
Consolidated interim condensed financial statements
PJSC Interregional Distribution Grid Company of Volga
for the three and six months ended 30 June 2017
(Unaudited)

Consolidated interim condensed financial statements
PJSC Interregional Distribution Grid Company of Volga

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PJSC IDGC of Volga

Consolidated Interim Condensed Statement of Financial Position as at 30 June 2017 (Unaudited)
(in thousands of Russian Rubles, unless otherwise stated)

	Note	30 June 2017 (unaudited)	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	7	37,748,460	38,752,263
Intangible assets		122,229	153,003
Other non-current assets		672,694	660,247
Total non-current assets		38,543,383	39,565,513
Current assets			
Inventories		1,920,556	1,451,064
Income tax receivable		244,493	68,889
Trade and other receivables	8	6,452,212	7,575,273
Prepayments for current assets		157,586	153,345
Cash and cash equivalents		3,403,564	2,265,917
Total current assets		12,178,411	11,514,488
TOTAL ASSETS		50,721,794	51,080,001
EQUITY AND LIABILITIES			
Equity			
Share capital	9	18,109,460	18,109,460
Reserve for issue of shares		470,920	470,920
Reserves		(808,179)	(771,520)
Retained earnings		14,414,469	13,616,531
Total equity		31,186,670	31,425,391
Non-current liabilities			
Deferred tax liabilities		2,527,771	2,633,864
Employee benefits		1,485,333	1,436,960
Loans and borrowings	10	6,180,000	8,380,000
Trade and other payables	11	692,814	787,591
Total non-current liabilities		10,885,918	13,238,415
Current liabilities			
Loans and borrowings	10	7,441	13,883
Trade and other payables	11	6,130,779	4,852,946
Provisions		63,262	21,391
Income tax payable		-	3,889
Other taxes payable	11	1,447,724	1,524,086
Total current liabilities		7,649,206	6,416,195
Total liabilities		18,535,124	19,654,610
TOTAL EQUITY AND LIABILITIES		50,721,794	51,080,001

These consolidated interim condensed financial statements were approved by management on 22 August 2017 and were signed on its behalf by:

Deputy General Director for Economics and Finance
(by the power of attorney of 15th August 2017 No Д/17-315)



I. Yu. Puchkova
I.A. Tamlenova

I. Yu. Puchkova

Chief Accountant

I.A. Tamlenova

PJSC IDGC of Volga

**Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three and six months ended 30 June 2017 (Unaudited)**

(in thousands of Russian Roubles, unless otherwise stated)

	Note	Three months ended 30 June 2017 (unaudited)	Three months ended 30 June 2016 (unaudited)	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Revenue	12	13,045,267	11,800,057	27,973,934	25,424,093
Operating expenses	13	(12,145,513)	(11,611,678)	(25,419,011)	(24,042,816)
Other income and expenses, net	14	157,741	18,079	360,603	92,086
Operating profit		1,057,495	206,458	2,915,526	1,473,363
Finance income		48,666	36,556	128,733	108,471
Finance costs		(169,394)	(311,579)	(380,173)	(647,910)
Profit before income tax		936,767	(68,565)	2,664,086	933,924
Income tax expense		2,013	(128,541)	(557,337)	(396,681)
Profit for the period		938,780	(197,106)	2,106,749	537,243
Other comprehensive income					
Revaluation of net liabilities (assets) for defined benefit obligations		(7,635)	(67,550)	(38,262)	(110,453)
Income tax on other comprehensive income		(349)	4,810	1,603	6,713
Total other comprehensive income		(7,984)	(62,740)	(36,659)	(103,740)
Total comprehensive income for the period		930,796	(259,846)	2,070,090	433,503
Earnings per share - basic and diluted (in RUB)		0.0052	(0.0011)	0.0116	0.003

PJSC IDGC of Volga
Consolidated Interim Condensed Statement of Cash Flows
for the six months ended 30 June 2017 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

