

**PJSC “IDGC of Centre”**

**Interim Condensed Consolidated  
Financial Statements  
for the six months ended 30 June 2015  
(unaudited)**

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**PJSC "IDGC of Centre"****Interim Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income for the six months ended 30 June 2015 (unaudited)***Thousands of Russian Roubles, unless otherwise stated*

	Note	Six month ended 30 June 2015	Six month ended 30 June 2014
Revenue	6	38,905,464	47,686,284
Operating expenses	7	(35,131,735)	(43,114,364)
Other income		193,548	246,337
<b>Results from operating activities</b>		<b>3,967,277</b>	<b>4,818,257</b>
Finance income	8	157,479	71,756
Finance costs	8	(2,175,984)	(1,381,337)
<b>Net finance costs</b>		<b>(2,018,505)</b>	<b>(1,309,581)</b>
<b>Profit before income tax</b>		<b>1,948,772</b>	<b>3,508,676</b>
Income tax expense		(783,486)	(909,502)
<b>Profit for the period</b>		<b>1,165,286</b>	<b>2,599,174</b>
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale financial assets		57,667	31,463
Income tax on other comprehensive income		(11,533)	(6,293)
<i>Total items that are or may be reclassified to profit or loss</i>		<b>46,134</b>	<b>25,170</b>
Remeasurements of the net defined benefit liability		(156,461)	148,920
Income tax on other comprehensive income		13,106	(11,742)
<i>Total items that will never be reclassified to profit or loss</i>		<b>(143,355)</b>	<b>137,178</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>(97,221)</b>	<b>162,348</b>
<b>Total comprehensive income for the period</b>		<b>1,068,065</b>	<b>2,761,522</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		1,146,002	2,579,790
Non-controlling interests		19,284	19,384
		<b>1,165,286</b>	<b>2,599,174</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		1,048,781	2,742,138
Non-controlling interests		19,284	19,384
		<b>1,068,065</b>	<b>2,761,522</b>
<b>Earnings per share – basic and diluted (in Russian Roubles)</b>	11	0.027	0.061

These interim condensed consolidated financial statements were approved on 26 August 2015:

Chief Executive Officer

O.U. Isaev

Chief Accountant – Head of Accounting  
and Tax Department

L.A. Sklyarova

**PJSC "IDGC of Centre"****Interim Condensed Consolidated Statement of Financial Position as at 30 June 2015 (unaudited)***Thousands of Russian Roubles, unless otherwise stated*

	Note	30 June 2015	31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	72,463,936	73,086,442
Intangible assets		672,491	590,998
Investments and financial assets		645,407	550,639
Other non-current assets		73,050	86,794
<b>Total non-current assets</b>		<b>73,854,884</b>	<b>74,314,873</b>
<b>Current assets</b>			
Cash and cash equivalents		1,203,147	395,836
Trade and other receivables		15,050,993	16,271,633
Income tax receivable		1,974,162	1,003,113
Inventories		2,369,205	1,808,539
Other current assets		-	-
<b>Total current assets</b>		<b>20,597,507</b>	<b>19,479,121</b>
<b>Total assets</b>		<b>94,452,391</b>	<b>93,793,994</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	10		
Share capital		4,221,794	4,221,794
Reserves		(134,715)	(37,494)
Retained earnings		34,961,312	34,647,003
<b>Total equity attributable to equity holders of the Company</b>		<b>39,048,391</b>	<b>38,831,303</b>
Non-controlling interests		119,643	100,359
<b>Total equity</b>		<b>39,168,034</b>	<b>38,931,662</b>
<b>Non-current liabilities</b>			
	12		
Loans and borrowings		27,162,798	27,670,000
Finance lease liability		317	1,503
Employee benefits		2,258,500	2,051,491
Deferred tax liabilities		3,416,173	4,019,997
Other non-current liabilities		469,340	580,143
<b>Total non-current liabilities</b>		<b>33,307,128</b>	<b>34,323,134</b>
<b>Current liabilities</b>			
	12		
Loans and borrowings		9,667,034	9,609,936
Finance lease liability		10,551	82,485
Trade and other payables		7,872,357	8,039,441
Reserves		1,648,502	1,162,549
Employee payables		1,380,864	641,224
Income tax payable		1,745	9,369
Other taxes and contributions payable		1,396,176	993,194
<b>Total current liabilities</b>		<b>21,977,229</b>	<b>20,539,198</b>
<b>Total liabilities</b>		<b>55,284,357</b>	<b>54,862,332</b>
<b>Total equity and liabilities</b>		<b>94,452,391</b>	<b>93,793,994</b>

**PJSC "IDGC of Centre"**

**Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2015 (unaudited)**

*Thousands of Russian Roubles, unless otherwise stated*

	Attributable to shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Fair value reserve for available-for-sale financial assets	Reserve for remeasurements of defined benefit plans	Retained earnings		
<b>Balance at 1 January 2014</b>	<b>4,221,794</b>	<b>59,211</b>	<b>(629,119)</b>	<b>38,035,501</b>	<b>66,592</b>	<b>41,753,979</b>
Profit for the period	-	-	-	2,579,790	19,384	<b>2,599,174</b>
Net change in fair value of available-for-sale financial assets	-	31,463	-	-	-	31,463
Remeasurements of the net defined benefit liability	-	-	148,920	-	-	148,920
Income tax on other comprehensive income	-	(6,293)	(11,742)	-	-	(18,035)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>25,170</b>	<b>137,178</b>	<b>2,579,790</b>	<b>19,384</b>	<b>2,761,522</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends	-	-	-	(75,992)	-	(75,992)
<b>Total transactions with owners, recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,992)</b>	<b>-</b>	<b>(75,992)</b>
<b>Balance at 30 June 2014</b>	<b>4,221,794</b>	<b>84,381</b>	<b>(491,941)</b>	<b>40,539,299</b>	<b>85,976</b>	<b>44,439,509</b>
<b>Balance at 1 January 2015</b>	<b>4,221,794</b>	<b>49,985</b>	<b>(87,479)</b>	<b>34,647,003</b>	<b>100,359</b>	<b>38,931,662</b>
Profit for the period	-	-	-	1,146,002	19,284	1,165,286
Net change in fair value of available-for-sale financial assets	-	57,667	-	-	-	57,667
Remeasurements of the net defined benefit liability	-	-	(156,461)	-	-	(156,461)
Income tax on other comprehensive income	-	(11,533)	13,106	-	-	1,573
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>46,134</b>	<b>(143,355)</b>	<b>1,146,002</b>	<b>19,284</b>	<b>1,068,065</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends	-	-	-	(831,693)	-	(831,693)
<b>Total transactions with owners, recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(831,693)</b>	<b>-</b>	<b>(831,693)</b>
<b>Balance at 30 June 2015</b>	<b>4,221,794</b>	<b>96,119</b>	<b>(230,834)</b>	<b>34,961,312</b>	<b>119,643</b>	<b>39,168,034</b>

