DTEK Investments Limited

Annual Report and Financial Statements

For the year ended 31 December 2015

Company Number: 08422516

DTEK Investments Limited

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COMPANY INFORMATION

DIRECTORS	Maxym Timchenko Accomplish Corporate Services Ltd
COMPANY SECRETARY	Accomplish Secretaries Limited
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
REGISTERED OFFICE	18 South Street London United Kingdom W1K 1DG

STRATEGIC REPORT

The directors of DTEK Investments Limited (the "Company") present their report in order to disclose the results of the activity of the Company for the year ended 31 December 2015 and the likely future development of the Company.

Principal activities and business review

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

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

The profit for the year ended 31 December 2015 amounted to US$ 447,826 thousand (for the year ended 31 December 2014: profit US$ 676,488) thousand.

In April 2015 DTEK Investments Limited declared a dividend of US$ 30,206 thousand and in October 2015 - of US$ 25,800 thousand, that was fully paid by 31 December 2015 (2014: dividend of US$ 34,829 thousand, that was fully paid by 31 December 2014).

Principal risks and uncertainties

The operations of the Group are mainly in Ukraine. The Ukrainian economy is considered to be developing and characterised by relatively high economic and political risks. The future stability of the Ukrainian economy is largely dependent upon reforms and the effectiveness of economic, financial and monetary measures undertaken by the government, together with tax, legal, regulatory, and political developments. As a developing economy, it is vulnerable to market downturns and economic slowdowns. It had a significant impact on DTEK's financial performance in 2015 as further disclosed in Note 1.

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

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

Exposure of the Company to different financial risks is disclosed in Note 19 of the financial statements.

Risk management and internal control

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

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

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

Key performance indicators

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

Future development

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

Environmental issues

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

Social responsibility

A balance is a necessary condition for developing the Group 's business, for increasing its competitiveness in the European energy market and for the performing of its obligations in the area of corporate social responsibility (the "CSR"). That is why sustainable growth in economic and environment protection areas is an important part of Group's strategy.

The Group systematically develops its activity in CSR, and strives to work in accordance with international CSR standards, while remaining a domestic employer and social investor, aiding the social and economic development of the regions where it operates, and not replacing the functions of the state.

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

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the directors on 13 April 2016

DIRECTORS' REPORT

The directors present their report and the financial statements of DTEK Investments Limited for the year ended 31 December 2015.

Incorporation

DTEK Investments Limited is a private limited liability company incorporated on 27 February 2013 in England and Wales through the contribution by DTEK Finance PLC of 100% of its equity interest. It's registered office is18 South Street, London, United Kingdom.

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

Future outlook

The Company expects to renegotiate original schedules and to continue to fulfill its obligations on repayment of its borrowings.

Going concern

The Company's ability to continue as a going concern is highly dependent on the continued servicing of the interest payable on the loans issued to fellow subsidiaries of DTEK Energy B.V. and repayment of principal of the loan on or before their due dates. The operations of DTEK are mainly in Ukraine.

The political situation in Eastern Ukraine deteriorated in 2014 – 2015 resulting in armed conflict and military activity in some parts of the Donetsk and Lugansk regions. The armed conflict in the region has put further pressure on relations between Ukraine and the Russian Federation. The political and economic instability have had an adverse effect on the Ukrainian financial markets, resulting in a hampering of the ability of Ukrainian companies and banks to obtain funding from the international and capital and loan markets. The final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy and DTEK's business.

As of 31 December 2014 a number of financial covenants were breached and DTEK continued to be in breach throughout 2015, which consequently gave a number of the Company's lenders the ability to legally require the repayment of the respective debt on demand. Management remains in discussions with its lenders but, acknowledges that, prior to the successful restructuring of debt obligations, there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Despite these material uncertainties with respect to the repayment of the current loans, the debt restructuring, other factors outlined above and based on cash flow projections performed, the directors consider that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate as disclosed in Note1.

Results and dividends

The profit for the year ended 31 December 2015 amounted to US$ 447,826 thousand (2014: profit US$ 676,488 thousand). In April 2015 DTEK Investments Limited declared a dividend of US$ 30,206 thousand and in October 2015 - of US$ 25,800 thousand, that was fully paid by 31 December 2015. The directors propose to pay dividends for the amount of US$ 54,203 thousand.