	Note	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
OPERATING ACTIVITIES:			
Profit before income tax for the period		2,664,086	933,924
Adjustments for:			
Depreciation and amortisation	13	2,223,183	2,251,348
Allowance for impairment of accounts receivable	13	312,916	147,438
Finance costs		380,173	647,910
Finance income		(128,733)	(108,471)
Loss/(profit) on disposal of property, plant and equipment		(5,054)	6,734
Change in allowances		51,090	38,318
Accounts payable written-off		(5,169)	(2,748)
Operating profit before working capital changes and income tax paid		5,492,492	3,914,453
Working capital changes:			
Change in trade and other receivables		822,546	(8,900)
Change in prepayments		(17,187)	(5,438)
Change in inventories		(464,393)	(554,760)
Change in defined benefit obligations		8,916	19,583
Change in other non-current assets		9,354	(25,621)
Change in trade and other payables		(150,619)	142,149
Change in long-term payables		(47,339)	(14,908)
Change in provisions		(9,219)	154,864
Change in taxes payable other than income		(76,361)	(32,717)
Cash flows from operations before income taxes and interest paid		5,568,190	3,588,705
Income tax (recovered)/paid		(826,491)	(2,047,064)
Interest paid		(345,589)	(608,074)
Net cash flows from operating activities		4,396,110	933,567
INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		(1,132,508)	(841,591)
Proceeds from disposal of property, plant and equipment		1,606	18,106
Acquisition of intangible assets		(24,939)	(14,020)
Interest received		97,378	81,586
Net cash flows used in investing activities		(1,058,463)	(755,919)
FINANCING ACTIVITIES:			
Proceeds from loans and borrowings		2,400,000	-
Repayment of loans and borrowings		(4,600,000)	(1,550,000)
Dividends paid		-	(15)
Proceeds from shares issued		-	184,820
Net cash flows used in financing activities		(2,200,000)	(1,365,195)
Net increase in cash and cash equivalents		1,137,647	(1,187,547)
Cash and cash equivalents at the beginning of the period		2,265,917	1,958,398
Cash and cash equivalents at the end of the period		3,403,564	770,851

PJSC IDGC of Volga
Consolidated Interim Condensed Statement of Changes in Equity
for the six months ended 30 June 2017 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

	Share capital	Reserve for issue of shares	Reserves	Accumulated Profit	Total equity
As at 1 January 2016	17,857,780	66,860	(780,713)	11,041,379	28,185,306
Profit for the period	-	-	-	537,243	537,243
Other comprehensive income					
Revaluation of net liabilities (assets) for defined benefit obligations	-	-	(110,453)	-	(110,453)
Income tax on other comprehensive income	-	-	6,713	-	6,713
Total other comprehensive income	-	-	(103,740)	-	(103,740)
Total comprehensive income	-	-	(103,740)	537,243	433,503
Dividends	-	184,820	-	-	184,820
As at 30 June 2016	17,857,780	251,680	(884,453)	11,347,858	28,572,865
As at 1 January 2017	18,109,460	470,920	(771,520)	13,616,531	31,425,391
Profit for the period	-	-	-	2,106,749	2,106,749
Other comprehensive income					
Revaluation of net liabilities (assets) for defined benefit obligations	-	-	(38,262)	-	(38,262)
Income tax on other comprehensive income	-	-	1,603	-	1,603
Total other comprehensive income	-	-	(36,659)	-	(36,659)
Total comprehensive income	-	-	(36,659)	2,106,749	2,070,090
Dividends				(1,308,811)	(1,308,811)
As at 30 June 17	18,109,460	470,920	(808,179)	14,414,469	32,186,670

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 7 to 20

PJSC IDGC of Volga
Notes to the Consolidated Interim Condensed Financial Statements
for the three and six months ended 30 June 2017 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

Note 1. Background

(a) The Group and its operations

Public Joint-Stock Company "Interregional Distribution Grid Company of Volga" (hereafter, the "Company" or PJSC IDGC of Volga) and its subsidiaries (together referred to as the "Group") comprise Russian joint stock companies as defined in the Civil Code of the Russian Federation. The Company was set up on 29 June 2007 based on Resolution no. 191p of 22 June 2007 and pursuant to the Board of Directors' decision (board of directors' meeting minutes no. 250 of 27 April 2007) of the Russian Open Joint-Stock Company RAO "United Energy Systems of Russia" (hereafter, "RAO UES").

The Company's registered office is 42/44 Pervomayskaya Street, Saratov, Russian Federation, 410031.