**PJSC "IDGC of Centre"****Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2015 (unaudited)***Thousands of Russian Roubles, unless otherwise stated*

		Six month ended 30 June 2015	Six month ended 30 June 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
<b>Profit for the period</b>		1,165,286	2,599,174
<i>Adjustments for:</i>			
Depreciation and amortisation	7	3,836,073	4,275,203
Allowance for impairment of accounts receivable	7	203,350	577,931
Net finance costs	8	2,018,505	1,309,581
Provision for inventory obsolescence	7	2,584	7,001
Loss on disposal of property, plant and equipment and intangible assets		(17,491)	(16,246)
Bad debts written-off	7	25,652	5,506
Income tax expense		783,486	909,502
Adjustment for other non-cash transactions		(90,173)	(38,767)
<b>Cash flows from operating activities before changes in working capital</b>		<b>7,927,272</b>	<b>9,628,885</b>
Change in trade and other receivables		1,005,374	(4,114,972)
Change in inventories		(520,325)	(358,775)
Change in other assets		(37,101)	(8,660)
Change in trade and other payables		(1,109,417)	(50,080)
Change in employee payables		591,415	690,799
Change in employee benefits		(58,623)	(18,927)
Change in other liabilities		633,178	(111,791)
Change in other taxes payable		402,982	383,088
<b>Cash flows from operations before income taxes and interest paid</b>		<b>8,834,755</b>	<b>6,039,567</b>
Interest paid		(2,086,850)	(1,385,559)
Income tax paid		(2,252,855)	(1,719,033)
<b>Cash flows from operating activities</b>		<b>4,495,050</b>	<b>2,934,975</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(3,266,673)	(3,955,838)
Proceeds from disposal of property, plant and equipment and intangible assets		23,618	2,328
Interest received		135,801	52,982
<b>Cash flows used in investing activities</b>		<b>(3,107,254)</b>	<b>(3,900,528)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		6,400,944	1,935,844
Repayment of loans and borrowings		(6,908,146)	(1,486,126)
Dividends paid		(163)	(493)
Repayment of finance lease liabilities		(73,120)	(231,892)
<b>Cash flows from financing activities</b>		<b>(580,485)</b>	<b>217,333</b>
<b>Net/increase (decrease) in cash and cash equivalents</b>		<b>807,311</b>	<b>(748,220)</b>
Cash and cash equivalents at beginning of the period		395,836	1,114,942
<b>Cash and cash equivalents at end of the period</b>		<b>1,203,147</b>	<b>366,722</b>

## **1 BACKGROUND**

### **(a) The Group and its operations**

Public Joint-Stock Company "IDGC of Centre" (hereafter, the "Company") and its subsidiaries (together referred to as the "Group") comprise Russian public and joint stock companies as defined in the Civil Code of the Russian Federation. The Company was set up on 17 December 2004 based on Resolution no. 154p of 9 December 2004 and pursuant to the Board of Directors' decision (board of directors' meeting minutes no. 178 of 1 October 2004) and Management Board decision (Management Board minute no. 1102 of 15 November 2004) of the Russian Open Joint-Stock Company RAO "United Energy Systems of Russia" (hereafter, "RAO UES"). On 7 July 2015 OJSC "IDGC of Center" was renamed the PJSC "IDGC of Center" following the decision made on 25 June 2015 at the Annual General Meeting of Shareholders of OJSC "IDGC of Center" (Minutes of 26.06.2015 №01 / 15) in accordance with Russian legislation.

The Company's registered office is 2<sup>nd</sup>, Yamskaya, 4, Moscow, 127018, Russia.

The Company's de facto address is 2<sup>nd</sup>, Yamskaya, 4, Moscow, 127018, Russia.

The Group's principal activity is the transmission of electricity and the connection of customers to the electricity grid. In 2013 and 2014 pursuant to orders of the Russian Ministry of Energy, "On the transfer of the functions of electricity supplier" the Group was performing power distribution services in several regions it operates (Note 6).

The Group consists of PJSC "IDGC of Centre" and its subsidiaries, presented in Note 4.

As at 30 June 2015 and 31 December 2014, the Government of the Russian Federation owned 85.31% shares of PJSC Russian Grids (formerly OJSC "IDGC Holding"), which in turn owned 50.23% of the Company. OJSC "IDGC Holding" was renamed OJSC "Russian Grids" following the decision made on 23 March 2013 at an Extraordinary General Meeting of Shareholders of OJSC IDGC Holding. OJSC "Russian Grids" was renamed PJSC "Russian Grids" following the decision made on 30 June 2015 at an Extraordinary General Meeting of Shareholders of OJSC "Russian Grids" in accordance with Russian legislation.

The Government of the Russian Federation influences the Group's activities through setting transmission tariffs.