Directors

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

Maxym Timchenko ; and
Accomplish Corporate Services Ltd

Independent auditors and disclosure information to them

PricewaterhouseCoopers LLP have been appointed as auditors of DTEK Investments Limited for the financial year ended 31 December 2015.

In so far as the directors are aware:

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

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the directors on 13 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union using the historical cost convention. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.
In preparing those financial statements, the directors are required to:

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

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

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

13 April 2016

Independent auditors' report to the members of DTEK Investments Limited

Our opinion

In our opinion, DTEK Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is highly dependent on the continued servicing of the interest payable on the loans issued to its fellow DTEK Group companies and repayment of the principal of the loans by those group companies on or before their due dates. As a result of the continuing political and economic uncertainties in Ukraine, which affect the operations of the ultimate parent company and the fellow DTEK Group companies, the ability of the fellow DTEK Group companies to repay the interest and principal is uncertain. In addition, as of 31 December 2014, fellow DTEK Group companies were in breach of a number of their bank covenants and continued to be in breach throughout 2015, which consequently gave a number of the companies' lenders the ability to legally require repayment of the respective debt on demand. After October 2015 the company omitted to pay certain interest. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

DTEK Investments Limited's financial statements comprise:

- the statement of financial position as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 April 2016

DTEK Investments Limited

Statement of Comprehensive Income

In thousands of US$	Note	Year ended 31 December 2015	Year ended 31 December 2014
Interest income	4	85,428	91,011
Finance costs	4	(13,150)	(25,467)
General and administrative expense	5	(172)	(260)
Net foreign exchange gain		378,677	611,633
Profit before income tax		**450,783**	**676,917**
Income tax expense	16	(2,957)	(429)
Profit for the year		**447,826**	**676,488**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Effective portion of change in the fair value of cash flow hedges	10	-	(5,230)
Reclassification adjustment in relation to cash flow hedges		440	3,501
Foreign currency translation		(368,263)	(623,934)
Total other comprehensive expense		**(367,823)**	**(625,663)**
Total comprehensive income for the year		**80,003**	**50,825**

The accompanying notes on pages 13-25 are an integral part of these financial statements.

DTEK Investments Limited

Statement of Financial Position

In thousands of US$	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Loans receivable	6	302,620	445,761
Total non-current assets		**302,620**	**445,761**
Current assets			
Loans receivable	6	540,759	584,636
Financial investments	7	-	37,400
Interest receivable	6	26,125	23,653
Trade and other receivables		206,025	206,025
Cash and cash equivalents	8	27	5,223
Total current assets		**772,936**	**856,937**
TOTAL ASSETS		**1,075,556**	**1,302,698**
EQUITY			
Share capital	9	942,601	942,601
Other reserves		(1,116)	(1,556)
Effect of foreign currency translation		(992,197)	(623,934)
Retained earnings		1,047,516	655,696
TOTAL EQUITY		**996,804**	**972,807**
LIABILITIES			
Non-current liabilities			
Borrowings	11	-	204,004
Deferred income tax liability	16	2,662	-
Total non-current liabilities		**2,662**	**204,004**
Current liabilities			
Borrowings	11	70,011	76,872
Derivatives	10	-	45,834
Interest accrual	11	5,060	2,916
Trade and other payables		960	49
Current income tax payable	16	59	216
Total current liabilities		**76,090**	**125,887**
TOTAL LIABILITIES		**78,752**	**329,891**
TOTAL LIABILITIES AND EQUITY		**1,075,556**	**1,302,698**

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the Directors on 13 April 2016