The Group's principal activity is the transmission and distribution of electricity and the connection of customers to the electricity grid.

The Group's significant subsidiaries are:

Name	% owned	
	30 June 2017	31 December 2016
OJSC Chuvashskaya avtotransportnaya kompaniya	99.99	99.99
OJSC Sanatoriy Solnechny	99.99	99.99
OJSC Sotsialnaya Sfera-M	100	100
OJSC Energoservis Volgi	100	100

As at 30 June 2017 the Russian Government owned 88,75 % of the voting ordinary shares and 7,01 % of the preference shares of PJSC Rosseti (31 December 2016: 88,75% of the voting ordinary shares and 7.01 % of the preference shares), which in turn owned 68,08 % of the Company.

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

(b) Russian business environment

The Group operates primarily in the Russian Federation and hence is exposed to risks related to the Russian economic and political markets environment.

Consequently, the Group's business is influenced by the economics and financial markets of the Russian Federation which display characteristics of an emerging market. Legal, tax and regulatory systems are in process of development however are subject to varying interpretations and frequent changes. Furthermore, entities that operate in the Russian Federation nowadays face other fiscal and regulatory uncertainties. In addition, global oil and gas prices is significantly influence the Russian economy. Therefore a significant lasting fall in oil prices has its adverse effect on the economy in the Russian Federation. This produces additional challenges for entities operating in the Russian Federation.

The events in Ukraine and subsequent negative response from the global community have had and may have adverse effect on the Russian economy including more complicated world financing attraction, devaluation of national currency and high inflation. These and other events if escalated may have an adverse effect on the operation environment in the Russian Federation.

Note 2. Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2016. This consolidated interim condensed financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") and shall be read in conjunction with the year-end financial statements of the Group as at 31 December 2016.

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(in thousands of Russian Roubles, unless otherwise stated)

(b) Basis of measurement

The Consolidated Interim Condensed Financial Statements are prepared on the historical cost basis except for:

- Financial investments classified as available-for-sale are stated at fair value;
- Property, plant and equipment were revalued to determine deemed cost as part of the adoption of IFRSs as at 1 January 2006.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian rouble ("RUB"), which is the functional currency for Company and its' subsidiaries and the currency in which these consolidated interim condensed financial statements are presented. All financial information presented in Russian roubles has been rounded to the nearest thousand.

(d) Use of judgments, estimates and assumptions

The preparation of 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 consolidated interim condensed financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

(i) Changes in presentation of interim financial statements

In accordance with the materiality principle and the requirements of IAS 34 *Interim Financial Statements* on disclosure of events that are significant for understanding of the changes in the Group's financial position and performance taken place after the previous year-end reporting date, a decision was made to change the scope of disclosures in the interim financial statements for the six months of 2017 ended 30 June 2017 as compared to the financial statements for the three months of 2017 ended 31 March 2017.

Certain amounts in the comparative information for the interim period have been reclassified in order to ensure comparability with the presentation manner of this period. The reclassification of the comparative information have had no impact on the Group's financial position.

Note 3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

New standards and interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 30 June 2017, and have not been applied in preparing these consolidated interim financial statements:

- IFRS 9 *Financial Instruments*. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- IFRS 16 *Leases*. IFRS 16 is partly or fully retrospectively effective for annual periods beginning on or after 1 January 2019, with earlier application permitted under the simultaneous application of IFRS 15.

The Group is currently assessing the impact of these standards on the consolidated financial information. The Group does not intend to adopt these standards early.

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates* in respect of sale of contribution of assets between an investor and its associate of joint venture.

These amendments are not expected to have any impact or impact significantly on the Group's consolidated financial information.

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Notes to the Consolidated Interim Condensed Financial Statements
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(in thousands of Russian Roubles, unless otherwise stated)

Impact of the new standards, interpretations and amendments to standards

The new and revised standards and interpretations stated below become effective on 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows. The amendment requires that entities shall provide a reconciliation between the opening and closing balances for items of the statement cash flows except for equity.

Amendments to IAS 12 Income Taxes. Recognition of Deferred Tax Assets for Unrealised Losses. This amendment clarifies the requirements to recognise a deferred tax assets arising from debt instruments carried at fair value.

