

**PJSC «IDGC of Centre»**

**Consolidated Interim Condensed Financial Statements prepared in  
accordance with IAS 34 “Interim Financial Reporting” as at and for the  
three and nine months ended 30 September 2018  
(unaudited)**

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*PJSC "IDCG of Centre"*  
*Consolidated Interim Condensed Statement of profit or loss and other comprehensive income*  
*for three and nine months ended 30 September 2018 (unaudited)*

**Consolidated Interim Condensed Statement of profit or loss and other comprehensive income (in thousands of Russian rubles, unless otherwise stated)**

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2018	2017	2018	2017
Revenue	7	21,673,950	20,559,629	68,429,532	65,785,154
Operating expenses	9	(21,245,333)	(19,362,802)	(63,739,129)	(59,028,414)
Other income, net	8	308,021	244,038	812,775	671,523
<b>Result from operating activities</b>		<b>736,638</b>	<b>1,440,865</b>	<b>5,503,178</b>	<b>7,428,263</b>
Finance income	10	5,808	63,473	108,798	393,871
Finance costs	10	(802,814)	(1,033,794)	(2,573,497)	(3,249,212)
<b>Total financial (costs)</b>		<b>(797,006)</b>	<b>(970,321)</b>	<b>(2,464,699)</b>	<b>(2,855,341)</b>
<b>Profit/(loss) before income tax</b>		<b>(60,368)</b>	<b>470,544</b>	<b>3,038,479</b>	<b>4,572,922</b>
Income tax expense		(63,872)	(716,551)	(999,567)	(2,090,828)
<b>Profit/(loss) for the period</b>		<b>(124,240)</b>	<b>(246,007)</b>	<b>2,038,912</b>	<b>2,482,094</b>
<b>Other comprehensive income/(cost)</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale financial assets		–	(6,256)	–	(33,916)
Income tax related to items that may be reclassified subsequently to profit or loss		–	1,251	–	6,783
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>–</b>	<b>(5,005)</b>	<b>–</b>	<b>(27,133)</b>
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income		(15,422)	–	9,538	–
Remeasurements of the defined benefit liability		229,603	(31,035)	287,376	(111,711)
Income tax related to items that will never be reclassified subsequently to profit or loss		(18,822)	2,167	(29,427)	7,729
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>195,359</b>	<b>(28,868)</b>	<b>267,487</b>	<b>(103,982)</b>
<b>Other comprehensive income/(cost) for the period, net of income tax</b>		<b>195,359</b>	<b>(33,873)</b>	<b>267,487</b>	<b>(131,115)</b>
<b>Total comprehensive income/(cost) for the period</b>		<b>71,119</b>	<b>(279,880)</b>	<b>2,306,399</b>	<b>2,350,979</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the Company		(134,701)	(253,559)	1,996,435	2,447,542
Non-controlling interests		10,461	7,552	42,477	34,552
<b>Total comprehensive income/(cost) attributable to:</b>					
Equity holders of the Company		60,658	(287,432)	2,263,922	2,316,427
Non-controlling interest		10,461	7,552	42,477	34,552
<b>Earnings/(losses) per share</b>					
Basic and diluted earnings/(losses) per ordinary share (in RUB)	17	(0.003)	(0.006)	0.047	0.058

These consolidated interim condensed financial statements were approved by management on 21.11.2018 and were signed on this behalf by:

General Director

Chief Accountant

I.V. Makovskiy

L.A. Sklyarova

The accompanying notes are an integral part of these Consolidated Interim Condensed Financial Statements

**Consolidated Interim Condensed Statement of Financial Position (in thousands of Russian rubles, unless otherwise stated)**

	<u>Notes</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	86,477,481	85,721,289
Intangible assets	12	2,701,433	2,380,170
Trade and other receivables	14	655,118	1,037,558
Assets related to employee benefits plans		533,536	541,679
Financial investments	13	199,483	189,945
<b>Total non-current assets</b>		<b>90,567,051</b>	<b>89,870,641</b>
<b>Current assets</b>			
Inventories		2,801,058	2,128,986
Income tax prepayments		662,999	421,709
Trade and other receivables	14	10,522,647	11,295,073
Cash and cash equivalents	15	216,301	1,362,307
<b>Total current assets</b>		<b>14,203,005</b>	<b>15,208,075</b>
<b>Total assets</b>		<b>104,770,056</b>	<b>105,078,716</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	4,221,794	4,221,794
Reserves		(51,248)	(318,735)
Retained earnings		41,185,186	40,060,231
<b>Total equity attributable to equity holders of the Company</b>		<b>45,355,732</b>	<b>43,963,290</b>
Non-controlling interest		241,702	199,225
<b>Total equity</b>		<b>45,597,434</b>	<b>44,162,515</b>
<b>Non-current liabilities</b>			
Loans and borrowings	18	33,486,299	33,989,210
Trade and other payables	19	1,282,135	923,355
Employee benefits		2,140,491	2,432,135
Deferred tax liabilities		4,657,239	4,680,085
<b>Total non-current liabilities</b>		<b>41,566,164</b>	<b>42,024,785</b>
<b>Current liabilities</b>			
Loans and borrowings	18	6,153,636	7,491,456
Trade and other payables	19	10,606,041	10,828,220
Provisions		846,468	487,743
Current income tax liabilities		313	83,997
<b>Total current liabilities</b>		<b>17,606,458</b>	<b>18,891,416</b>
<b>Total liabilities</b>		<b>59,172,622</b>	<b>60,916,201</b>
<b>Total equity and liabilities</b>		<b>104,770,056</b>	<b>105,078,716</b>

The accompanying notes are an integral part of these Consolidated Interim Condensed Financial Statements

**Consolidated Interim Condensed Statements of Cash Flows (in thousands of Russian rubles, unless otherwise stated)**

	Notes	For the nine months ended 30 September	
		2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		3,038,479	4,572,922
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment and intangible assets	9,11,12	7,516,758	7,158,167
Finance costs	10	2,573,497	3,249,212
Finance income	10	(108,798)	(393,871)
Loss on disposal of property, plant and equipment		10,339	12,736
Allowance for expected credit losses, net	9	894,944	(438,033)
Bad debt write-off		2,131	159,838
Other non-cash transactions		54	(60,649)
<b>Total impact of adjustments</b>		<b>10,888,925</b>	<b>9,687,400</b>
Change in assets related to employee benefits plans		8,143	18,906
Change in employee benefit liabilities		(130,994)	(143,731)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>13,804,553</b>	<b>14,135,497</b>
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		223,836	2,076,880
Change in inventories		(672,049)	(308,408)
Change in trade and other payables		(380,008)	(425,566)
Change in provisions		358,725	(480,718)
<b>Cash flows from operating activities before income taxes and interest paid</b>		<b>13,335,057</b>	<b>14,997,685</b>
Income tax paid		(1,376,814)	(1,149,019)
Interest paid		(2,421,327)	(2,948,405)
<b>Net cash flows received from operating activities</b>		<b>9,536,916</b>	<b>10,900,261</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(7,900,627)	(7,608,151)
Proceeds from the sale of property, plant and equipment and intangible assets		7,690	2,545
Interest received		47,868	334,874
Dividends received		14,419	14,608
<b>Net cash flows (used in) in investing activities</b>		<b>(7,830,650)</b>	<b>(7,256,124)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		90,970,384	11,700,000
Repayment of loans and borrowings		(92,953,545)	(13,238,100)
Dividends paid		(867,981)	(1,852,491)
Repayment of finance lease liabilities		(1,130)	(1,627)
<b>Net cash flows (used in) from financing activities</b>		<b>(2,852,272)</b>	<b>(3,392,218)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,146,006)</b>	<b>251,919</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>1,362,307</b>	<b>2,567,305</b>
<b>Cash and cash equivalents at the end of period</b>	15	<b>216,301</b>	<b>2,819,224</b>

The accompanying notes are an integral part of these Consolidated Interim Condensed Financial Statements

*PJSC "IDGC of Centre"*  
*Consolidated Interim Condensed Statement of Changes in Equity*  
*for the nine months ended 30 September 2018 (unaudited)*

