of the Company may be challenged by competent regional and federal authorities. The existing practice have shown that tax authorities may take a stricter position in the interpretation of the laws and the audit of tax calculations. As a consequence, tax authorities may make claims as to those transactions and methods of accounting, to which they have never made claims before. As a result, significant taxes, fines and penalties may be charged. Determination of amounts of claims under possible but not filed suits, as well as estimation of the probability of negative outcome seem impossible. Tax audits may cover three calendar years of activity immediately preceding the year of audit. In certain conditions, earlier periods may also be subject to auditing.

In the management's opinion, as of December 31, 2017, corresponding provisions of the laws are interpreted by them correctly, and the probability of preservation of the Company's position in connection with the tax, currency and customs laws taking into account recognized estimated liabilities is high.

In 2016 a field tax audit was finished for the period of the Company activity from 2012 to 2014. Based on the audit results, the tax authority decided to charge additional taxes, penalties and fines, of which the amount of RUB 60 378 thousand The Company disputes in court. The probability of a favorable outcome for the Company is estimated as average.

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Sureties, securities and other liabilities, provided by the Company

As of December 31, 2017 The Company provided to creditors of the third parties sureties, securities and other liabilities, which are not yet mature, for the total amount of RUB 40,210,719 thousand (RUB 31,574,827 thousand — as of December 31, 2016; RUB 79,544,020 thousand — as of December 31, 2015). The Company's management does not expect the occurrence of any material liabilities in connection with these sureties and securities.

24. EVENTS AFTER THE REPORTING DATE

After the reporting date, there were no facts in the economic activity of the Company that had or could have a significant impact on the financial condition, cash flow or the results of the Company's operations.

25. RISKS OF BUSINESS ACTIVITIES

The information as to the risks of business activities of the Company is published in the quarterly issuer report, posted at the website <http://www.interrao.ru/investors/disclosure/quarterly/2017.php>, Section "For Shareholders and Investors"

Chairman of the Management Board

B.Yu. Kovalchuk

February 8, 2018



Total number of 101 sheets stitched, numbered and sealed