Adoption of the amendments will not have a significant impact on the Group's financial position of its performance.

Note 4. Determination of fair value

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

In preparing these consolidated interim condensed financial statements, the methods for determination of fair values were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

Note 5. Financial risk management

The goals and policies of financial risk management of the Group are consistent with those operated in the year ended 31 December 2016.

Note 6. Operating segments

The Management Board of the Company has been determined as the Group Chief Operating Decision-Maker.

The Group's primary activity is the provision of electricity transmission services within the regions of the Russian Federation. The internal management reporting system is based on segments relating to electric energy transmission in separate regions of the Russian Federation (branches of the Company) and segments relating to other activities (represented by separate legal entities).

The Management Board regularly evaluates and analyses the financial information of the segments reported in the statutory financial statements of respective segments.

In accordance with requirements of IFRS 8 based on the information on segment revenue, profit before income tax and total assets reported to the Management Board the following reporting segments were identified:

- Transmission Segments – Mordovia region, Chuvashia region, Orenburg region, Penza region, Samara region, Saratov region, Ulianovsk region – branches of IDGC Volga;
- Other Segments – other Group companies.

The segment items are based on the financial information contained in the statutory financial statements and may differ significantly from the items presented in the financial statements prepared in accordance with IFRS. The reconciliation of the items in the form as presented to the Board with the similar items in these consolidated financial statements includes reclassifications and adjustments required to present the financial statements in accordance with IFRS.

Performance of each reporting segment is presented below. The performance is based on the segment revenue and income before taxes as recorded in the internal management accounts which are subject to analysis by the Board. The segment profit is used in order to measure performance since the Management believes this information to be of the highest importance for measuring segment's results as compared with other companies within the same industries.

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Notes to the Consolidated Interim Condensed Financial Statements
for the three and six months ended 30 June 2017 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

• (i) Information about reportable segments for the three months ended 30 June 2017

	Transmission						Total		
	Saratov region	Orenburg region	Samara region	Penza region	Ulianovsk region	Chuvashia region		Mordovia region	Other
Revenue:									
Electricity transmission	2,925,085	2,767,011	2,736,253	1,642,169	1,290,667	877,798	594,465	-	12,833,448
Connection to the electricity network	7,199	86,713	13,111	4,074	2,633	3,072	23,424	-	140,226
Other revenue	5,913	26,530	4,737	3,184	1,745	3,382	1,050	24,132	70,673
Total revenue from external customers	2,938,197	2,880,254	2,754,101	1,649,427	1,295,045	884,252	618,939	24,132	13,044,347
Inter-segment revenue	-	-	-	-	-	-	5	32,673	32,678
Total revenue	2,938,197	2,880,254	2,754,101	1,649,427	1,295,045	884,252	618,944	56,805	13,077,025
Segment profit/(loss) before tax	35,724	206,949	277,510	55,985	89,777	61,418	(8,865)	(2,788)	715,710

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Notes to the Consolidated Interim Condensed Financial Statements
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(in thousands of Russian Roubles, unless otherwise stated)

(ii) Information about reportable segments for the six months ended 30 June 2017

	Transmission						Total		
	Saratov region	Orenburg region	Samara region	Penza region	Ulianovsk region	Chuvashia region		Mordovia region	
Revenue:									
Electricity transmission	6,390,917	5,890,789	5,771,341	3,501,214	2,802,329	1,934,059	1,331,559	-	27,622,208
Connection to the electricity network	13,515	120,602	27,304	8,784	4,666	5,795	36,813	-	217,479
Other revenue	11,003	52,923	9,097	6,437	3,168	6,368	2,090	41,397	132,483
Total revenue from external customers	6,415,435	6,064,314	5,807,742	3,516,435	2,810,163	1,946,222	1,370,462	41,397	27,972,170
Inter-segment revenue	-	70	-	-	-	-	5	60,273	60,348
Total revenue	6,415,435	6,064,384	5,807,742	3,516,435	2,810,163	1,946,222	1,370,467	101,670	28,032,518
Segment profit/(loss) before tax	367,055	481,623	615,718	243,794	226,590	208,899	53,931	(17,987)	2,179,623