Company Registration Number: 08422516

DTEK Investments Limited

Statement of Changes in Equity

In thousands of US$	Share capital	Other reserves	Effect of foreign currency translation	Retained earnings	Total
At 31 December 2013	**736,576**	**173**	**-**	**14,037**	**750,786**
Comprehensive income					
Profit for the year	-	-	-	676,488	**676,488**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Effective portion of change in the fair value of cash flow hedges (Note 10)	-	(5,230)	-	-	**(5,230)**
Reclassification adjustment in relation to cash flow hedges	-	3,501	-	-	**3,501**
Foreign currency translation	-	-	(623,934)	-	(623,934)
Total other comprehensive expense	**-**	**(1,729)**	**(623,934)**	**-**	**(625,663)**
Total comprehensive (expense)/income for the year	**-**	**(1,729)**	**(623,934)**	**676,488**	**50,825**
Transactions with owners					
Share capital issued not paid (Note 9)	206,025	-	-	-	206,025
Dividends	-	-	-	(34,829)	(34,829)
Total transactions with owners	**206,025**	**-**	**-**	**(34,829)**	**171,196**
At 31 December 2014	**942,601**	**(1,556)**	**(623,934)**	**655,696**	**972,807**
Comprehensive income					
Profit for the year	-	-	-	447,826	**447,826**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Reclassification adjustment in relation to cash flow hedges	-	440	-	-	**440**
Foreign currency translation	-	-	(368,263)	-	**(368,263)**
Total other comprehensive income/(expense)	**-**	**440**	**(368,263)**	**-**	**(367,823)**
Total comprehensive income/(expense) for the year	**-**	**440**	**(368,263)**	**447,826**	**80,003**
Transactions with owners					
Dividends	-	-	-	(56,006)	(56,006)
Total transactions with owners	**-**	**-**	**-**	**(56,006)**	**(56,006)**
At 31 December 2015	**942,601**	**(1,116)**	**(992,197)**	**1,047,516**	**996,804**

Statement of Cash Flows

In thousands of US$	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities			
Profit before tax		**450,783**	**676,917**
Adjustments for:			
Interest income	4	(85,428)	(91,011)
Finance costs	4	13,150	25,467
Net foreign exchange gains		(378,947)	(611,633)
Operating cash flows before working capital changes		**(442)**	**(260)**
Increase in trade and other payables		911	12
Cash generated from/(used in) operations		**469**	**(248)**
Interest received		71,479	104,048
Interest paid		(13,096)	(22,312)
Income taxes paid		(284)	(476)
Net cash generated from operating activities		**58,838**	**81,012**
Cash flows from investing activities			
Deposits placed		17,650	(37,400)
Loans granted		(237,625)	(288,116)
Repayment of loans granted		399,185	358,081
Net cash generated from investing activities		**179,210**	**32,565**
Cash flows from financing activities			
Share issue	9	-	76
Borrowings received, net of commission paid		20,800	20,455
Repayment of borrowings		(206,569)	(95,015)
Dividends paid		(56,006)	(34,829)
Net cash used in financing activities		**(241,775)**	**(109,313)**
Net (decrease)/increase in cash and cash equivalents		**(3,727)**	**4,264**
Cash and cash equivalents at beginning of year		**5,223**	**580**
Exchange (losses)/gains on cash and cash equivalents		(1,469)	379
Cash and cash equivalents at end of the year		**27**	**5,223**

1 The Organisation and its Operations

General

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

DTEK Investments Limited is a private limited liability company incorporated on 27 February 2013 in England and Wales through the contribution by DTEK Finance PLC of 100% of its equity interest. Its registered office is 18 South Street, London, United Kingdom.

Group structure

DTEK Finance PLC, a company registered in England and Wales, is the immediate parent company. DTEK Energy B.V. is the ultimate parent company.

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

Going concern

The Company's ability to continue as a going concern is highly dependent on the continued servicing of the interest payable on the loans issued to fellow subsidiaries of DTEK Energy B.V. and repayment of principal of the loan on or before their due dates.

DTEK's business is concentrated in Ukraine. The recent political and economic instability in Ukraine has continued in 2015 and affected the operations of the ultimate parent company and the fellow DTEK Group companies. It has led to a deterioration of State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and a depreciation of the national currency against major foreign currencies.

In March 2014 various events in Crimea led to the annexation of Crimea to the Russian Federation. The Group had an electricity distribution business in Crimea and this was expropriated by the local authorities in January 2015.

Further, in 2014 armed forces obtained control over parts of the Donetsk and Lugansk regions in eastern Ukraine. The relationships between Ukraine and the Russian Federation worsened and remain strained. On 1 January 2016, the agreement on the free trade area between Ukraine and the EU came into force. The Russian government reacted to this event by implementing a trading embargo on many key Ukrainian export products. In response, the Ukrainian government implemented similar measures against Russian products.

The final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy and DTEK's business.

The political and economic instability have had an adverse effect on the Ukrainian financial markets, resulting in a hampering of the ability of Ukrainian companies and banks to obtain funding from the international and capital and loan markets. This has contributed to a significant devaluation of the Hryvnya against major currencies and has adversely affected the operations of DTEK.