### **(b) Russian business environment**

The Group's operations are located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The interim condensed consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

In 2014, the negative impact on the Russian economy have macroeconomic factors, including the devaluation of the Russian ruble. In December 2014 interest rates in rubles increased significantly as a result of raising the key rate by the Bank of Russia. These factors led to a decrease in the availability of capital, increasing the cost of capital, increase inflation and uncertainty about economic growth. In the first half of 2015, the situation has leveled off. Bank of Russia has repeatedly reduced the key interest rate; exchange rate fluctuations and inflation have been smoothed. However, risks remain that the combination of economic factors may adversely affect the future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group in the current environment.

These interim condensed consolidated financial statements reflect management's assessment of the impact the business environment in the Russian Federation on the operations and financial position. The future business environment may differ from management's assessment.

## **2 BASIS OF PREPARATION**

### **(a) Statement of compliance**

These interim condensed consolidated financial statements (hereinafter "Financial Statements") have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Financial Statements include selected notes, explaining

**PJSC "IDGC of Centre"****Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2015  
(unaudited)***Thousands of Russian Roubles, unless otherwise stated*

significant events and transactions, necessary for understanding of changes in the Group's financial position and results of operations that occurred after the annual reporting period ended 31 December 2014. These interim condensed consolidated financial statements do not contain all the information required to be disclosed for annual financial statements prepared in accordance with IFRSs.

**(b) Use of estimates and judgements**

The preparation of interim condensed consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

In preparing these interim condensed consolidated financial statements, management has used professional judgment in the same areas of applying the accounting policies of the Group as for the preparation of the consolidated financial statements for 2014. Key sources of estimation uncertainty were also identical to those identified in the preparation of the consolidated financial statements for 2014.

**(c) Changes in accounting policies and data presentation**

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. When necessary, comparative information for prior periods has been reclassified due to the application of the extended data presentation. The quantitative impact of this reclassification on the comparative information specified in the financial statements for the six months ended 30 June 2014 is set out below.

**Interim Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income:**

<i>30 June 2014</i>	<i>As previously reported</i>	<i>Effect of change</i>	<i>As restated</i>
Reserves	47,690,826	(4,542)	47,686,284
Operating expenses	(43,177,180)	62,816	(43,114,364)
Other income	323,385	(77,048)	246,337
<b>Results from operating activities</b>	<b>4,837,031</b>	<b>(18,774)</b>	<b>4,818,257</b>
Finance income	52,982	18,774	71,756
Finance costs	(1,381,337)	-	(1,381,337)
Net finance costs	<b>(1,328,355)</b>	<b>18,774</b>	<b>(1,309,581)</b>
<b>Profit before income tax</b>	<b>3,508,676</b>	<b>-</b>	<b>3,508,676</b>
Income tax expense	(909,502)	-	(909,502)
<b>Profit for the period</b>	<b>2,599,174</b>	<b>-</b>	<b>2,599,174</b>

**Interim Condensed Consolidated Statement of Cash Flows:**

<i>30 June 2014</i>	<i>As previously reported</i>	<i>Effect of change</i>	<i>As restated</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>	2,599,174	-	2,599,174
<i>Adjustments for:</i>			
Depreciation and amortization	4,275,203	-	4,275,203
Allowance for impairment of accounts receivable	577,931	-	577,931
Net finance costs	1,328,355	(18,774)	1,309,581



**PJSC "IDGC of Centre"****Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2015  
(unaudited)***Thousands of Russian Roubles, unless otherwise stated*

Provision for inventory obsolescence	7,001	-	7,001
Loss on disposal of property, plant and equipment and intangible assets	9,445	(25,691)	(16,246)
Bad debts written-off	5,565	(59)	5,506
Income tax expense	909,502	-	909,502
Adjustment for other non-cash transactions	(83,291)	44,524	(38,767)
<b>Cash flows from operating activities before changes in working capital</b>	<b>9,628,885</b>	<b>-</b>	<b>9,628,885</b>

**3 SIGNIFICANT ACCOUNTING POLICIES**

In preparing these interim condensed consolidated financial statements, the Group applied the same accounting policies as for the preparation of consolidated financial statements for the year ended 31 December 2014. According to the accounting policies, the Group presents interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*, which provides a lower level of detail and scope of the disclosure as compared with the annual consolidated financial statements.

**4 SUBSIDIARIES****(a) List of subsidiaries**

	Country of incorporation	30 June 2015 Ownership/voting, %	31 December 2014 Ownership/voting, %
OJSC "Energetic"	Russian Federation	100	100
OJCS "Yaroslavskaya Setevaya Company"	Russian Federation	51	51
OJSC "Yargorelectroset"	Russian Federation	-	100
OJSC "Energy Service Company"	Russian Federation	100	100
CJSC "Innovation and energy efficiency center"	Russian Federation	51	51

In September 2014 the Company as the sole shareholder of OJSC "Yargorelectroset" took the decision to liquidate OJSC "Yargorelectroset" on a voluntary basis. On 15 April 2015 OJSC "Yargorelectroset" has been liquidated on a voluntary basis. Electric grid facilities of OJSC "Yargorelectroset" involved in electric power transmission and in activities of technological connection, and property, provides the functions of electric power transmission and technological connection, transferred to the Company, as the sole shareholder.

On 8 July 2015 OJSC "Yaroslavl Electric Grid Company" was renamed JSC "Yaroslavl Electric Grid Company" following the decision made on 26 June 2015 at the Annual General Meeting of Shareholders of OJSC "Yaroslavl Electric Grid Company" (Minutes of 26.06.2015 №01 / 15). ) in accordance with Russian legislation.

In August 2014 OJSC "Energy Service Company" in court has been declared bankrupt. The company is a procedure for receivership, bankruptcy trustee was appointed. The Company continues to control the OJSC "Energy Service Company" through the control of the Creditors Committee, in which it has two votes out of three, including the chairman.