Segment assets as at 30 June 2017 are presented below

	Transmission						Total		
	Saratov region	Orenburg region	Samara region	Penza region	Ulianovsk region	Chuvashia region		Mordovia region	
Segment assets	15,715,590	11,433,331	16,526,500	5,132,519	5,068,544	4,600,566	3,259,855	236,019	61,972,924
Including property, plant and equipment	13,810,295	9,460,724	12,947,180	4,042,144	3,355,556	3,170,353	2,655,794	103,772	49,545,818

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Notes to the Consolidated Interim Condensed Financial Statements
for the three and six months ended 30 June 2017 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

(iii) Information about reportable segments for the three months ended 30 June 2016

	Transmission						Total		
	Saratov region	Orenburg region	Samara region	Penza region	Ulianovsk region	Chuvashia region		Mordovia region	Other
Revenue:									
Electricity transmission	2,548,638	2,414,962	2,790,993	1,475,679	1,156,551	743,885	551,333	-	11,682,041
Connection to the electricity network	6,842	16,195	6,170	5,005	2,781	5,650	914	-	43,557
Other revenue	7,458	25,735	4,602	3,173	1,413	2,858	1,155	25,491	71,885
Total revenue from external customers	2,562,938	2,456,892	2,801,765	1,483,857	1,160,745	752,393	553,402	25,491	11,797,483
Inter-segment revenue	-	93	-	-	-	-	-	30,566	30,659
Total revenue	2,562,938	2,456,985	2,801,765	1,483,857	1,160,745	752,393	553,402	56,057	11,828,142
Segment profit/(loss) before tax	(285,914)	(27,614)	393,429	(41,892)	(2,319)	(101,338)	(97,672)	146	(163,174)

PJSC IDGC of Volga
Notes to the Consolidated Interim Condensed Financial Statements
for the three and six months ended 30 June 2017 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

(iii) Information about reportable segments for the six months ended 30 June 2016

	Transmission						Total	
	Saratov region	Orenburg region	Samara region	Penza region	Ulianovsk region	Chuvashia region		Mordovia region
Revenue:								
Electricity transmission	5,506,624	5,139,782	5,862,758	3,249,910	2,536,729	1,671,926	1,234,062	25,201,791
Connection to the electricity network	15,056	26,970	9,588	15,528	5,287	13,615	3,813	89,857
Other revenue	12,085	51,181	8,857	6,157	2,708	5,711	2,253	129,135
Total revenue from external customers	5,533,765	5,217,933	5,881,203	3,271,595	2,544,724	1,691,252	1,240,128	25,420,783
Inter-segment revenue	-	187	-	-	-	-	-	56,649
Total revenue	5,533,765	5,218,120	5,881,203	3,271,595	2,544,724	1,691,252	1,240,128	25,477,432
Segment profit/(loss) before tax	(293,117)	(60,194)	(837,156)	(100,165)	(77,173)	(87,572)	(88,701)	595,320

Segment assets as at 31 December 2016 are presented below

	Transmission						Total	
	Saratov region	Orenburg region	Samara region	Penza region	Ulianovsk region	Chuvashia region		Mordovia region
Segment assets	16,020,531	11,309,238	16,442,229	5,458,084	5,247,467	4,714,523	3,467,540	62,887,318
<i>Including property, plant and equipment</i>	14,235,203	9,717,232	13,382,083	4,184,638	3,477,603	3,201,805	2,710,837	51,017,526

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(in thousands of Russian Roubles, unless otherwise stated)

(f) Reconciliation of reportable segments profit/(loss) before income tax:

	For the three months ended 30 June 2017	For the three months ended 30 June 2016	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Total segment (loss)/profit before income tax	715,710	(163,174)	2,179,623	595,320
Adjustments for property, plant and equipment	238,440	268,918	473,557	523,290
Adjustment for intangible assets	166	166	331	331
Recognition of employee benefits payable	(14,606)	(29,912)	12,329	(40,437)
Other adjustments	(2,943)	(144,563)	(1,754)	(144,580)
Profit before income tax recognised in consolidated interim statement of income and other comprehensive income	936,767	(68,565)	2,664,086	933,924