The majority of DTEK's revenue is generated in Ukraine and denominated in Ukrainian Hryvnia, although DTEK receives foreign currencies from its export of electricity and coal. The vast majority of DTEK's borrowings have financial and non-financial covenants. Further, the majority of these borrowings have cross default clauses allowing lenders to demand repayment when covenants have been breached with respect to other loans above de-minimus amounts.

Due to the significant Ukrainian Hryvnia devaluation during 2015 management commenced discussions with lenders on both a bi-lateral and an all-party basis. However, DTEK did not finalise its discussions and did not obtain a binding agreement to extend the terms from all impacted lenders.

As of 31 December 2014 a number of financial covenants were breached and DTEK continued to be in breach throughout 2015, which consequently gave a number of the Company's lenders the ability to legally require the repayment of the respective debt on demand. During January to June 2015 DTEK paid due interest and repaid 10% of principal payments while deferring substantial portions of principal amounts. Further, starting form 1 July 2015, after respective discussions with the lenders, DTEK has not paid the principal instalments but has continued to pay interest until October. After October 2015 DTEK did not pay any interest or principal, with some minor exceptions. As a result after October 2015 the Company omitted to pay certain interest.

1 The Organisation and its Operations (Continued)

Going concern (Continued)

Management has prepared monthly cash flow projections for periods throughout 2016 and the first six months of 2017. Judgments with regard to future electricity prices, coal volumes, willingness of lenders not to require early repayments and the timing of settlements with various counterparties were required for the preparation of the cash flow projections. Positive overall cash flows (indicating that there is no liquidity gap in any month) are crucially dependent on the willingness of DTEK's lenders not to demand early repayment, and to continue their support to DTEK by postponing

the payment of due interest in excess of 10% and restructuring a significant portion of payments due in 2016 to future periods. Consequently, no significant repayments of debts are included in the cash flow projections.

Additionally, the following matters are of importance: electricity tariffs increasing to offset the impact of cost inflation; payment discipline of Energorynok SE; stabilisation of the Ukrainian Hryvnia; the ability of DTEK to export coal and electricity; and continuation of the ceasefire and reduced tensions in the East of Ukraine to allow the movement of coal from mines located in the region.

Despite the results of the forecasted cash flows DTEK is nevertheless unable to wholly repay during 2016 or 2017 the amount of borrowing and other obligations classified as current liabilities. Management remains in discussions with its lenders but, acknowledges that, prior to the successful restructuring of debt obligations, there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Despite these material uncertainties with respect to the repayment of the current loans, the debt restructuring, other factors outlined above and based on cash flow projections performed, management considers that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate. No adjustments have therefore been made within these financial statements that would result if the company was unable to continue as a going concern.

2 Critical accounting estimates and judgments

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

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

The key accounting estimates and significant judgements relate to the evaluation of going concern and valuation of the loans.

3 Accounting policies

Basis of preparation.

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

New standards, amendments and interpretations adopted

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRSs – 2011 – 2013 Cycle

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods. Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not relevant for the group.

3 Accounting policies (Continued)

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value. All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Related-party transactions

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

Notes to the cash flow statement

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

3 Accounting policies (Continued)

Functional and presentation currency

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

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

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

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

(a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

The exchange rate used for the revaluation of the Statement of financial position from functional to presentation currency was 24.000 UAH/USD as at 31 December 2015 (31 December 2014: 15.769 UAH/USD). Average exchange rate for 2015 was 21.829 UAH/USD (2014: 11.889 UAH/USD).

Receivables

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

Cash and cash equivalents

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

Income taxes

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

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

Share capital

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

3 Accounting policies (Continued)

Derivative financial instruments, including hedge accounting

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

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

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "Finance income/costs". Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain separately in equity and reclassified to profit or loss in the periods when the forecast transaction occurs.

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

Borrowings

Borrowings comprise of long-term loans obtained from DTEK companies. Bank borrowings from VTB Capital PLC comprise of current loans with a purpose to perform an appropriate investment activity.