Consolidated Interim Condensed Statement of Changes in Equity (in thousands of Russian rubles, unless otherwise stated)							
	Equity attributable to equity holders of the Company						
	Notes	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2018</b>		4,221,794	(318,735)	40,060,231	43,963,290	199,225	44,162,515
Profit for the period		-	-	1,996,435	1,996,435	42,477	2,038,912
Other comprehensive income		-	296,914	-	296,914	-	296,914
Related income tax		-	(29,427)	-	(29,427)	-	(29,427)
<b>Total comprehensive income for the period</b>		-	267,487	1,996,435	2,263,922	42,477	2,306,399
<b>Transactions with equity holders of the Company</b>							
Dividends	16	-	-	(879,028)	(879,028)	-	(879,028)
Other	16	-	-	7,548	7,548	-	7,548
<b>Total transactions with equity holders of the Company</b>		-	-	(871,480)	(871,480)	-	(871,480)
<b>Balance at 30 September 2018</b>		4,221,794	(51,248)	41,185,186	45,355,732	241,702	45,597,434
Equity attributable to equity holders of the Company							
	Notes	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2017</b>		4,221,794	(81,778)	38,947,905	43,087,921	165,809	43,253,730
Profit for the period		-	-	2,447,542	2,447,542	34,552	2,482,094
Other comprehensive income		-	(145,627)	-	(145,627)	-	(145,627)
Related income tax		-	14,512	-	14,512	-	14,512
<b>Total comprehensive income for the period</b>		-	(131,115)	2,447,542	2,316,427	34,552	2,350,979
<b>Transactions with equity holders of the Company</b>							
Dividends	16	-	-	(1,866,675)	(1,866,675)	(11,117)	(1,877,792)
Other	16	-	-	737	737	-	737
<b>Total transactions with equity holders of the Company</b>		-	-	(1,865,938)	(1,865,938)	(11,117)	(1,877,055)
<b>Balance at 30 September 2017</b>		4,221,794	(212,893)	39,529,509	43,538,410	189,244	43,727,654

The accompanying notes are an integral part of these Consolidated Interim Condensed Financial Statements

## **1 Background**

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

The primary activities of Public Joint-Stock Company "Interregional Distribution Grid Company of Centre" (hereinafter referred to as the PJSC "IDGC of Centre" or the "Company") and its subsidiaries (hereinafter together referred to as the "Group") are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation.

The parent company is PJSC "Rosseti".

PJSC "IDGC of Centre" and its subsidiaries 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 meeting minute no. 1102 of 15 November 2004) of Open Joint-Stock Company RAO "United Energy Systems of Russia" (hereinafter - "RAO UES"). From 07 July 2015, OJSC "IDGC of Centre" is renamed as PJSC "IDGC of Centre" based on the Decision of the Annual General Meeting of Shareholders of OJSC "IDGC of Centre" dated 25.06.2015 (minutes No. 01/15 of 26.06.2015), in order to bring it in line with the legal requirements.

The average number of employees Group was 29,970 employees as at 30 September 2018 (as at 31 December 2017: 29,864 employees).

The Company's registered office is 2nd Yamskaya St., 4, Moscow, 127018, Russia.

The Company's de facto address is 2nd Yamskaya St., 4, Moscow, 127018, Russia.

In September 2017, the Company took over the functions of the sole Executive body of Public joint stock company "Interregional distribution grid company of Center and Volga region" (hereafter PJSC "IDGC of Center and Volga region") pursuant to the Board of Directors' decision (Board of directors' meeting Minutes no. 22/17 of 07 September 2017). Between PJSC "IDGC of Centre" and JSC "IDGC of Center and Volga region" concluded agreement no. 7700/00313/17 of 11.09.2017 for a period of three years. In accordance with the agreement, PJSC "IDGC of Centre" is the management company for PJSC "IDGC of Center and Volga region". The Company exercises the rights and carries out the duties of the sole Executive body of PJSC "IDGC of Center and Volga region" to the extent and with those limitations which are determined by the legislation of the Russian Federation, the Articles of Association, the internal documents, the decisions of the General meeting of shareholders and/or the Board of Directors of PJSC "IDGC of Center and Volga region".

The Group consists of PJSC "IDGC of Centre" and its subsidiaries, presented in Note 5.

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

The Group's operations are located in the Russian Federation.

Consequently, the business of the Group is exposed to the economic and financial markets of the Russian Federation, which are characterized by features of the 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 continuing deterioration of the political situation caused by the growing tensions between the Russian Federation and the United States, the European Union and related events have led to a revision of the risk assessments of doing business in the Russian Federation in the direction of increasing. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and other countries, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a

## **1 Background (continued)**

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

significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

The future economic development of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

The consolidated interim condensed 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.

### **(c) Relation with state**

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company.

As at 30 September 2018, the share of the Russian Federation in the authorized capital of the parent company of PJSC "Rosseti" was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares. As at 31 December 2017, the share of the Russian Federation in the authorized capital of the parent company of PJSC "Rosseti" was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares.

PJSC "Rosseti", in its turn, owns 50.23% of the Company's shares.

The Russian Government directly affects the Group's operations through tariffs regulations. In accordance with the Russian legislation, the Group's tariffs are regulated by executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs. The number of consumers of the Group's services includes a large number of enterprises under state control.

## **2 Basis of preparation of consolidated financial statements**

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

These consolidated interim condensed financial statements for three and nine months ended 30 September 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting". These consolidated interim condensed financial statements should be read in conjunction with consolidated financial statements as at 31 December 2017 that have been prepared in accordance with International Financial Reporting Standards (IFRS).

### **(b) Use of estimates and professional judgments**

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make a number of professional judgements, 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 these estimates.

The key estimates and judgments used by the Group in preparing the consolidated interim condensed financial statements are consistent with those described in the audited consolidated financial statements for the year ended 31 December 2017.



## 2 Basis of preparation of consolidated financial statements (continued)

### (b) Use of estimates and professional judgments (continued)

The management continuously reviews estimates and assumptions made based on experience and other factors that were used to determine the book value of assets and liabilities. Changes in estimates and assumptions are recognized in the period in which they were taken if the change affects only that period or are recognized in the period to which the change relates and in subsequent periods if the change affects both the given and for future periods.

### (c) Change in presentation

#### *Reclassification of comparative date*

The Group has consistently applied the accounting policies to all period presented in these consolidated interim condensed financial statements.

Certain amounts of the previous year have been adjusted to conform to the current year disclosures.

When necessary, comparative information for the 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 statement as at and for the three and nine months ended 30 September 2017 is set below.

In the comparative period, the Group allocated an allowance for impairment of trade and other receivables and loans from the allowance for impairment of receivables to the allowance for expected credit losses. The effect of reclassification has attached the relevant articles of the Consolidated Interim Condensed Statement of Cash Flows and Note 9 "Operating expenses". The amounts of impairment of advances issued are included in other non-cash transactions/other expenses:

<b>For the nine month ended 30 September 2017</b>	<b>As previously reported</b>	<b>Effect of change</b>	<b>As restated</b>
Allowance for expected credit losses	–	(438,033)	(438,033)
Other non-cash transactions/Other expenses	31,661	(92,310)	(60,649)
Allowance for impairment of accounts receivable	(530,343)	530,343	–
<b>Total</b>	<b>(498,682)</b>	<b>–</b>	<b>(498,682)</b>

Other reclassification:

In note 9 "Operating expenses", information of expenditure items was updated:

<b>For the nine month ended 30 September 2017</b>	<b>As previously reported</b>	<b>Effect of change</b>	<b>As restated</b>
Electricity for sale	194,129	138,041	332,170
Other material costs	2,389,302	(138,041)	2,251,261
Other works and industrial services	64,378	283,428	347,806
Communication services	184,979	16,111	201,090
Software costs and services	250,313	10,047	260,360
Other services	650,993	(26,630)	624,363
Allowance for expected credit losses	(530,343)	92,310	(438,033)
Other expenses	929,672	(375,266)	554,406
<b>Total</b>	<b>4,133,423</b>	<b>–</b>	<b>4,133,423</b>

### **3 Significant accounting policies**

The key elements of the accounting policies and accounting methods used by the Group are consistent with described in the audited consolidated financial statements for the year ended 31 December 2017, except for the effect of the application of the new standards as described below.