## **5 OPERATING SEGMENTS**

The Group has eleven reportable segments representing branches of the Company, as described below. These are the Group’s strategic business units and are the Company’s branches. The strategic business units offer similar services representing transmission of electric power and connection services and are managed separately. In addition, in the first half of 2013 and 2014 five divisions (Bryanskenergo, Kurskenergo, Oryolenergo, Tverenergo and Smolenskenergo) performed electricity supplier functions (see Note 6). For each of the strategic business units, the Management Board, the Group’s operating decision-making body, reviews internal management reports on at least a quarterly basis.

“Others” include operations of subsidiaries and the head office branch. None of them meets any of the quantitative thresholds for determining reportable segments in the six months ended 30 June 2015 or six months ended 30 June 2014.

Information regarding the results of each reportable segment is included below. Since 2013 performance is measured based on segment earnings before interest income/expense, income tax and depreciation and amortisation – EBITDA (previously – profit before income tax), as included in the internal management reports that are reviewed by the Management Board. Since 2015, EBITDA includes interest income.

Segment reports are based on the information reported in statutory accounts, which differ significantly from the interim condensed consolidated financial statements prepared under IFRSs. The reconciliation of items measured as reported to the Management Board with similar items in these Financial Statements includes those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRSs.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

**PJSC “IDGC of Centre”**

**Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2015 (unaudited)**

Thousands of Russian Roubles, unless otherwise stated

**(i) Information about reportable segments**

For the six months ended 30 June 2015:

	Belgorod- energo	Bryansk- energo	Voronezh- energo	Kostroma- energo	Kurskenergo	Lipetsk- energo	Orelenergo	Smolensk- energo	Tambov- energo	Tverenergo	Yarenergo	Others	Total
Revenue from electricity transmission	6,140,282	2,179,492	5,310,721	1,972,985	3,243,432	4,273,043	1,808,862	2,857,421	2,229,370	4,188,452	3,827,734	-	38,031,794
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	132,337	132,337
Revenue from connection services	112,454	2,368	122,470	22,903	20,746	27,092	6,303	43,224	10,169	26,048	67,625	1,731	463,133
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from the resale of electricity and capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	107,329	40,764	46,351	18,214	13,589	21,486	13,040	43,906	14,690	18,488	52,607	21,392	411,856
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>6,360,065</b>	<b>2,222,624</b>	<b>5,479,542</b>	<b>2,014,102</b>	<b>3,277,767</b>	<b>4,321,621</b>	<b>1,828,205</b>	<b>2,944,551</b>	<b>2,254,229</b>	<b>4,232,988</b>	<b>3,947,966</b>	<b>155,460</b>	<b>39,039,120</b>
<b>Results from operating activities *</b>	<b>856,877</b>	<b>(135,540)</b>	<b>590,485</b>	<b>265,589</b>	<b>(228,040)</b>	<b>280,860</b>	<b>(74,247)</b>	<b>267,721</b>	<b>167,119</b>	<b>383,918</b>	<b>694,105</b>	<b>117,334</b>	<b>3,186,181</b>
Finance income	28,310	9,301	18,924	5,899	13,258	16,441	5,195	8,329	6,915	10,780	14,398	83	137,833
Finance costs	(274,304)	(148,527)	(207,219)	(78,166)	(98,089)	(122,835)	(86,423)	(264,558)	(156,715)	(438,409)	(184,646)	(2,094)	(2,061,985)
<b>Reportable segment profit/(loss) before income tax</b>	<b>610,883</b>	<b>(274,766)</b>	<b>402,190</b>	<b>193,322</b>	<b>(312,871)</b>	<b>174,466</b>	<b>(155,475)</b>	<b>11,492</b>	<b>17,319</b>	<b>(43,711)</b>	<b>523,857</b>	<b>115,323</b>	<b>1,262,029</b>
Depreciation and amortisation	1,155,199	216,630	438,783	257,462	366,586	543,076	175,679	403,237	185,985	315,390	419,011	27,335	4,504,373
EBITDA	2,040,386	90,391	1,048,192	528,950	151,804	840,377	106,627	679,287	360,019	710,088	1,127,514	144,752	7,828,387
Capital expenditure	565,277	60,601	293,210	130,494	95,908	213,775	63,315	360,666	63,420	161,873	299,085	23,654	2,331,278
As at 30 June 2015:													
<b>Reportable segment assets</b>	<b>23,962,976</b>	<b>6,113,568</b>	<b>11,488,502</b>	<b>5,499,465</b>	<b>7,723,819</b>	<b>15,342,686</b>	<b>3,756,714</b>	<b>7,617,553</b>	<b>4,638,267</b>	<b>11,859,706</b>	<b>10,852,897</b>	<b>3,996,911</b>	<b>112,853,064</b>
Property, plant and equipment	21,244,587	4,268,169	10,047,649	4,921,151	6,527,887	13,155,837	3,162,747	6,051,125	3,863,237	7,087,591	8,793,667	268,690	89,392,337
<b>Reportable segment liabilities</b>	<b>3,050,981</b>	<b>895,213</b>	<b>1,682,174</b>	<b>673,309</b>	<b>1,328,857</b>	<b>1,374,171</b>	<b>744,150</b>	<b>1,151,611</b>	<b>606,230</b>	<b>3,148,568</b>	<b>1,645,458</b>	<b>40,750,073</b>	<b>57,050,795</b>

\* Results from operating activities include other income and expense of reportable segment

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For the six months ended 30 June 2014:

	Belgorod- energo	Bryansk- energo	Voronezh- energo	Kostroma- energo	Kurskenergo	Lipetskenergo	Orelenergo	Smolensk- energo	Tambov- energo	Tverenergo	Yarenergo	Others	Total
Revenue from electricity transmission	6,050,850	2,942,550	5,122,765	1,973,910	3,243,528	4,287,171	1,766,005	2,781,412	2,222,467	4,260,160	3,604,676	-	38,255,494
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	1,742	492,559	494,301
Revenue from connection services	45,413	16,523	180,518	29,905	165,043	26,452	4,816	11,879	12,527	195,139	55,252	32,466	775,933
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	262	-	262
Revenue from the resale of electricity and capacity	-	2,403,161	-	-	1,085,336	-	200,262	2,443,669	-	2,045,660	-	-	8,178,088
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	97,118	16,949	41,879	16,254	11,510	13,391	24,008	153,367	10,426	17,548	17,534	56,252	476,236
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	394	13,666	14,060
<b>Total revenues</b>	<b>6,193,381</b>	<b>5,379,183</b>	<b>5,345,162</b>	<b>2,020,069</b>	<b>4,505,417</b>	<b>4,327,014</b>	<b>1,995,091</b>	<b>5,390,327</b>	<b>2,245,420</b>	<b>6,518,507</b>	<b>3,679,860</b>	<b>594,943</b>	<b>48,194,374</b>
<b>Results from operating activities</b>	<b>608,450</b>	<b>319,292</b>	<b>644,804</b>	<b>299,533</b>	<b>34,089</b>	<b>599,339</b>	<b>162,147</b>	<b>406,655</b>	<b>260,343</b>	<b>807,152</b>	<b>161,173</b>	<b>100,154</b>	<b>4,403,131</b>
Finance income	10,975	7,724	9,545	3,165	1,733	5,524	2,045	4,228	3,389	5,164	8,430	1,815	63,737
Finance costs	(227,162)	(54,012)	(61,766)	(60,348)	(71,204)	(95,970)	(62,749)	(134,521)	(126,038)	(193,403)	(128,137)	(18,349)	(1,233,659)
<b>Reportable segment profit/(loss) before income tax</b>	<b>392,263</b>	<b>273,004</b>	<b>592,583</b>	<b>242,350</b>	<b>(35,382)</b>	<b>508,893</b>	<b>101,443</b>	<b>276,362</b>	<b>137,694</b>	<b>618,913</b>	<b>41,466</b>	<b>83,620</b>	<b>3,233,209</b>
Depreciation and amortisation	1,200,307	202,123	384,762	230,447	339,566	482,963	164,974	372,647	173,564	284,740	329,918	75,138	4,241,149
EBITDA	1,819,732	529,139	1,039,111	533,145	375,388	1,087,826	329,166	783,530	437,296	1,097,056	499,521	177,107	8,708,017
Capital expenditure	779,803	116,610	413,743	152,267	271,663	443,866	99,216	388,904	85,147	297,143	281,477	37,912	3,367,751
As at 30 June 2014:													
<b>Reportable segment assets</b>	<b>23,945,936</b>	<b>6,447,693</b>	<b>10,775,769</b>	<b>5,307,303</b>	<b>7,782,654</b>	<b>14,398,284</b>	<b>3,557,630</b>	<b>7,443,901</b>	<b>4,465,044</b>	<b>12,279,313</b>	<b>8,588,520</b>	<b>5,648,472</b>	<b>110,640,519</b>
Property, plant and equipment	21,124,115	4,261,510	9,548,230	4,693,641	6,542,875	12,574,145	2,946,553	5,680,761	3,698,160	6,660,865	6,910,820	1,897,223	86,538,898
<b>Reportable segment liabilities</b>	<b>3,041,345</b>	<b>885,925</b>	<b>1,565,217</b>	<b>802,326</b>	<b>1,044,376</b>	<b>1,266,313</b>	<b>631,818</b>	<b>1,356,243</b>	<b>645,739</b>	<b>3,385,452</b>	<b>1,217,205</b>	<b>38,517,525</b>	<b>54,359,484</b>

\* Results from operating activities include other income and expense of reportable segment

**(ii) Reconciliations of reportable segment EBITDA**

Reconciliation of EBITDA as reported to the Management Board with similar item in these Consolidated Financial Statements is presented below:

	Six month ended 30 June 2015	Six month ended 30 June 2014
EBITDA for the reportable segments	7,828,387	8,708,017
Adjustments for of property, plant and equipment	16,941	(5,697)
Recognition of financial assets related to employee benefit fund	37,101	21,853
Recognition of employee benefit obligations	(50,548)	(81,415)
Adjustment for finance lease	68,836	289,836
Adjustment for allowance for impairment of account receivables	(9,166)	18,290
Provision for inventory obsolescence	(209)	(4,030)
Other adjustments	(39,684)	118,020
<b>Consolidated earnings before interest, tax and depreciation and amortization (EBITDA)</b>	<b>7,851,658</b>	<b>9,064,874</b>
Depreciation and amortization	(3,836,073)	(4,275,203)
Interest expenses	(2,062,438)	(1,222,605)
Interest on finance lease liabilities	(4,375)	(58,390)
Income tax expense	(783,486)	(909,502)
<b>Profit for the period per Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>1,165,286</b>	<b>2,599,174</b>

**6 REVENUE**

	Six month ended 30 June 2015	Six month ended 30 June 2014
Electricity transmission	38,031,794	31,540,920
Revenue from the resale of electricity and capacity	-	14,892,662
Connection services	463,133	775,933
Repairs and maintenance	11,065	7,420
Rent	27,311	29,301
Other	372,161	440,048
	<b>38,905,464</b>	<b>47,686,284</b>

Revenue from connection services represents a non-refundable fee for connecting the customer to the electricity grid network.

In 2013 pursuant to orders of the Russian Ministry of Energy, "On the transfer of the functions of electricity supplier" the Company started to perform the functions of electricity supplier in Bryansk, Oryol, Kursk, Tver and Smolensk regions. Hence, in addition to performing power transmission services, some divisions of the Company commenced performing power distribution services, including purchasing electricity on the wholesale market and selling it on the retail market, and entering into power purchase agreements with all customers, including householders. The period within which the functions of electricity supplier are to be performed was established prior to the effective date of the decision to provide the tender winner with the electricity supplier status in the abovementioned operating areas, but not more than 12 months. In the first half of 2014 following the decision of the Russian Ministry of Energy function of electricity supplier in Bryansk, Orel, Kursk, Tver and Smolensk regions was

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transferred from the Company to OJSC "AtomEnergoSbyt", LLC "TEK-Energo" and the subsidiary of OJSC "Inter RAO UES". Since February 2014 the Company started performing the function of electricity supplier in the area of LLC "Tveroblenergosbyt" in Tver region.