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

Finance income and costs

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

Financial guarantees

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

4 Interest income and Finance costs

In thousands of US$	Year ended 31 December 2015	Year ended 31 December 2014
Finance income		
Interest income on loans receivable	71,866	88,724
Change in fair value of derivative financial instruments	13,562	2,287
Total finance income	**85,428**	**91,011**
Interest expense on bank borrowings	9,470	9,671
Bank commitment fees	95	365
Interest expense on loans from related parties	3,585	13,967
Amortised cost expenses on bank borrowings	-	1,464
Total finance expenses	**13,150**	**25,467**
Total finance income, net	**72,278**	**65,544**

5 General and administrative expenses

In thousands of US$	Year ended 31 December 2015	Year ended 31 December 2014
Professional fees	120	220
Audit fees	45	29
Bank charges	7	11
Total	**172**	**260**

6 Loans and interest receivable

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

In thousands of US$	31 December 2015	31 December 2014
Non-current		
Loans granted to related parties	302,620	445,761
Total non-current loans receivable	**302,620**	**445,761**
Current		
Loans granted to related parties	540,759	584,636
Interest receivable	26,125	23,653
Total current loans and interest receivable	**566,884**	**608,289**

The current receivables are all due within one year. As at 31 December 2015 the current loans are EUR 25,526 thousand (equivalent to US$ 27,889 thousand) and the current loans are US$ 512,870 thousand issued to the companies of the DTEK Group, carry interest ranging from 8 % to 9% per annum. As at 31 December 2014 the current loans are EUR 25,980 thousand (equivalent to US$ 31,689 thousand) and US$ 552,947 thousand issued to the companies of the DTEK Group, carry interest ranging from 7 % to 9% per annum.

As at 31 December 2015 the non-current loans are EUR 40,335 thousand (equivalent to US$ 44,070 thousand) and US$ 258,550 thousand issued to the companies of the DTEK Group and repayable by years from 2018 to 2026 and carry interest ranging from 7% to 9% per annum. As at 31 December 2014 the non-current loans are EUR 165,468 thousand (equivalent to US$ 176,151 thousand) and US$ 269,610 thousand issued to the companies of the DTEK Group and repayable by years from 2018 to 2025 and carry interest ranging from 5.15 % to 8% per annum. The principal and interest amounts are payable at any time before the cut-off date at the behest of the borrower. For some contracts the interest is repayable on a quarterly basis.

7 Financial Investments

As at 31 December, current financial investments comprised:

In thousands of US$	Year ended 31 December 2015	Year ended 31 December 2014
Deposit placed	-	37,400
Total	**-**	**37,400**

As at 31 December 2014 US$ 37,400 thousand of deposits placed was a marginal deposit under a swap agreement or hedging instrument in VTB Capital PLC. In July 2015 an agreement to early terminate the swap derivative was signed. As a consequence, the derivative financial instrument was offset with a related deposit for the amount of US$ 19,750. The remaining amount of deposit was closed in May 2015.

8 Cash and Cash Equivalents

As at 31 December 2015 cash and cash equivalents of US$ 15 thousand were denominated in US dollars, US$ 1 thousand were denominated in EUR, US$ 10 thousand were denominated in GBR, US$ 1 thousand were denominated in RUB. As at 31 December 2014 cash and cash equivalents of US$ 3,455 thousand were denominated in US dollars, US$ 1,751 thousand were denominated in EUR, US$ 17 thousand were denominated in GBR. As at 31 December 2014 no cash and cash equivalents were restricted in use.

9 Equity

As at 31 December 2015 the authorised share capital of DTEK Investments Limited comprises 94,260,115 ordinary shares of US$ 10 each. (As at 31 December 2014: 94,260,115 ordinary shares of US$ 10 each). Issued shares in the amount 20,602,500 are not paid on 31 December 2015 (20,602,500 are not paid on 31 December 2014). All shares rank equally and have equal voting rights. In April and in October 2015 the Company declared a dividend of US$ 56,006 thousand, that was fully paid by 31 December 2015.

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

10 Derivatives

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

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

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

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

The derivative liability at 31 December 2015 was US$ nil (at 31 December 2014 was US$ 45,834 thousand).

11 Borrowings and interest accrual

In thousands of US$	31 December 2015	31 December 2014
Non-current		
Loans from related parties	-	204,004
Total non-current borrowings	**-**	**204,004**
Current		
Bank borrowings	70,011	76,872
Interest accrual on bank borrowings	4,143	1,863
Interest accrual on loans from related parties	917	1,053
Total current interest accrual	**75,071**	**79,788**

In September 2013 the Company entered into a 5-year credit line agreement with VTB Capital PLC for the total amount RUB 5.4 billion, RUB 4 billion of which was drawn down at 31 December 2015 (US$ 54,636 thousand). The availability of the undrawn facility expired in 2014. The loan is unsecured and carries interest charged at MOSPRIME rate plus 4.5% payable on a quarterly basis. The loan agreement contains specific covenants, including restrictions on permissible business activities, financial disclosure requirements and maximum permissible level of leverage. Events of default among others include cross-default to other DTEK debt.