The Group has applied the following new standards since 1 January 2018:

#### *IFRS 15 Revenue from Contracts with Customers*

The Group recognizes revenue when (or as) the performance obligation is fulfilled by transferring the promised good or service (i.e. an asset) to customer. Revenue is measured at the transaction price or its part equal to the amount of consideration to which the Group expects to be entitled in exchange for transferring promised assets to a customer, excluding amounts collected on behalf of third parties (for example, net of recoverable taxes).

#### *Electricity transmission and sales of electricity and capacity*

Revenue from electricity transmission and sale is recognized during the period (accounting month) and is estimated by the output methods (cost of transferred volumes of electric energy). The tariffs for the electricity transmission (in respect to all subjects of the Russian Federation) and sale of electricity and capacity on the regulated market (in respect of constituent entities of the Russian Federation, not united in price zones of the wholesale electricity market) are approved by the executive authorities of subjects of the Russian Federation in the field of state regulation of tariffs (hereinafter – regional authority) within the limit minimum and (or) maximum levels approved by the Federal Antimonopoly Service.

#### *Technological connection services*

Revenue recognition from this type of services is performed at the beginning of electricity supply and connection of the consumer to the power grid on the basis of the act on technological connection.

Payment for technological connection for an individual project, the standardized tariff rates, the rates for an unit of maximum capacity and the form of payment for technological connection are approved by the regional energy commission (the department of prices and tariffs of the corresponding region) and do not depend on the proceeds from the provision of electricity transmission services.

Payment for technological connection to the unified national electric network is approved by the Federal Antimonopoly Service.

The Group applied judgment that technological connection is a separate performance obligation that is recognized when the related services are provided. The technological connection agreement does not contain any further obligations after the provision of the connection service. According to the established practice and laws governing the electricity market, technological connection and transmission of electricity are subject to separate negotiations with different consumers as different services with different commercial purposes without connection in pricing, intentions, recognition or types of services.

#### *Other services*

Revenue from installation, repair and maintenance services and other sales is recognized when the customer receives control of the asset.

In accordance with IFRS 15 transition requirements, the Group has chosen to apply the standard retrospectively with the recognition of the cumulative effect of the initial application as part of the retained earnings opening balance as at 1 January 2018. The application of this standard had no a material impact on the Group's consolidated interim condensed financial statements, respectively, the opening balance of the retained earnings as at 1 January 2018 was not adjusted.

### 3 Significant accounting policies (continued)

#### *IFRS 9 Financial Instruments*

The standard introduces new requirements for classification and measurement of financial instruments, impairment and hedge accounting. As the Group does not apply hedge accounting, the main changes relevant to the Group impacted its accounting policies for classification of financial instruments and impairment of financial assets.

According to IFRS 9, the financial assets are classified in the following measurement categories: those to be measured subsequently at amortized cost, those to be measured at fair value through profit or loss, and those to be measured at fair value through other comprehensive income. The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are classified as at amortized cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In respect of impairment, IFRS 9 replaced the “incurred loss” model used in IAS 39 Financial instruments: Recognition and Measurement with a new “expected credit loss” (“ECL”) model that requires a more timely recognition of expected credit losses. An allowance for expected credit losses shall be recorded for financial assets classified as at amortized cost.

Under IFRS 9, loss allowances are measured on either of the following bases: 12-month ECLs that result from possible default events within the 12 months after the reporting date; and lifetime ECLs that result from all possible default events over the expected life of a financial instrument. For trade receivables the Group measures loss allowances applying a simplified approach at an amount equal to lifetime ECLs. For other financial assets classified as at amortized cost loss allowances are measured as 12-month ECLs unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the lifetime ECLs.

In accordance with the transition provisions in IFRS 9, the Group applied the new rules retrospectively, except for the items that have already been derecognized at the date of initial application, which is 1 January 2018. The Group also used an exemption in IFRS 9 allowing not to restate prior periods presented as a result of adoption of the new classification and measurement requirements, but rather recognize any differences in the opening retained earnings as at 1 January 2018. The initial application of the standard did not result in any material changes in the financial Instruments measurement.

On 1 January 2018 (the date of the initial application of IFRS 9 Financial Instruments), The Group assessed the business models it uses to manage financial assets and classified the financial instruments held at that date onto appropriate IFRS 9 measurement categories. The main effects of the classification were the following:

	<b>The balance at 1 January 2018 in accordance with IAS 39</b>	<b>Reclassification of financial assets as at 1 January 2018</b>	<b>The balance at 1 January 2018 un accordance with IFRS 9</b>
Available-for-sale financial assets	189,945	(189,945)	–
Financial assets at fair value through other comprehensive income	–	189,945	189,945
<b>Total</b>	<b>189,945</b>	<b>–</b>	<b>189,945</b>

### 3 Significant accounting policies (continued)

#### *IFRS 9 Financial Instruments (continued)*

The previous measurement category according to IAS 39 and the new measurement category according to IFRS 9 are presented below:

	Measurement category		Carrying amount		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Difference
<b>Non-current financial assets</b>					
Financial investments, including:					
Shares	Available-for-sale	At fair value through other comprehensive income	189,945	189,945	—
Trade and other receivables	Amortized cost	Amortized cost	1,034,282	1,034,282	—
<b>Current financial assets</b>					
Trade and other receivables	Amortized cost	Amortized cost	10,681,995	10,681,995	—
Cash and cash equivalents			1,362,307	1,362,307	—
<b>Non-current and current financial liabilities</b>					
Loans and borrowings, accounts payables	Amortized cost	Amortized cost	48,312,192	48,312,192	—

The following amendments to standards and interpretations effective from 1 January 2018 did not have an impact on these consolidated interim condensed financial statements:

- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2);
- Transfers of Investment Property (Amendments to IAS 40);
- Annual Improvements to IFRSs 2014-2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The following new standards and interpretations have been issued and become effective for annual periods beginning on or after 1 January 2019 and have not been early adopted by the Group:

#### *IFRS 16 Leases*

The IFRS 16 Leases was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases

### **3 Significant accounting policies (continued)**

#### *IFRS 16 Leases (continued)*

under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). The Group intends to apply both exemptions. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Group will be required to recognize separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 is effective for annual period beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs. The Group is considering the implication of this standard for the Group’s consolidated financial statements.

The following standards, amendments to standards and explanations are not expected to have a significant impact on the Group’s consolidated financial statements:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 17 Insurance Contracts.

#### **4 Measurement of fair value**

A number of the Group’s accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 5 Significant subsidiaries

	Country of incorporation	30 September 2018	31 December 2017
		Ownership/voiting, %	Ownership/voiting, %
JSC "Sanatorium "Energetic"	Russian Federation	100	100
JSC "Yaroslavl Electric Grid Company"	Russian Federation	51	51

At the Subsidiary's annual shareholders meeting JCS "Yaroslavl Electric Grid Company" held on 26 June 2017 the decision was made to distribute the Subsidiary's profit for the year 2016 to dividends in the amount of RUB 22,688 thousand and to pay dividends for the year 2016 in the amount of RUB 22,688.3626 per ordinary share in cash. Dividends payable to shareholders with non-controlling interests, amounted to RUB 11,117 thousand.

At the Subsidiary's annual shareholders meeting JCS "Yaroslavl Electric Grid Company" held on 29 June 2018 the decision was made not to pay dividends on ordinary shares for the year 2017.

## 6 Information about segments

The Management Board of PJSC "IDGC of Centre" is the supreme body that makes decisions on operating activities.

The primary activities of the Group are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation. From 2016, the division of the Company Tverenergo performs the electricity guarantee supplier function in the territory of Tver Region.

The internal management system is based on segments (branches formed on a territorial basis) related to transmission and distribution of electricity, technological connection to electric grids and electricity sales to the end user in a number of regions of the Russian Federation.

Revenue indicators and EBITDA are used to reflect the performance of each reportable segment, since they are included in internal management reporting prepared on the basis of RAS reporting data and are regularly analyzed and evaluated by the Management Board. EBITDA is calculated as profit or loss before interest expenses, taxation and depreciation. The Management Board believes that these indicators are most relevant when assessing the performance of certain segments in relation to other segments and other companies that operate in these industries.