Revenue from the resale of electricity and capacity related to electricity transmission for six months of 2015, is absent (for six months ended 30 June 2014 revenue from the resale of electricity and capacity related to electricity transmission, which is sold under power supply contracts is 6,714,574 thousand). Tariff for sale of electricity supply contracts is calculated taking into account the fee for the transfer.

**7 OPERATING EXPENSES**

	<b>Six month ended 30 June 2015</b>	<b>Six month ended 30 June 2014</b>
Electricity transmission	12,899,769	13,309,614
Personnel costs	8,702,946	8,507,780
Electricity for resale	-	7,453,986
Purchased electricity	4,897,876	4,877,352
Depreciation and amortisation	3,836,073	4,275,203
Raw materials and supplies	1,078,814	1,059,038
Allowance for impairment of accounts receivable	203,350	577,931
Taxes other than income tax	534,044	399,702
Provisions	652,801	266,714
Rent	284,760	241,510
Electricity for own needs	176,652	200,544
Repairs, maintenance and installation services	215,744	188,511
Security	148,095	156,498
Information services	135,035	144,288
Insurance	71,305	59,319
Consulting, legal and audit services	17,376	60,375
Membership fee	1,563	7,294
Provision for inventory obsolescence	2,584	7,001
Bad debt written-off	25,652	5,506
Transportation costs	2,949	1,947
Other	1,244,347	1,314,251
	<b>35,131,735</b>	<b>43,114,364</b>

Out of total amount of provisions recognized in the reporting period RUB 417,764 thousand relate to legal proceedings of regional distribution entities ("Bryanskenergosbyt" JSC, "Kurskregionenergosbyt" JSC) which lost status of electricity supplier resulted in cease of their operating activity and insolvency.

Allowance for impairment of accounts receivable recognized in the reporting period relates to impairment of trade receivables from the companies with which there is disagreement on electricity transmission, as well as companies with outstanding resale of electricity and capacity.

**8 FINANCE INCOME AND COSTS**

	Six month ended 30 June 2015	Six month ended 30 June 2014
<b>Finance income</b>		
Interest income	157,479	71,756
	<b>157,479</b>	<b>71,756</b>
<b>Finance costs</b>		
Interest expense	2,062,438	1,222,605
Interest on finance lease liabilities	4,375	58,390
Interest expense on employee benefits obligation	109,171	100,342
	<b>2,175,984</b>	<b>1,381,337</b>

**9 PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings	Transmission networks	Equipment for electricity transformation	Other	Construction in progress	Total
<b>Deemed cost</b>						
Balance at 1 January 2014	24,509,284	44,507,969	25,253,138	14,698,795	4,358,006	113,327,192
Additions	2,010	91,159	9,749	280	3,552,930	3,656,128
Transfers	422,915	1,671,185	591,641	91,419	(2,777,160)	-
Disposals	(1,421)	(14,626)	(8,245)	(162,124)	(14,046)	(200,462)
<b>Balance at 30 June 2014</b>	<b>24,932,788</b>	<b>46,255,687</b>	<b>25,846,283</b>	<b>14,628,370</b>	<b>5,119,730</b>	<b>116,782,858</b>
Balance at 1 January 2015	27,530,532	50,581,383	28,030,259	15,665,756	3,579,210	125,387,140
Additions	1,092,849	(1,120,504)	30,518	(2,514)	3,160,016	3,160,365
Transfers	247,529	1,232,363	414,548	94,110	(1,988,550)	-
Disposals	(5,746)	(12,866)	(10,878)	(39,420)	(41,761)	(110,671)
<b>Balance at 30 June 2015</b>	<b>28,865,164</b>	<b>50,680,376</b>	<b>28,464,447</b>	<b>15,717,932</b>	<b>4,708,915</b>	<b>128,436,834</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2014	(5,280,452)	(16,443,278)	(6,843,569)	(6,686,151)	-	(35,253,450)
Depreciation for the period	(745,515)	(1,561,878)	(818,213)	(998,808)	-	(4,124,414)
Disposals	515	9,551	4,272	79,387	-	93,725
<b>Balance at 30 June 2014</b>	<b>(6,025,452)</b>	<b>(17,995,605)</b>	<b>(7,657,510)</b>	<b>(7,605,572)</b>	<b>-</b>	<b>(39,284,139)</b>
Balance at 1 January 2015	(8,583,549)	(23,663,816)	(10,376,198)	(9,101,302)	(575,833)	(52,300,698)
Depreciation for the period	(693,041)	(1,603,556)	(862,746)	(955,708)	-	(4,115,051)
Disposals	1,791	10,862	7,781	32,205	-	52,639
Impairment	(210,447)	406,137	36,959	70,972	86,591	390,212
<b>Balance at 30 June 2015</b>	<b>(9,485,246)</b>	<b>(24,850,373)</b>	<b>(11,194,204)</b>	<b>(9,953,833)</b>	<b>(489,242)</b>	<b>(55,972,898)</b>
<b>Net book value</b>						
<b>At 1 January 2014</b>	<b>19,228,832</b>	<b>28,064,691</b>	<b>18,409,569</b>	<b>8,012,644</b>	<b>4,358,006</b>	<b>78,073,742</b>
<b>At 30 June 2014</b>	<b>18,907,336</b>	<b>28,260,082</b>	<b>18,188,773</b>	<b>7,022,798</b>	<b>5,119,730</b>	<b>77,498,719</b>
<b>At 1 January 2015</b>	<b>18,946,983</b>	<b>26,917,567</b>	<b>17,654,061</b>	<b>6,564,454</b>	<b>3,003,377</b>	<b>73,086,442</b>