At 31 December 2015 the bank borrowings include US$ 15,375 thousand, which was reclassified from the derivative financial instrument in July 2015 (Note 10). The loan is secured and carries interest charged at Euribor rate plus 8% payable on a quarterly basis.

The Company continued to pay interest until October 2015. After October 2015 the Company did not pay interest on its bank borrowings. Discussions with banks are conducted with a view to agreeing a rescheduling plan, including repayment extension and adjustment to other terms.

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

12 Management of Capital

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

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

13 Related party transactions

At 31 December 2015 the outstanding balances, income and expense items with related parties were as follows:

In thousands of US$	31 December 2015	31 December 2014
Interest income (Note 4)	71,866	88,716
Interest expense (Note 4)	3,585	13,967
Trade and other receivables	206,025	206,025
Loans granted and interest accrued (Note 6)	869,504	1,054,050
Trade and other payables	927	-
Loans received and interest accrued (Note 11)	917	205,057

14 Ultimate controlling parties

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

15 Personnel

The Company has no employees.

16 Taxation

In thousands of US$	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Current income tax expense	295	429
Deferred income tax expense	2,662	-
Income tax expense	**2,957**	**429**

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

In thousands of US$	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Profit before income taxes	450,783	676,917
Income tax rate	20.25%	21.5%
Income tax at statutory rates	91,284	145,537
Tax effect of items not deductible or assessable for taxation purposes	(88,157)	(145,108)
Adjustments in respect of prior periods	(170)	-
Income tax	**2,957**	**429**

With effect from 1 April 2014, the UK main corporation tax rate changed from 23% to 21%. The main corporation tax rate reduced from 21% to 20% effective from 1 April 2015. These rate changes were substantively enacted on 2 July 2013. Further changes to the UK corporation tax rate were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19% from April 2017 and to 18% from April 2020. These rate changes were substantively enacted on 26 October 2015. Deferred income tax was determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled.

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

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

The deferred income tax liability is expected to be settled between January 2016 and August 2018.

17 Directors remuneration

During 2015, the remuneration of the directors was US$ 3 thousand represented by short-term employee benefits (2014: US$ 3 thousand).

Mr Timchenko provides management services to both the ultimate parent and DTEK Investments Limited. The remuneration of Mr Timchenko is paid by other Group companies and it is not possible to make an accurate apportionment of his remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of Mr Timchenko. His total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the ultimate parent company.

18 Contingent liabilities

The Company together with other subsidiaries of the DTEK Group have given guarantees in respect of the bank borrowings and available credit limits of fellow subsidiaries and affiliates, which amounted to EUR 620,566 thousand, US$ 36,744 thousand, RUB 17,184,581 thousand and UAH 571,399 thousand at 31 December 2015 (at 31 December 2014: EUR 245,017 thousand). The actual borrowings, including interest due, of fellow subsidiaries amounted to US$ 973,953 thousand at 31 December 2015 (at 31 December 2014: US$ 249,294 thousand). As at 31 December 2015 DTEK Group subsidiaries were in breach of certain financial covenants. Non-compliance with such covenants may result in negative consequences for the DTEK Group, including an increase in the cost of borrowing and declaration of default and demand for the immediate repayment of borrowings. As at 31 December 2015 and the date of this report there were no events of acceleration.

The Company has given a guarantee in respect of payments on Eurobonds of a fellow subsidiary and Parent Company as at 31 December 2015 (at 31 December 2014: in respect of payments on Eurobonds of a fellow subsidiary and Parent Company). The Eurobonds liability of the Parent Company amounted to US$ 910,000 thousand at 31 December 2015. The Eurobonds liability of a fellow subsidiary amounted to US$ 181,000 thousand at 31 December 2014 and the Eurobonds liability of the Parent Company amounted to US$ 750,000 thousand at 31 December 2014.