In accordance with the requirements of IFRS 8 the following reportable segments were identified based on segment revenue, EBITDA and the total amount of assets submitted to the Management Board:

- Branch Belgorodenergo, branch Bryanskenergo, branch Voronezhenergo, branch Kostromaenergo, branch Kurskenergo, branch Lipetskenergo, branch Orelenergo, branch Smolenskenergo, branch Tambovenrgo, branch Tverenergo, branch Yarenergo
- Others

The category of "Others" include operations of subsidiaries and the head office branch. None of them meets any of the quantitative thresholds for determining reportable segments.

Segment indicators are based on management information, which is prepared on the basis of RAS financial statements and may differ those presented in the financial statements prepared in accordance with IFRS. The reconciliation of the indicators in the evaluation to the Management Board and similar indicators in these consolidated interim condensed financial statements includes those reclassifications and adjustments that are necessary for reporting in accordance with IFRS.

**6 Information about segments (continued)**

**(a) Information about reportable segments**

For the three months ended 30 September 2018:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Others	Total
Revenue from external customers	3,364,612	1,153,435	3,262,714	1,208,195	1,734,030	2,054,103	1,072,058	1,684,973	1,390,359	2,497,515	2,118,897	133,399	21,674,290
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—	428	107,709	108,137
<b>Segment revenue</b>	<b>3,364,612</b>	<b>1,153,435</b>	<b>3,262,714</b>	<b>1,208,195</b>	<b>1,734,030</b>	<b>2,054,103</b>	<b>1,072,058</b>	<b>1,684,973</b>	<b>1,390,359</b>	<b>2,497,515</b>	<b>2,119,325</b>	<b>241,108</b>	<b>21,782,427</b>
Including													
<i>Electricity transmission</i>	2,962,699	1,134,773	3,185,853	1,183,240	1,665,371	2,020,066	1,048,832	1,646,681	1,366,633	2,371,181	2,043,991	106,298	20,735,618
<i>Technological connection services</i>	249,844	960	20,032	13,409	55,465	6,179	12,232	14,234	9,716	7,416	44,604	103	434,194
<i>Sale of electricity and capacity</i>	—	—	—	—	—	—	—	—	—	103,384	—	—	103,384
<i>Other revenue</i>	152,069	17,702	56,829	11,546	13,194	27,858	10,994	24,058	14,010	15,534	30,730	134,707	509,231
<b>EBITDA</b>	<b>852,777</b>	<b>111,464</b>	<b>561,566</b>	<b>163,321</b>	<b>256,797</b>	<b>341,120</b>	<b>111,490</b>	<b>228,708</b>	<b>243,780</b>	<b>(260,394)</b>	<b>472,825</b>	<b>47,438</b>	<b>3,130,892</b>

**6 Information about segments (continued)**

**(a) Information about reportable segments (continued)**

For the three months ended 30 September 2017:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Others	Total
Revenue from external customers	3,079,083	1,173,515	3,046,077	1,159,721	1,609,060	1,997,594	1,034,521	1,598,660	1,343,689	2,385,602	2,102,031	30,076	20,559,629
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—	448	91,812	92,260
<b>Segment revenue</b>	<b>3,079,083</b>	<b>1,173,515</b>	<b>3,046,077</b>	<b>1,159,721</b>	<b>1,609,060</b>	<b>1,997,594</b>	<b>1,034,521</b>	<b>1,598,660</b>	<b>1,343,689</b>	<b>2,385,602</b>	<b>2,102,479</b>	<b>121,888</b>	<b>20,651,889</b>
Including													
<i>Electricity transmission</i>	2,919,698	1,156,809	2,982,612	1,129,784	1,555,020	1,963,611	1,019,288	1,552,164	1,316,182	2,236,001	2,035,749	90,106	19,957,024
<i>Technological connection services</i>	96,569	5,710	13,283	16,213	41,416	17,639	4,306	20,033	7,551	22,408	34,574	750	280,452
<i>Sale of electricity and capacity</i>	—	—	—	—	—	—	—	—	—	109,854	—	—	109,854
<i>Other revenue</i>	62,816	10,996	50,182	13,724	12,624	16,344	10,927	26,463	19,956	17,339	32,156	31,032	304,559
<b>EBITDA</b>	<b>855,929</b>	<b>230,932</b>	<b>539,107</b>	<b>278,169</b>	<b>215,998</b>	<b>368,539</b>	<b>150,948</b>	<b>151,703</b>	<b>244,522</b>	<b>53,695</b>	<b>626,577</b>	<b>46,636</b>	<b>3,762,755</b>



**6 Information about segments (continued)**  
**(a) Information about reportable segments (continued)**

For the nine months ended 30 September 2018:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Others	Total
Revenue from external customers	9,755,065	3,752,324	10,292,295	3,847,329	5,415,665	6,569,857	3,339,844	5,573,716	4,401,546	8,056,976	7,209,970	215,285	68,429,872
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—	1,434	337,932	339,366
<b>Segment revenue</b>	<b>9,755,065</b>	<b>3,752,324</b>	<b>10,292,295</b>	<b>3,847,329</b>	<b>5,415,665</b>	<b>6,569,857</b>	<b>3,339,844</b>	<b>5,573,716</b>	<b>4,401,546</b>	<b>8,056,976</b>	<b>7,211,404</b>	<b>553,217</b>	<b>68,769,238</b>
Including													
<i>Electricity transmission</i>	9,073,572	3,695,600	10,075,344	3,778,139	5,133,724	6,432,501	3,298,782	5,398,067	4,302,575	7,574,246	6,957,444	332,063	66,052,057
<i>Technological connection services</i>	369,597	23,346	90,328	32,911	248,104	51,307	13,617	94,152	59,689	59,475	172,729	550	1,215,805
<i>Sale of electricity and capacity</i>	—	—	—	—	—	—	—	—	—	381,773	—	—	381,773
<i>Other revenue</i>	311,896	33,378	126,623	36,279	33,837	86,049	27,445	81,497	39,282	41,482	81,231	220,604	1,119,603
<b>EBITDA</b>	<b>2,504,165</b>	<b>669,258</b>	<b>1,979,385</b>	<b>799,848</b>	<b>935,941</b>	<b>1,304,358</b>	<b>434,445</b>	<b>1,144,105</b>	<b>966,887</b>	<b>(110,061)</b>	<b>1,862,400</b>	<b>160,751</b>	<b>12,651,482</b>

**6 Information about segments (continued)**

**(a) Information about reportable segments (continued)**

For the nine months ended 30 September 2017:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Others	Total
Revenue from external customers	10,335,461	3,616,145	9,389,814	3,638,277	5,126,655	6,527,498	3,182,080	5,139,751	4,279,020	7,779,020	6,719,111	52,322	65,785,154
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–	1,403	294,033	295,436
<b>Segment revenue</b>	<b>10,335,461</b>	<b>3,616,145</b>	<b>9,389,814</b>	<b>3,638,277</b>	<b>5,126,655</b>	<b>6,527,498</b>	<b>3,182,080</b>	<b>5,139,751</b>	<b>4,279,020</b>	<b>7,779,020</b>	<b>6,720,514</b>	<b>346,355</b>	<b>66,080,590</b>
Including													
<i>Electricity transmission</i>	9,869,733	3,577,215	9,218,375	3,537,706	4,977,650	6,438,001	3,138,507	4,996,417	4,109,620	7,277,415	6,539,066	287,880	63,967,585
<i>Technological connection services</i>	261,569	12,173	46,375	64,128	111,178	54,412	10,606	63,840	126,769	73,073	86,769	1,337	912,229
<i>Sale of electricity and capacity</i>	–	–	–	–	–	–	–	–	–	389,075	–	–	389,075
<i>Other revenue</i>	204,159	26,757	125,064	36,443	37,827	35,085	32,967	79,494	42,631	39,457	94,679	57,138	811,701
<b>EBITDA</b>	<b>3,191,737</b>	<b>891,466</b>	<b>2,085,519</b>	<b>1,000,031</b>	<b>707,174</b>	<b>1,197,815</b>	<b>498,368</b>	<b>1,023,918</b>	<b>1,072,025</b>	<b>923,732</b>	<b>1,792,405</b>	<b>134,334</b>	<b>14,518,524</b>