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<b>At 30 June 2015</b>	<b>19,379,918</b>	<b>25,830,003</b>	<b>17,270,243</b>	<b>5,764,099</b>	<b>4,219,673</b>	<b>72,463,936</b>
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**10 EQUITY****(a) Share capital****Ordinary shares**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Issued shares, fully paid	42,217,941,468	42,217,941,468
Par value (in RUB)	0.10	0.10

**(b) Dividends**

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of accumulated retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

At the Annual Shareholders Meeting held on 14 June 2013 the decision was made to distribute the Company's profit for the year 2012 to dividends in the amount of RUB 862,935 thousand and to pay dividends for the year 2012 in the amount of RUB 0.02044 per ordinary share of the Company in cash.

At the Annual Shareholders Meeting held on 26 June 2014 the decision was made to distribute the Company's profit for the year 2013 to dividends in the amount of RUB 75,992 thousand and to pay dividends for the year 2013 in the amount of RUB 0.0018 per ordinary share of the Company in cash.

At the Annual Shareholders Meeting held on 25 June 2015 the decision was made to distribute the Company's profit for the year 2014 to dividends in the amount of RUB 831,693 thousand and to pay dividends for the year 2014 in the amount of RUB 0.0197 per ordinary share of the Company in cash.

**11 EARNINGS PER SHARE**

The calculation of earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period. The Company has no dilutive potential ordinary shares.

*Number of shares unless otherwise stated*

	<b>Ordinary shares Six month ended 30 June 2015</b>	<b>Ordinary shares Six month ended 30 June 2014</b>
Authorised shares	42,217,941,468	42,217,941,468
Par value (in RUB)	0.10	0.10
Weighted average number of shares	42,217,941,468	42,217,941,468
<b>Profit for the period attributable to shareholders</b>	<b>1,146,002</b>	<b>2,579,790</b>
<b>Earnings per share (in RUB): basic and diluted</b>	<b>0.027</b>	<b>0.061</b>



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**12 LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group’s loans and borrowings.

*Long-term loans and borrowings*

Name of lender		Effective interest rate 30 June 2015	Effective interest rate 31 December 2014	Maturity	Par value		Carrying value	
					30 June 2015	31 December 2014	30 June 2015	31 December 2014
OJSC “Alfa-Bank”	Unsecured	8.25%	8.25%	2017	2,003,699	2,002,712	2,003,699	2,002,712
OJSC “Bank VTB”	Unsecured	8.1175-23%	8.1175-8.75%	2017-2019	9,170,000	11,720,000	9,170,000	11,720,000
OJSC “Rosbank”	Unsecured	7.85%	7.85%	2015	3,300,000	3,800,000	3,300,000	3,800,000
OJSC “Sberbank”	Unsecured	7.524-8.4%	7.524-10.44%	2015-2025	13,164,797	13,152,738	13,164,797	13,152,738
CJSC “Transcapitalbank”	Unsecured	13.50%	13.50%	2015	82,717	82,717	82,717	82,717
OJSC «Severnny Morskoy Put»	Unsecured	11.4%	11.4%	2017	-	2,450,000	-	2,450,000
OJSC “SGB”	Unsecured	10.00%	-	2015	18	-	18	-
Unsecured bond issues	Unsecured	9.044%	9.044%	2015	4,075,520	4,075,520	4,073,128	4,071,729
Unsecured bond issues	Unsecured	12.479%	-	2018	5,042,550	-	5,035,473	-
					<b>36,839,301</b>	<b>37,283,687</b>	<b>36,829,832</b>	<b>37,279,896</b>
Less: current portion								
OJSC “Alfa-Bank”	Unsecured	8.25%	8.25%		3,699	2,712	3,699	2,712
OJSC “Rosbank”	Unsecured	7.85%	7.85%		2,300,000	3,800,000	2,300,000	3,800,000
OJSC “Sberbank”	Unsecured	7.524-8.4%	7.524-8.4%		3,164,797	1,652,738	3,164,797	1,652,738
CJSC “Transcapitalbank”	Unsecured	13.50%	13.50%		82,717	82,717	82,717	82,717
OJSC “SGB”	Unsecured	10.00%	-		18	-	18	-
Unsecured bond issues	Unsecured	9.044%	9.044%		4,075,520	4,075,520	4,073,128	4,071,729
Unsecured bond issues	Unsecured	12.479%	-		42,550	-	42,675	-

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Name of lender	Effective interest rate 30 June 2015	Effective interest rate 31 December 2014	Maturity	Par value		Carrying value	
				30 June 2015	31 December 2014	30 June 2015	31 December 2014
				9,669,301	9,613,687	9,667,034	9,609,896
<b>Total long-term borrowings</b>				<b>22,170,000</b>	<b>27,670,000</b>	<b>27,162,798</b>	<b>27,670,000</b>

*Current borrowings and current portion of long-term borrowings*

Name of lender		Effective interest rate	Effective interest rate	Par value		Carrying value	
				30 June 2015	31 December 2014	30 June 2015	31 December 2014
OJSC “Alfa-Bank”	Unsecured	8.25%	8.25%	3,699	2,712	3,699	2,712
OJSC “Rosbank”	Unsecured	7.85%	7.85%	2,300,000	3,800,000	2,300,000	3,800,000
OJSC “Sberbank”	Unsecured	7.524-8.4%	7.524-8.4%	3,164,797	1,652,738	3,164,797	1,652,738
CJSC “Transcapitalbank”	Unsecured	13.50%	13.50%	82,717	82,717	82,717	82,717
OJSC “SGB”	Unsecured	10.00%	10.00%	18	40	18	40
Unsecured bond issues	Unsecured	9.044%	9.044%	4,075,520	4,075,520	4,073,128	4,071,729
Unsecured bond issues	Unsecured	12.479	-	42,550	-	42,675	-
				<b>9,669,301</b>	<b>9,613,727</b>	<b>9,667,034</b>	<b>9,609,936</b>

All the Group’s borrowings are denominated in RUB and bear a fixed interest rate. The effective interest rate is the market interest rate applicable to the loan on the date of its receipt. The carrying value of borrowings approximates their fair value. As at 30 June 2015 and 31 December 2014 no bank loans are secured over bank guarantees received.