Note 7. Property, plant and equipment

	Land and buildings	Transmission networks	Equipment for electricity transformation	Construction in progress	Other	Total
Cost						
Balance as 1 January 2016	16,392,107	25,373,418	15,189,278	1,029,574	13,086,780	71,071,157
Additions	5,837	898	4,545	740,609	167,734	919,623
Transfers	28,210	178,910	22,138	(257,862)	28,604	-
Disposals	(1,580)	(1,309)	(64)	(5,210)	(35,039)	(43,202)
Balance as 30 June 2016	<u>16,424,574</u>	<u>25,551,917</u>	<u>15,215,897</u>	<u>1,507,111</u>	<u>13,248,079</u>	<u>71,947,578</u>
Balance as 1 January 2017	17,000,816	26,126,152	15,675,626	1,446,784	13,934,803	74,184,181
Additions	5,117	630	38	1,093,410	68,212	1,167,407
Transfers	(313,056)	204,351	721,094	(661,389)	49,000	-
Disposals	(896)	(17)	(160)	(710)	(37,587)	(39,370)
Balance as 30 June 2017	<u>16,691,981</u>	<u>26,331,116</u>	<u>16,396,598</u>	<u>1,878,095</u>	<u>14,014,428</u>	<u>75,312,218</u>
Accumulated depreciation						
Balance as 1 January 2016	(5,086,461)	(12,803,398)	(5,273,071)	-	(7,924,975)	(31,087,905)
Depreciation for the period	(436,217)	(672,345)	(432,799)	-	(659,177)	(2,200,538)
Disposals	473	864	64	-	14,423	15,824
Balance as 30 June 2016	<u>(5,522,205)</u>	<u>(13,474,879)</u>	<u>(5,705,806)</u>	<u>-</u>	<u>(8,569,729)</u>	<u>(33,272,619)</u>
Balance as 1 January 2017	(5,961,752)	(14,141,850)	(6,144,415)	-	(9,183,901)	(35,431,918)
Depreciation for the period	(414,613)	(644,787)	(501,316)	-	(608,652)	(2,169,368)
Disposals	792	13	88	-	36,635	37,528
Balance as 30 June 2017	<u>(6,375,573)</u>	<u>(14,786,624)</u>	<u>(6,645,643)</u>	<u>-</u>	<u>(9,755,918)</u>	<u>(37,563,758)</u>
Net book value						
At 1 January 2016	<u>11,305,646</u>	<u>12,570,020</u>	<u>9,916,207</u>	<u>1,029,574</u>	<u>5,161,805</u>	<u>39,983,252</u>
At 30 June 2016	<u>10,902,369</u>	<u>12,077,038</u>	<u>9,510,091</u>	<u>1,507,111</u>	<u>4,678,350</u>	<u>38,674,959</u>
At 1 January 2017	<u>11,039,064</u>	<u>11,984,302</u>	<u>9,531,211</u>	<u>1,446,784</u>	<u>4,750,902</u>	<u>38,752,263</u>
At 30 June 2017	<u>10,316,408</u>	<u>11,544,492</u>	<u>9,750,955</u>	<u>1,878,095</u>	<u>4,258,510</u>	<u>37,748,460</u>

For the six months ended 30 June 2017, the capitalized interest amounted to RUB 17,396 thousand (for the six months ended 30 June 2016: RUB 15,297 thousand).

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Note 8. Trade and other receivables

	30 June 2017	31 December 2016
Trade receivables	7,114,748	8,243,512
Less: Allowance for impairment of trade receivables	(923,732)	(878,141)
Other receivables	252,960	188,076
Less: Allowance for impairment of other receivables	(95,501)	(70,189)
Total financial assets	6,348,475	7,483,258
Taxes receivable	8,931	9,869
VAT receivable	94,806	82,146
Total	6,452,212	7,575,273

Note 9. Equity

Share capital

	30 June 2017	31 December 2016
Number of ordinary shares authorised, issued and fully paid	181,094,601,146	181,094,601,146
Par value (in RUB)	0.1	0.1
Total share capital (in RUB)	18,109,460,115	18,109,460,115

Dividends paid and declared

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. As at 30 June 2017 the Company had retained earnings, including the profit for the current period, of RUB 7,600,479 thousand (as at 31 December 2016: RUB 7,404,993 thousand).