**6 Information about segments (continued)**

**(a) Information about reportable segments (continued)**

30 September 2018:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Others	Total
Segments assets	25,705,025	5,065,487	12,921,946	6,828,716	7,441,333	16,596,277	4,079,623	7,647,144	6,108,778	10,085,168	14,427,688	1,899,477	118,806,662
Including property, plant and equipment and construction in progress	23,811,276	4,422,489	11,293,773	5,995,920	6,256,427	13,781,959	3,530,181	6,568,384	4,294,520	8,108,813	11,040,369	543,644	99,647,755

31 December 2017:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Others	Total
Segment assets	26,023,341	5,167,212	12,542,480	6,575,565	7,601,480	16,600,411	4,061,848	7,833,945	5,926,503	10,985,392	14,191,286	2,644,900	120,154,363
Including property, plant and equipment and construction in progress	23,886,119	4,492,707	11,125,720	5,872,914	6,354,909	14,165,537	3,523,284	6,643,501	4,137,633	8,312,812	11,148,100	419,324	100,082,560

## 6 Information about segments (continued)

### (b) The reconciliation of reportable segments EBITDA:

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
<b>EBITDA of reportable segments</b>	<b>3,130,892</b>	<b>3,762,755</b>	<b>12,651,482</b>	<b>14,518,524</b>
Discounting receivables	3,996	–	12,806	9,506
Adjustment for finance lease	457	545	1,489	928
Recognition of pension and other long-term liabilities to employees	16,081	18,946	4,268	16,399
Adjustment on assets related to employee benefit liabilities	(49,402)	(8,046)	(8,143)	40,340
Re-measurement of investments (transfer of revaluation to equity)	15,422	6,256	(9,538)	33,916
Adjustment of the value of property, plant and equipment	264	(5,741)	(320)	(1,405)
Other adjustments	99,627	105,774	336,911	228,033
<b>EBITDA</b>	<b>3,217,337</b>	<b>3,880,489</b>	<b>12,988,955</b>	<b>14,846,241</b>
Depreciation and amortization	(2,519,820)	(2,416,582)	(7,516,758)	(7,158,167)
Interest expenses on financial liabilities	(757,733)	(993,069)	(2,433,142)	(3,114,754)
Interest expenses of finance lease liabilities	(152)	(294)	(576)	(398)
Income tax expense	(63,872)	(716,551)	(999,567)	(2,090,828)
<b>Profit/(loss) for the period per statement of profit or loss and other comprehensive income</b>	<b>(124,240)</b>	<b>(246,007)</b>	<b>2,038,912</b>	<b>2,482,094</b>

## 7 Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
Electricity transmission	20,629,320	19,866,917	65,719,994	63,679,704
Technological connection services	434,194	280,434	1,215,805	912,211
Sale of electricity and capacity	103,384	109,854	381,773	389,075
Other revenue	507,052	302,424	1,111,960	804,164
	<b>21,673,950</b>	<b>20,559,629</b>	<b>68,429,532</b>	<b>65,785,154</b>

Other revenues are comprised of repair and maintenance services, rental income and other.

Other revenue includes also revenue from performing the functions of the sole Executive body of PJSC "IDGC of Center and Volga region" for the three and nine months ended 30 September 2018 in the amount of RUB 109,036 thousand and RUB 164,053 thousand (for the three and nine months ended 30 September 2017: RUB 6,111 thousand).

Other revenue includes also revenue from sales of inventory to PJSC "IDGC of Northern Caucasus" for the three and nine months ended 30 September 2018 in the amount of RUB 101,209 thousand (for the three and nine months ended 30 September 2017: nil).

## 8 Net other income

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
Income from identified non-contracted electricity consumption	37,273	23,184	81,740	74,310
Income in the form of fines and penalties on commercial contracts	169,457	70,746	509,940	285,740
Accounts payable write-off	9,932	10,763	26,596	50,351
Income from gratuitously received property, plant and equipment and inventories	31,713	33,475	38,196	40,021
Other income	59,646	105,870	156,303	221,101
	<b>308,021</b>	<b>244,038</b>	<b>812,775</b>	<b>671,523</b>

## 9 Operating expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
Personnel costs	4,735,141	4,422,980	14,189,729	13,791,987
Depreciation and amortization	2,519,820	2,416,582	7,516,758	7,158,167
<i>Material expenses, including:</i>				
Electricity for compensation of losses	2,597,827	2,607,339	10,126,751	8,779,269
Electricity for sale	88,071	96,426	335,746	332,170
Purchased electricity and heat power for own needs	28,010	29,103	266,251	236,990
Other material costs	1,139,243	1,034,615	2,407,241	2,251,261
<i>Production work and services, including:</i>				
Electricity transmission services	7,395,094	6,994,383	22,567,612	21,556,551
Repair and maintenance services	194,815	171,359	412,382	420,750
Other works and industrial services	191,508	165,601	410,475	347,806
Taxes and levies other than income tax	475,388	398,619	1,427,102	1,205,914
Rent	113,494	118,487	346,200	363,602
Insurance	36,953	36,623	108,741	109,584
<i>Other third-party services, including:</i>				
Communication services	69,633	71,285	204,517	201,090
Security services	77,568	73,803	228,095	223,742
Consulting, legal and audit services	5,985	3,648	18,638	33,931
Software costs and services	77,795	92,106	238,810	260,360
Transportation services	7,331	9,320	16,573	18,828
Other services	185,936	228,177	591,869	624,363
Allowance for expected credit losses	568,540	(390,078)	894,944	(438,033)
Provisions	329,237	53,967	548,175	99,030
Debt settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	166,956	623,825	311,349	896,646
Other expenses	240,988	104,632	571,171	554,406
	<b>21,245,333</b>	<b>19,362,802</b>	<b>63,739,129</b>	<b>59,028,414</b>

## 10 Finance income and costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
<b>Finance income</b>				
Interest income on bank deposits and balances on bank accounts	1,804	56,165	47,868	334,874
Dividends receivable	8	7,308	7,420	14,608
Interest income on assets related to employee defined benefits plans	–	–	–	34,883
Other finance income	3,996	–	53,510	9,506
	<b>5,808</b>	<b>63,473</b>	<b>108,798</b>	<b>393,871</b>
<b>Finance costs</b>				
Interest expenses on financial liabilities measured at amortized cost	(757,733)	(993,069)	(2,433,142)	(3,114,754)
Interest expenses on finance lease liabilities	(152)	(294)	(576)	(398)
Interest expenses on long-term employee benefit liabilities	(39,553)	(39,105)	(126,726)	(127,332)
Other finance costs	(5,376)	(1,326)	(13,053)	(6,728)
	<b>(802,814)</b>	<b>(1,033,794)</b>	<b>(2,573,497)</b>	<b>(3,249,212)</b>

## 11 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction in progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2017</b>	34,173,604	60,039,279	35,331,460	18,336,210	3,866,317	151,746,870
Reclassification between groups	(2,103)	2,403	(53)	(247)	–	–
Additions	–	4,261	195	4,490	6,975,029	6,983,975
Transfer	1,118,575	2,641,744	928,827	1,237,139	(5,926,285)	–
Disposals	(13,997)	(8,084)	(30,608)	(79,411)	(1,506)	(133,606)
<b>At 30 September 2017</b>	<b>35,276,079</b>	<b>62,679,603</b>	<b>36,229,821</b>	<b>19,498,181</b>	<b>4,913,555</b>	<b>158,597,239</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2017</b>	(11,596,191)	(29,938,498)	(14,044,233)	(12,191,638)	(185,492)	(67,956,052)
Reclassification between groups	12	–	(248)	236	–	–
Transfer to property, plant and equipment (transfer of impairment losses)	(3,308)	(1,760)	(1,785)	(268)	7,121	–
Depreciation charge	(1,159,504)	(2,832,795)	(1,520,607)	(1,351,186)	–	(6,864,092)
Disposals	4,965	6,994	27,744	77,417	67	117,187
<b>At 30 September 2017</b>	<b>(12,754,026)</b>	<b>(32,766,059)</b>	<b>(15,539,129)</b>	<b>(13,465,439)</b>	<b>(178,304)</b>	<b>(74,702,957)</b>
<i>Net book value</i>						
<b>At 1 January 2017</b>	<b>22,577,413</b>	<b>30,100,781</b>	<b>21,287,227</b>	<b>6,144,572</b>	<b>3,680,825</b>	<b>83,790,818</b>
<b>At 30 September 2017</b>	<b>22,522,053</b>	<b>29,913,544</b>	<b>20,690,692</b>	<b>6,032,742</b>	<b>4,735,251</b>	<b>83,894,282</b>