19 Financial Risk Management

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

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

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

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

In thousands of US$	31 December 2015	31 December 2014
Loans receivable (Note 6)	843,379	1,030,397
Financial investments (Note 7)	-	37,400
Interest receivable (Note 6)	26,125	23,653
Cash and cash equivalents (Note 8)	27	5,223
Total	**869,531**	**1,096,673**

All the loans receivable are neither past due nor impaired. As at 31 December 2015 cash and cash equivalents were placed in banks rated by Moody's Investors Service as A3.

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

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

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

19 Financial Risk Management (Continued)

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

	At 31 December 2015		At 31 December 2014	
In thousands of US$	Impact on profit or loss	Impact on profit or loss	Impact on equity	Impact on equity
US$ strengthening by 50% (2014: 50%)	395,060	395,060	500,628	500,628
US$ weakening by 50% (2014: 50%)	(395,060)	(395,060)	(500,628)	(500,628)
Euro strengthening by 50%(2014: 50%)	31,373	31,373	45,972	45,972
Euro weakening by 50% (2014: 50%)	(31,373)	(31,373)	(45,972)	(45,972)
RUB strengthening by 50% (2014: 50%)	(29,208)	(29,208)	(38,707)	(38,707)
RUB weakening by 50% (2014: 50%)	29,208	29,208	38,707	38,707

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

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

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

At 31 December 2015, if interest rates on EUR and RUB denominated borrowings had been 200 basis points higher with all other variables held constant, post-tax loss (2014: 200 basis points higher) for the year would have been US$ 1,110 thousand higher (2014: US$ 1,213 thousand higher).

Liquidity risk. Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding to meet existing obligations as they fall due.
The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows. The maturity analysis of financial liabilities at 31 December 2015 is as follows:

In thousands of US$	Up to 6 months	6 -12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
Liabilities						
Bank borrowings (Note 11)	77,806	-	-	-	-	77,806
Loans from related parties (Note 11)	-	917	-	-	-	917
Trade and other payables	119	841	-	-	-	960
Total future payments, including future principal and interest payments	**77,925**	**1,758**	**-**	**-**	**-**	**79,683**

The maturity analysis of financial liabilities at 31 December 2014 is as follows:

In thousands of US$	Up to 6 months	6 -12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
Liabilities						
Bank borrowings (Note 11)	84,845	-	-	-	-	84,845
Gross settled derivative financial instruments – outflows	105,217	-	-	-	-	105,217
Gross settled derivative financial instruments – inflows	(121,620)	-	-	-	-	(121,620)
Loans from related parties (Note 11)	-	-	-	-	388,867	388,867
Trade and other payables	28	21	-	-	-	49
Total future payments, including future principal and interest payments	**68,470**	**21**	**-**	**-**	**388,867**	**457,358**

20 Fair value of Financial Instruments

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

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

Financial instruments carried at fair value.

Fair values were determined based on quoted market prices or third party valuations using discounted cash flows techniques.

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

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

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period:

Financial instruments carried at fair value. Trading and available-for-sale investments and financial derivatives are carried in the statement of financial position at their fair value. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

In thousands of US$	**31 December 2015 Level 2**	**31 December 2014 Level 2**
Financial liabilities		
Gross-settled derivative financial instruments (Note 10)	-	45,834
Total liabilities recurring fair value measurements	**-**	**45,834**

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

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

	31 December 2015		**31 December 2014**	
In thousands of US$	**Level 2**	**Carrying value**	**Level 2**	**Carrying value**
Financial assets				
Loans and interest receivable(Note 6)	640,885	869,504	610,707	1,054,050
TOTAL ASSETS	**640,885**	**869,504**	**610,707**	**1,054,050**
Financial liabilities				
Borrowings and interest accrual (Note 11)	75,071	75,071	283,792	283,792
TOTAL LIABILITIES	**75,071**	**75,071**	**283,792**	**283,792**

20 Fair value of Financial Instruments (Continued)

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

In thousands of US$	Fair value Level 2 2015	2014	Valuation technique
Financial assets			
Loans and interest receivable (Note 6)	640,885	610,707	Current cost accounting adjusted
Total assets	**640,885**	**610,707**	
Financial liabilities			
Borrowings and interest accrual (Note 11)	75,071	283,792	Current cost accounting
Derivatives (Note 10)	-	45,834	Futures pricing models – MTM
Total liabilities	**75,071**	**329,626**	