As at 15 June 2017, the General Shareholders Meeting of PJSC IDGC of Volga made a decision to distribute dividends of the total amount of RUB 1,308,811 thousand. As at 30 June 2017, the dividends have not been paid.

Earnings per share

The calculation of earnings per share is based upon the profit for the period and the weighted average number of ordinary shares outstanding during the period. The Company has no dilutive potential ordinary shares.

	Three months ended 30 June 2017	Three months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Weighted average number of ordinary shares issued	181,094,601,146	178,577,801,146	181,094,601,146	178,577,801,146
Profit attributable to the shareholders	938,780	(197,106)	2,106,749	537,243
Weighted average earnings per ordinary share – basic (in RUB)	0.0052	(0.0011)	0.0116	0.003

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Note 10. Loans and borrowings

Non-current borrowings

	Effective interest rate, %	Currency	Year of maturity	30 June 2017	31 December 2016
Loans and borrowings					
Unsecured bank facility*	9.75-9.80	RUB	2018-2021	6,180,000	8,380,000
Total non-current debt				6,180,000	8,380,000

Loans and borrowings represent primarily credit lines.

Current borrowings

	30 June 2017	31 December 2016
Current portion of loans and borrowings	-	-
Accrued interest payable	7,441	13,883
Total	7,441	13,883

All loans and borrowings listed above are bank borrowings with fixed interest rate.

The effective interest rate is the market interest rate applicable to the loan at the date of its receipt.

During the six months ended 30 June 2017 the Group repaid the following significant bank loans:

	Amount
Repaid	
Unsecured bank facility*	4,600,000

* All the bank loans have been received from banks that are under government control.

Note 11. Trade and other payables

Long-term payables

The long-term payables comprise mainly advances for technological connection to electric networks.

Short-term payables

	30 June 2017	31 December 2016
Trade payables	2,860,917	3,062,218
Other payables	111,096	44,384
Payables to employees	1,379,470	1,285,443
Dividends payable	1,311,103	2,305
Total financial liabilities	5,662,586	4,394,350
Advances from customers	468,193	458,596
	6,130,779	4,852,946
Other taxes payable		
Value added tax payable	909,272	1,031,526
Property tax payable	186,755	154,739
Payments to social funds	226,348	214,313
Other taxes payable	125,349	123,508
	1,447,724	1,524,086

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Note 12. Revenue

	Three month ended 30 June 2017	Three month ended 30 June 2016	Six month ended 30 June 2017	Six month ended 30 June 2016
Electricity transmission	12,833,447	11,682,041	27,622,209	25,201,790
Connection services	140,226	43,557	217,479	89,857
Other revenue	71,594	74,459	134,246	132,446
	13,045,267	11,800,057	27,973,934	25,424,093

Note 13. Operating expenses

	Three month ended 30 June 2017	Three month ended 30 June 2016	Six month ended 30 June 2017	Six month ended 30 June 2016
Electricity transmission	5,135,902	4,752,991	10,288,345	9,610,585
Personnel costs	2,926,605	2,869,207	6,017,038	5,849,788
Purchased electricity	1,446,736	1,234,211	3,912,622	3,450,438
Depreciation and amortisation	1,106,663	1,113,988	2,223,183	2,251,348
Materials	627,073	612,996	1,116,559	1,038,858
Taxes other than income tax	196,573	479,427	390,093	659,590
Accrued allowance for impairment of trade, other receivables and advances	32,214	(20,839)	314,071	157,014
Other	673,747	569,697	1,157,100	1,025,195
	12,145,513	11,611,678	25,419,011	24,042,816

Note 14. Net other (expenses) income

Net other (expenses) income during the three and six months ended 30 June 2017 (for the three and six months ended 30 June 2016) comprise mainly income from fine, penalty under economic agreements.

Note 15. Related parties

(a) Control relationships

As at 30 June 2017 and at 31 December 2016 JSC Rosseti was the parent company of the Group.

Transactions with the parent company were as follows:

	Three months ended 30 June 2017	Three months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016	Account payables as at 30 June 2017	Account payables as at 31 December 2016
Revenue						
Rent	271	272	543	543	-	-
Operating expenses:						
Management services	60,489	60,489	120,979	120,979	14,169	14,169
Other expenses	1,967	-	3,934	-	-	-

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The party with ultimate control over IDGC of Volga is the Government of the Russian Federation, which holds the majority of the voting rights in JSC Rosseti.