**11 Property, plant and equipment (continued)**

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2018</b>	<b>36,732,212</b>	<b>65,045,464</b>	<b>37,531,240</b>	<b>20,453,838</b>	<b>3,890,860</b>	<b>163,653,614</b>
Reclassification between groups	246	63	(309)	—	—	—
Additions	8	6,744	380	1,807	7,940,913	7,949,852
Transfer	1,019,317	2,811,219	1,449,075	1,393,960	(6,673,571)	—
Disposals	(5,279)	(11,924)	(13,869)	(96,243)	(4,869)	(132,184)
<b>At 30 September 2018</b>	<b>37,746,504</b>	<b>67,851,566</b>	<b>38,966,517</b>	<b>21,753,362</b>	<b>5,153,333</b>	<b>171,471,282</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2018</b>	<b>(14,506,950)</b>	<b>(33,027,951)</b>	<b>(16,382,638)</b>	<b>(13,817,062)</b>	<b>(197,724)</b>	<b>(77,932,325)</b>
Reclassification between groups	(70)	(1)	71	—	—	—
Transfer to property, plant and equipment (transfer of impairment losses)	(16,674)	(15,603)	(75,536)	(6,218)	114,031	—
Depreciation charge	(1,174,666)	(3,080,371)	(1,558,754)	(1,361,162)	—	(7,174,953)
Disposals	3,823	7,289	9,056	93,230	79	113,477
<b>At 30 September 2018</b>	<b>(15,694,537)</b>	<b>(36,116,637)</b>	<b>(18,007,801)</b>	<b>(15,091,212)</b>	<b>(83,614)</b>	<b>(84,993,801)</b>
<i>Net book value</i>						
<b>At 1 January 2018</b>	<b>22,225,262</b>	<b>32,017,513</b>	<b>21,148,602</b>	<b>6,636,776</b>	<b>3,693,136</b>	<b>85,721,289</b>
<b>At 30 September 2018</b>	<b>22,051,967</b>	<b>31,734,929</b>	<b>20,958,716</b>	<b>6,662,150</b>	<b>5,069,719</b>	<b>86,477,481</b>

## 11 Property, plant and equipment (continued)

Capitalized borrowing costs amounted to RUB 127,520 thousand with a capitalization rate 8.07 – 9.42% for the nine months ended 30 September 2018 (for nine months ended 30 September 2017: RUB 158,616 thousand with a capitalization rate 9.69 – 10.72%).

Depreciation charge has been capitalized to the cost of capital construction objects in the amount of RUB 31,979 thousand for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: RUB 23,600 thousand).

## 12 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
<b>At 1 January 2017</b>	<b>1,465,512</b>	<b>29,947</b>	<b>1,218,251</b>	<b>2,713,710</b>
Reclassification between groups	–	(52,701)	52,701	–
Additions	164,499	25,380	258	190,137
Disposals	(41,148)	(270)	–	(41,418)
<b>At 30 September 2017</b>	<b>1,588,863</b>	<b>2,356</b>	<b>1,271,210</b>	<b>2,862,429</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2017</b>	<b>(274,588)</b>	–	<b>(93,840)</b>	<b>(368,428)</b>
Amortization charge	(261,329)	–	(56,346)	(317,675)
Disposals	41,148	–	–	41,148
<b>At 30 September 2017</b>	<b>(494,769)</b>	–	<b>(150,186)</b>	<b>(644,955)</b>
<i>Net book value</i>				
<b>At 1 January 2017</b>	<b>1,190,924</b>	<b>29,947</b>	<b>1,124,411</b>	<b>2,345,282</b>
<b>At 30 September 2017</b>	<b>1,094,094</b>	<b>2,356</b>	<b>1,121,024</b>	<b>2,217,474</b>
<i>Initial costs</i>				
<b>At 1 January 2018</b>	<b>1,703,552</b>	<b>21,255</b>	<b>1,271,281</b>	<b>2,996,088</b>
Reclassification between groups	–	(11,690)	11,690	–
Additions	678,408	15,628	2,815	696,851
Disposals	(64,931)	(1,804)	–	(66,735)
<b>At 30 September 2018</b>	<b>2,317,029</b>	<b>23,389</b>	<b>1,285,786</b>	<b>3,626,204</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2018</b>	<b>(447,525)</b>	–	<b>(168,393)</b>	<b>(615,918)</b>
Amortization charge	(319,207)	–	(54,577)	(373,784)
Disposals	64,931	–	–	64,931
<b>At 30 September 2018</b>	<b>(701,801)</b>	–	<b>(222,970)</b>	<b>(924,771)</b>
<i>Net book value</i>				
<b>At 1 January 2018</b>	<b>1,256,027</b>	<b>21,255</b>	<b>1,102,888</b>	<b>2,380,170</b>
<b>At 30 September 2018</b>	<b>1,615,228</b>	<b>23,389</b>	<b>1,062,816</b>	<b>2,701,433</b>

## 12 Intangible assets (continued)

Amortization of intangible assets included in operating expenses in consolidated interim condensed statement of profit or loss and other comprehensive income for the nine months ended 30 September 2018 is RUB 373,784 thousand (for the nine months ended 30 September 2017: RUB 317,675 thousand).

During the reporting period, nonexecutive rights were acquired for software in the amount of RUB 678,408 thousand, including nonexecutive rights for the use of computer programs: SAP, Document Access, Developer User.

Intangible assets are amortized on a straight-line basis.

Other intangible assets include objects of intellectual property, R&D results and objects of Service Concession Arrangement

Into the structure of intangible assets in the subgroup "other intangible assets", the Group include a right to charge fee from users of services on electricity transmission in accordance with "Service Concession Arrangement concerning the financing, establishment and operation of facilities for the transmission and distribution of electric energy on the territory of the Tambov region". This agreement provides for the construction by a Group of objects for the purposes of transmission and distribution of electricity in the Tambov region and the provision of transmission services, electricity distribution and connection services with the use of objects of the Service Concession Arrangement. Ownership of the constructed objects belongs to the Tambov region, and the Group receives the right of possession and use of objects for the Group activities. The Service Concession Arrangement is concluded for 20 years. During the Concession Agreement, the Administration of the Tambov Region may grant subsidies to the Group, both in respect of payment of remuneration for construction, and in respect of compensation for lost revenue from electricity transmission. The net book value of the objects of the Concession Agreement as at 30 September 2018 is RUB 946,919 thousand. (as at 31 December 2017: RUB 988,066 thousand). Amortization for the objects of the Concession Agreement is RUB 41,147 thousand for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: RUB 41,147 thousand).

## 13 Financial investments

	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	199,483	–
Available-for-sale financial assets	–	189,945
	<u>199,483</u>	<u>189,945</u>

Finance assets at fair value through other comprehensive income as at 30 September 2018 and available-for-sale financial assets as at 31 December 2017 include shares of PJSC "Unipro", PJSC "IDGC of Center and Volga region", PJSC "FGC UES". Fair value of these investments is RUB 199,483 thousand and RUB 189,945 thousand respectively.

For the nine months ended 30 September 2018 the increase in fair value in the total amount of RUB 9,538 thousand is reflected in other comprehensive income (for the nine months ended 30 September 2017 the decrease: RUB 33,916 thousand).