On 05 June 2015 the Company issued non-convertible documentary interest - bearing bonds with a total nominal value of RUB 5,000,000 thousand with a nominal interest rate of 12.42% per annum. The maturity of the bonds is 3 years. These interest - bearing bonds have been purchased by PJSC “Russian Grids” (Note 16d).

### **13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Objectives and policies of the Group in respect of the financial risk management are consistent with those that were disclosed in the consolidated financial statements for the year ended 31 December 2014.

As at 30 June 2015 the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

As at 30 June 2015 the Group's unused portion of long-term and short-term credit line facilities amounted to RUB 10,150,000 thousand (31 December 2014: RUB 6,100,000 thousand).

### **14 COMMITMENTS**

The Group has outstanding commitments under the contracts for the purchase and construction of property, plant and equipment for RUB 6,739,806 thousand as at 30 June 2015 (as at 31 December 2014: RUB 6,213,333 thousand).

### **15 CONTINGENCIES**

#### **(a) Insurance**

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has full insurance coverage for its production facilities and third party liability in respect of property, health and environmental damage arising from operation of dangerous production units. The Group has no insurance coverage against losses caused by business interruption.

#### **(b) Litigation**

The Group is a party to certain legal proceedings arising in the ordinary course of business. Management does not believe that these matters will have a material adverse effect on the Group's financial position and operating results.

#### **(c) Taxation contingencies**

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these Financial Statements, if the authorities were successful in enforcing their interpretations, could be significant.

#### **(d) Environmental matters**

The Company and its predecessors have operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation is evolving and the enforcement posture of Government authorities is continually being reconsidered. Management periodically evaluates its obligations under environmental regulations.

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated, but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

**PJSC "IDGC of Centre"****Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2015 (unaudited)***Thousands of Russian Roubles, unless otherwise stated***(e) Other contingencies**

The Group believes that the electricity services provided are in compliance with the Russian legislation regulating electric power transmission. Other contingencies to disclose as at 30 June 2015 and 30 June 2014 are absent.

**(f) Guarantees**

As at 30 June 2015 and 31 December 2014 the Group has no issued financial guarantees for loans.

**16 RELATED PARTY TRANSACTIONS****(a) Control relationships**

The Company's parent as at 30 June 2015 and 31 December 2014 was PJSC Russian Grids. The party with the ultimate control over the Company is the Government of the Russian Federation, which held the majority of the voting rights of PJSC Russian Grids.

**(b) Transactions with parent company and other related parties**

	Transaction value		Outstanding balance	
	For the six months ended 30 June 2015	For the six months ended 30 June 2014	As at 30 June 2015	As at 31 December 2014
<b>Sale of goods and services:</b>	<b>151,353</b>	<b>1,764</b>	<b>142,664</b>	<b>42,368</b>
Parent company	-	390	84,682	25,169
Fellow subsidiaries	151,353	1,374	57,982	17,199
<b>Purchase of goods and services:</b>	<b>9,712,639</b>	<b>7,937,509</b>	<b>1,879,450</b>	<b>2,511,357</b>
Parent company	192,323	185,987	22,617	20,201
Fellow subsidiaries	9,520,316	7,751,522	1,856,833	2,491,156
<b>Advances given:</b>	<b>-</b>	<b>-</b>	<b>118,503</b>	<b>108,375</b>
Fellow subsidiaries	-	-	118,503	108,375
<b>Advances received:</b>	<b>-</b>	<b>-</b>	<b>167,029</b>	<b>167,011</b>
Fellow subsidiaries	-	-	167,029	167,011

**(c) Management compensation**

There are no transactions or balances with key management and their close family members except for remuneration in the form of salary and bonuses.

Total remuneration paid to key management, Board of Directors and Management Board members for the six months ended 30 June 2015 and included into personnel costs was:

	Six month ended 30 June 2015	Six month ended 30 June 2014
Salary and bonuses	258,442	209,648

**(d) Transactions with government-related entities**

The Group applies the exemption in IAS 24 Related party disclosures that allows to present reduced related party disclosures regarding transactions with government-related entities.

In the course of business, the Group makes a significant number of transactions with companies that are government-related. These operations are carried out under the regulated tariffs, or in accordance with market prices.

Revenues from government-related entities accounts for 26% of total revenue for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 11%), including 26% of the proceeds from the transfer of electricity (for the six months ended 30 June 2014: 15%).

Costs of electricity transmission for government-related entities account for 19% of the total cost of the electricity transmission for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 5%).

In the first half of 2014 following the decision of the Russian Ministry of Energy function of electricity supplier in Bryansk, Orel, Kursk, Tver and Smolensk regions was transferred from the Company to OJSC “AtomEnergoSbyt”, LLC “TEK-Energo” and the subsidiary of OJSC “Inter RAO UES”. As a result, the part of costs of electricity transmission for government-related entities in the total costs of the electricity transmission for the six months ended 30 June 2015 increased. Previously electricity has been purchased on the wholesale market.

On 05 June 2015, the Company issued non-convertible documentary interest - bearing bonds with a total nominal value of RUB 5,000,000 thousand with a nominal interest rate of 12.42% per annum. The maturity of the bonds is 3 years. These interest - bearing bonds have been purchased by PJSC “Russian Grids”.

**(e) Pricing policy**

Transactions with related parties for the transmission of electricity are carried out at the tariffs set by the state.