The majority of the Group's related party transactions are with the subsidiaries of former RAO UES and other state controlled entities.

(b) Transactions with entities under common control of the parent

Transactions with the Parent's subsidiaries and associates were as follows:

	Three months ended 30 June 2017	Three months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Revenue:	185	19	1,097	37
Rent	132	14	263	29
Other sales	53	5	834	8
Operating expenses:	2,749,864	2,524,217	5,368,317	4,972,747
Electricity transmission	2,734,758	2,519,724	5,344,048	4,965,214
Technological connection services	146	86	234	715
Other expenses	14,960	4,407	24,035	6,818

Related party transactions are based on normal market prices.

(c) Transactions with other state controlled entities

In the course of its operating activities the Group is also engaged in significant transactions with state-controlled entities. Revenues and purchases from state-controlled entities are measured at regulated tariffs where applicable, in other cases revenues and purchases are measured at normal market prices. The Group obtains bank loans and borrowings based on market interest rates.

Revenue from state-controlled entities for the period ended 30 June 2017 constitutes 19% (three and six months ended 30 June 2016: 17%) of total revenue. Almost all of the revenue is the proceeds from the electricity transmission.

Electricity transmission expenses (including compensation of technological losses) occurred by operations with state-controlled entities for the period ended 30 June 2017 constitute 11% (three and six months ended 30 June 2016: 10%) of total transmission expenses.

Interest expense accrued on loans from state-controlled banks constitute 100% (three and six months ended 30 June 2016: 100%) of total interest accrued.

(d) Transactions with management and close family members

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

Compensation is paid to members of the Board of Directors and top management for their services in full time management positions. The compensation is made up of a contractual salary, non-cash benefits, and performance bonuses depending on results for the period according to Russian statutory financial statements and social security contributions.

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Members of the Board of Directors and the top management of the Group received the following remuneration:

	Three months ended 30 June 2017		Three months ended 30 June 2016		Six months ended 30 June 2017		Six months ended 30 June 2016	
	Members of Board of Directors	Top management	Members of Board of Directors	Top management	Members of Board of Directors	Top management	Members of Board of Directors	Top management
Salaries and bonuses	2,533	15,536	9,951	30,149	4,336	28,930	12,167	32,366

The amount of the pension obligations attributable to the Members of the Board of Directors and to the Top management of the Group on 30 June 2017 was RUB 677 thousand (31 December 2016: RUB 579 thousand).

Note 16. Commitments

Capital commitments

The Group's capital commitments under property, plant and equipment purchase and construction contracts as at 30 June 2017 amount to RUB 2,312,705 thousand VAT inclusive (as at 31 December 2016: RUB 841,548 thousand).

Note 17. Contingencies

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 does not have full coverage for its property, plant and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

Litigation

The Group is a party to certain legal proceedings arising in the ordinary course of business. Management believes that it has provided adequately for all Group liabilities based on its assessment of the possible decision on the litigation with counterparties.

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 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 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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Environmental matters

The Group 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. Group 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.

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Notes to the Consolidated Interim Condensed Financial Statements for the three and six months ended 30 June 2017 (Unaudited)

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Note 18. Financial instruments.

(a) Fair value hierarchy

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis using prices from observable current market transactions.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within 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)

	30 June 2017	31 December 2016
Level 1	100	109
Level 2	-	-
Level 3	523,021	500,581
Total	523,121	500,690

The financial instruments of the Group carried at fair value represent available-for-sale investments.

(b) Fair values

Management believes that at the reporting date the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

The fair value of the financial assets and financial liabilities is approximate to their carrying amounts except for the following:

Loans and borrowings

	Carrying amount	Fair Value
Level 1	-	-
Level 2	6,187,441	6,077,437
Level 3	-	-
Total	6,187,441	6,077,437

The interest rate applied for discounting of estimated future cash flows from long-term and short-term borrowings for the purpose of determining the disclosed fair value (Level 2 of the Hierarchy) amounted to 11.31% as at 30 June 2017.

Note 19.

Significant events subsequent to the reporting date that should be presented in the financial statements did not occur.