#### 14 Trade and other receivables

	<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Non-current trade and other account receivables</b>		
Trade receivables	534,728	907,221
Other receivables	112,673	127,061
<b>Total financial assets</b>	<b>647,401</b>	<b>1,034,282</b>
Advances given	7,717	3,276
<b>Total trade and other receivables</b>	<b>655,118</b>	<b>1,037,558</b>
<b>Current trade and other account receivables</b>		
Trade receivables	21,499,611	21,754,731
Allowance for expected credit losses on trade receivables	(11,956,455)	(11,479,271)
Other receivables	1,557,800	1,550,815
Allowance for expected credit losses on other receivables	(1,063,518)	(1,144,280)
Loans given	–	161,600
Allowance for expected credit losses on loans given	–	(161,600)
<b>Total financial assets</b>	<b>10,037,438</b>	<b>10,681,995</b>
Advances given	61,606	145,094
Advances given impairment allowance	(16,277)	(16,452)
VAT recoverable	7,144	9,730
VAT on advances from customers and clients and advances given for the purchase of property, plant and equipment	410,247	452,533
Prepaid taxes, other than income tax and VAT	22,489	22,173
<b>Total trade and other receivables</b>	<b>10,522,647</b>	<b>11,295,073</b>

Balances with related parties are disclosed in Note 23.

## 15 Cash and cash equivalents

			<u>30 September 2018</u>	<u>31 December 2017</u>
Cash in bank accounts and cash on hand			216,301	1,362,307
			<b>216,301</b>	<b>1,362,307</b>

  

	<u>Rating</u>	<u>Rating agency</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
PJSC “Sberbank of Russia”*	Ba2	Moody’s	14,133	139,529
JSC “Bank GPB”*	Ba2	Moody’s	144	262
PJSC “VTB bank”*	Ba2	Moody’s	9,563	234,920
JSC “Alfa-bank”	Ba1	Moody’s	50	–
JSC “AB Russia”	ruAA	Expert RA	175,004	961,038
PJSC “Promsvyazbank”	B2	Moody’s	721	60
PJSC “Rosbank”	Ba2	Moody’s	16,466	26,374
JSC “SMP bank”	ruA-	Expert RA	–	91
PJSC “Sovcombank”	Ba3	Moody’s	–	1
Cash on hand			220	32
			<b>216,301</b>	<b>1,362,307</b>

\* State-controlled banks

All balance of cash are denominated in rubles as at 30 September 2018 and as at 31 December 2017.

As at 30 September 2018, the balance on the current account with JSC “AB Russia” represents cash in the form of a non-reducible balance is absent (as at 31 December 2017: RUB 961,000 thousand at 6.75-7.00% per annum).

## 16 Equity

	<b>Ordinary shares</b>	
	<u>30 September 2018</u>	<u>31 December 2017</u>
Par value (in RUB)	0.10	0.10
On issue at 1 January, units	42,217,941,468	42,217,941,468
On issue at the end of the period, fully paid, units	42,217,941,468	42,217,941,468

### (a) Dividends

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

At the annual general meeting of shareholders held on 8 June 2017 dividends for 2016 were declared in the amount of RUB 1,866,675 thousand. The amount of dividends was RUB 0.0442 per one ordinary share.

At the annual general meeting of shareholders held on 31 May 2018 dividends for 2017 were declared in the amount of RUB 879,028 thousand. The amount of dividends was RUB 0.0208 per one ordinary share.

In nine months 2018, the Company recovered unclaimed dividends for 2014 in the amount of RUB 7,548 thousand (in nine months 2017: RUB 737 thousand – recovered unclaimed dividends for 2013).



## 18 Loans and borrowings

	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>Non-current liabilities</b>		
Unsecured loans and borrowings	23,500,000	26,213,131
Unsecured bonds	15,400,319	15,265,247
Finance lease liabilities	–	695
Less: current portion of long-term loans and borrowings	–	(2,213,131)
Less: current portion of long-term bonds	(5,414,020)	(5,276,732)
	<u><b>33,486,299</b></u>	<u><b>33,989,210</b></u>
<b>Current liabilities</b>		
Unsecured loans and borrowings	738,458	–
Finance lease liabilities	1,158	1,593
Current portion of long-term loans and borrowings	–	2,213,131
Current portion of long-term bonds	5,414,020	5,276,732
	<u><b>6,153,636</b></u>	<u><b>7,491,456</b></u>
<b>Including:</b>		
Debts on interest payable on loans and borrowings	11,192	13,131
Debts on interest payable on bonds	419,750	277,900
	<u><b>430,942</b></u>	<u><b>291,031</b></u>

All balances of loans and borrowings are denominated in rubles as at 30 September 2018 and 31 December 2017.

Balances with related parties are disclosed in Note 23.

For the nine months ended 30 September 2018 the Group has attracted the following significant loans, borrowings and bonds:

	<u>Nominal interest rates</u>	<u>Years of maturity</u>	<u>Nominal value</u>
Unsecured loans and borrowings*	7.40% – 8.75%	2018 – 2021	83,495,181
Unsecured loans and borrowings	7.49% – 13.0%	2018 – 2020	2,485,630
Unsecured bonds	7.90% – 13.0%	2018 – 2020	5,000,000
			<u><b>90,980,811</b></u>

\* Loans and borrowings received from companies related to the state

For the nine months ended 30 September 2018 the Group repaid the following significant loans, borrowings and bonds:

	<u>Nominal value</u>
Loans and borrowings received from companies related to the state	87,467,915
Other loans and borrowings	485,630
Unsecured bonds	5,000,000
	<u><b>92,953,545</b></u>

**19 Trade and other payables**

	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>Non-current liabilities</b>		
Trade payables	34,342	17,724
Other payables	85,950	30,300
<b>Total financial liabilities</b>	<b>120,292</b>	<b>48,024</b>
Advances from customers	1,161,843	875,331
	<b>1,282,135</b>	<b>923,355</b>
<b>Current liabilities</b>		
Trade payables	5,505,276	4,575,346
Other payables and accrued expenses	240,004	390,668
Payables to employees	1,262,373	1,777,592
Dividends payables	43,395	39,896
<b>Total financial liabilities</b>	<b>7,051,048</b>	<b>6,783,502</b>
Advances from customers	1,474,044	2,057,797
	<b>8,525,092</b>	<b>8,841,299</b>
<b>Taxes payable</b>		
Value-added tax	1,126,774	1,086,645
Property tax	444,598	365,766
Social security contributions	352,100	376,148
Other taxes payables	157,477	158,362
	<b>2,080,949</b>	<b>1,986,921</b>
	<b>10,606,041</b>	<b>10,828,220</b>

Long-term advances of customers include advances for services of technological connection to electric grids in the amount of RUB 904,975 thousand as at 30 September 2018 (as at 31 December 2017: RUB 636,003 thousand).



## 20 Financial risk and capital management

The Group's financial risk and capital management objectives and policies made in measuring fair values are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2017.

The fair values of financial assets and liabilities, together with carrying amount are as follows:

	Note	30 September 2018		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
Trade and other receivables	14	10,684,839	10,684,839	–	–	10,684,839
Financial assets at fair value through other comprehensive income	13	199,483	199,483	199,446	–	37
Short- and long-term loans and borrowings	18	(39,639,936)	(39,639,936)	–	–	(39,639,936)
Trade and other payables	19	(7,171,340)	(7,171,340)	–	–	(7,171,340)
<b>Total</b>		<b>(35,926,954)</b>	<b>(35,926,954)</b>	<b>199,446</b>	<b>–</b>	<b>(36,126,400)</b>

	Note	31 December 2017		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
Trade and other receivables	14	11,716,277	11,716,277	–	–	11,716,277
Available-for-sale financial assets	13	189,945	189,945	189,908	–	37
Short- and long-term loans and borrowings	18	(41,480,666)	(41,480,666)	–	–	(41,480,666)
Trade and other payables	19	(6,831,526)	(6,831,526)	–	–	(6,831,526)
<b>Total</b>		<b>(36,405,970)</b>	<b>(36,405,970)</b>	<b>189,908</b>	<b>–</b>	<b>(36,595,878)</b>

The carrying value of cash and cash equivalents approximates fair value at 30 September 2018 and 31 December 2017.

During the nine months ended 30 September 2018, there was no transfer between the levels of the fair value hierarchy.

## 20 Financial risk and capital management (continued)

Reconciliation of the carrying amount of financial assets at fair value through other comprehensive income at the beginning and end of the reporting period is presented in the table below:

	<b>Financial assets at fair value through other comprehensive income</b>
<b>At 1 January 2018</b>	<b>189,945</b>
Change in fair value recognized in other comprehensive income	9,538
<b>At 30 September 2018</b>	<b>199,483</b>

## 21 Capital commitments

As at 30 September 2018, the Group has outstanding commitments under contracts for the purchase and construction of property, plant and equipment items for RUB 9,078,705 thousand inclusive of VAT (as at 31 December 2017: RUB 5,826,007 thousand inclusive of VAT).

## 22 Contingencies

### (a) Insurance

The Group has unified requirements in respect of the volume of insurance coverage, reliability of insurance companies and about procedures of insurance protection organization. The Group maintains insurance of assets, civil liability and other insurable risks. The main business assets of the Group have insurance coverage in case of damage or loss assets. However, there are risks of negative impact on the operations and the financial position of the Group in the case of damage caused to third parties, and as a result of damage or loss of assets, insurance protection of which is non-existent or not fully implemented.

### (b) Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterized by frequent 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 for 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 and substance-based 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 of the Group believes that it has adequately provided for tax assets and liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions; the Group's position of compliance with tax, currency and customs legislation can be justified protected. However, the interpretations of the relevant authorities could differ and have an effect on these consolidated interim condensed financial statements if the authorities were successful in enforcing their interpretations.

New transfer pricing legislation came into force since 1 January 2012, which significantly changed the rules for transfer pricing, bringing them closer to the principles of the organization for economic cooperation and development (OECD), but also to create additional uncertainty in connection with practical application of tax legislation in individual cases.

## **22 Contingencies (continued)**

### **(b) Taxation contingencies (continued)**

The practice of applying new rules on transfer pricing by tax authorities and laws is absent, since tax inspections for compliance with new rule of transfer pricing have recently begun. However, it is expected that transactions that are governed by transfer pricing rules will be subject to detailed verification, which could potentially have an impact on these consolidated interim condensed financial statements.

During the reporting period, the tax authorities continued the tax audit of the Group based on the results of operations for 2013-2015 years. The Group disputes a number of claims submitted by way of pre-trial appeal in the Federal Tax Services. In general, the Management believes that the Group has paid or accrued all taxes due to the law.

### **(c) Litigations**

The Group is a party to a number of litigations (both as a plaintiff and as respondent) arising in the ordinary course of business. In the opinion of Management, there are currently no outstanding claims or other claims that could have a material impact on the Group's results of operations or financial position and would not be recognized or disclosed in the consolidated interim condensed financial statements.

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

The Group has operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation continues to evolve, responsibilities of authorized Government bodies to oversee are being reconsidered. Potential environmental liabilities arise from changes in interpretations of existing legislation, lawsuits or changes in legislation can be assessed. In the opinion of management under the existing control system and under current legislation, there are no probable liabilities that could have a material adverse effect on the financial position, results of operations or cash flows of the Group.

## **23 Related party transactions**

### **(a) Control relationships**

Related parties are shareholders, affiliates and entities under common ownership and control of the Group, members of the Board of Directors and key management personnel of the Company. The Company's parent as at 30 September 2018 and 31 December 2017 was PJSC "Russian Grids". The final controlling party is the state represented by the Federal Property Management Agency, which owns a controlling stake in PJSC "Russian Grids".

## 23 Related party transactions (continued)

### (b) Transactions with parent company, its subsidiaries and associates

Transactions with parent company, its subsidiaries and associates include operations with PJSC “Russian Grids”, its subsidiaries and associates:

	Amount of the transaction				Carrying amount	
	For the three months ended 30 September		For the nine months ended 30 September		30 September	31 December
	2018	2017	2018	2017	2018	2017
<b>Revenue, net other income, finance income</b>						
<b>Parent company</b>						
Net other income	195	195	585	585	–	–
<b>Entities under common control of the parent company</b>						
Sales of electricity and capacity	13	8	59	75	–	–
Rent	610	380	1,638	1,140	278	165
Other revenue	211,642	6,490	288,129	12,652	172,905	51,083
Net other income	–	–	88	14,269	38	–
Dividends receivable	–	309	–	309	–	–
	<b>212,460</b>	<b>7,382</b>	<b>290,499</b>	<b>29,030</b>	<b>173,221</b>	<b>51,248</b>

	Amount of the transaction				Carrying amount	
	For the three months ended 30 September		For the nine months ended 30 September		30 September	31 December
	2018	2017	2018	2017	2018	2017
<b>Operating expenses, finance costs</b>						
<b>Parent company</b>						
Expenses for services related to the organization of the functioning and development of the EEC	63,985	82,078	178,543	256,798	46,899	22,617
Technical supervision services	10,562	14,083	31,687	31,687	–	–
Other expenses	3,311	3,311	9,935	9,935	–	–
Interest expenses on financial liabilities recorded at amortized cost	263,400	419,850	1,023,200	1,246,000	255,050	277,900
<b>Entities under common control of the parent company</b>						
Electricity for sale	234	131	1,054	637	16	18
Electricity transmission services	4,338,755	4,074,217	12,945,221	12,504,750	879,046	854,789
Technological connection services	297	1,510	1,096	3,050	–	–
Rent	1,266	1,095	3,682	6,000	942	478
Other expenses	75,894	13,744	107,131	29,435	256,695	9,617
	<b>4,757,704</b>	<b>4,610,019</b>	<b>14,301,549</b>	<b>14,088,292</b>	<b>1,438,648</b>	<b>1,165,419</b>

## 23 Related party transactions (continued)

### (b) Transactions with parent company, its subsidiaries and associates (continued)

Other revenue includes revenue from performing the functions of the sole Executive body of PJSC "IDGC of Center and Volga region" in the amount of RUB 109,036 thousand and RUB 164,053 thousand for the three and nine months ended 30 September 2018 (for the three and nine months ended 30 September 2017 RUB 6,111 thousand).

	Carrying amount	
	30 September 2018	31 December 2017
<b>Parent company</b>		
Loans and borrowings	10,244,550	15,265,247
<b>Entities under common control of the parent company</b>		
Advances given	28,548	27,119
Advances received	169,733	194,067
	<b>10,442,831</b>	<b>15,486,433</b>

As at 30 September 2018 and 31 December 2017, there is no debt to the parent company for the dividend payments.

### (c) Transaction with key management personnel

In order to prepare these consolidated interim condensed financial statements, the key management personnel are members of the Board of Directors, the management Board, General Directors of subsidiaries and other key management personnel.

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

The amounts of remuneration to key management personnel disclosed in the table represent the current period expenses for key management personnel reflected in employee benefits.

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
Short-term benefits	286,934	96,589	385,932	239,251
	<b>286,934</b>	<b>96,589</b>	<b>385,932</b>	<b>239,251</b>

As at 30 September 2018, the carrying amount of liabilities under defined benefit plans recorded in the consolidated interim condensed statement of financial position includes liabilities to key management personnel in the amount of RUB 13,867 thousand (31 December 2017: RUB 14,551 thousand).

### (d) Transaction with government-related entities

In the course of its operating activities, the Group is engaged in many transactions with state-controlled entities. These transactions are carried out in accordance with regulated tariffs or based on market prices.

Revenues from state-controlled entities for the three and nine months ended 30 September 2018 constitute 41% and 41% (for the three and nine months ended 30 September 2017: 40% and 40%) of total Group revenues, including 42% and 42% (for the three and nine months ended 30 September 2017: 41% and 41%) of electricity transmission revenues.

**23 Related party transactions (continued)**

**(d) Transaction with government-related entities (continued)**

Electricity transmission services costs (including compensation of technological losses) for state-controlled entities for the three and nine months ended 30 September 2018 constitute 63% and 62% (for the three and nine months ended 30 September 2017: 63% and 63%) of total electricity transmission services costs.

Interest expenses for government-related entities account for 55% and 54% of the total interest expenses for the three and nine months ended 30 September 2018 (for the three and nine months ended 30 September 2017: 50% and 51%).

As at 30 September 2018, the balance of cash and cash equivalents held with state-controlled banks is RUB 23,840 thousand (as at 31 December 2017: RUB 374,711 thousand).

Loans and borrowings received from state-controlled banks are disclosed in Note 18.

**24 Events after the reporting date**

Events after the reporting date, which should be reflected in the consolidated interim condensed financial statements for the reporting period, have not been identified.