Consolidated interim condensed financial statements of Public Joint Stock Company ROSSETI and its subsidiaries prepared in accordance with IAS 34 “Interim financial reporting” as at and for the three and six months ended 30 June 2018 (unaudited)

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и рем-3208

REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Public Joint Stock Company "ROSSETI"

Audited entity:
Public Joint Stock Company "ROSSETI" (abbreviated name - **PJSC "ROSSETI")**
Location: 4 Belovezhskaya St., Moscow, 121353, Russia;
Primary state registration number – 1087760000019.

Auditor:
RSM RUS Ltd.
Location: 4, Pudovkina St., Moscow, 119285;
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Primary state registration number – 1027700257540.

RSM RUS Ltd. is a member of Self-regulatory organization of auditors Association "Sodruzhestvo" (membership certificate # 6938, ORNZ 11306030308), location: 21, Michurinsky Ave., bldg. 4, Moscow, 119192.

Introduction

In accordance with the decision of the Tender Committee (Minutes unnumb. dated 30 March 2018), the decision of the annual general meeting of shareholders of PJSC "ROSSETI" dated 29.06.2018 (Minutes No. unnumb. dated 29.06.2018) on appointment of RSM RUS Ltd. as the auditor of PJSC "ROSSETI" and pursuant to Contract for the provision of services of the statutory audit of the 2018 financial statements of PJSC "ROSSETI" No 181a036 dated 18.07.2018, we have reviewed the accompanying consolidated interim condensed statement of financial position of Public Joint Stock Company "ROSSETI" and its subsidiaries (hereinafter, the "Group") as at 30 June 2018 and the related consolidated interim condensed statements of profit and loss and other comprehensive income for the three and six months then ended, cash flows and changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes.

Management of Public Joint Stock Company "ROSSETI" is responsible for the preparation and fair presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2018, and its financial performance for the three and six months then ended, and its cash flows for the six months then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Management Board Chairperson — **N.A. Dantser**

Audit Certificate No. 05-000015. Issued following Resolution of self-regulatory organization Not-for-Profit Partnership "Russian Collegium of Auditors" dated 15 November 2011 No. 24. Permanent award.

ORNZ in the Register of auditors and audit organizations – 21706004215

"РСМ РУСЬ"

Engagement Leader on the review resulting in this review report — **N.N. Usanova**

Audit Certificate No. 05-000030. Issued following Resolution of self-regulatory organization Not-for-Profit Partnership "Russian Collegium of Auditors" dated 30 November 2011, Minutes No. 25. Permanent award.

ORNZ in the Register of auditors and audit organizations – 21706004441

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
(in millions of Russian rubles, unless otherwise stated)

		Three months ended 30 June		Six months ended 30 June	
	Notes	**2018**	**2017**	**2018**	**2017**
Revenue	7	225,065	205,300	485,336	435,909
Operating expenses	9	(197,950)	(170,673)	(417,576)	(356,952)
Other income/(expenses), net	8	6,837	5,676	12,878	(2,212)
Results from operating activities		**33,952**	**40,303**	**80,638**	**76,745**
Finance income	10	4,459	5,803	8,893	9,939
Finance costs	10	(6,636)	(7,476)	(13,865)	(15,569)
Net finance costs		**(2,177)**	**(1,673)**	**(4,972)**	**(5,630)**
Share of profit/(loss) of associates and joint ventures (net of income tax)		226	(2)	234	(16)
Profit before income tax		**32,001**	**38,628**	**75,900**	**71,099**
Income tax expense		(7,954)	(8,204)	(18,963)	(17,096)
Profit for the period		**24,047**	**30,424**	**56,937**	**54,003**
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of available-for-sale financial assets		–	(3,508)	–	(254)
Foreign currency translation difference		96	91	160	86
Income tax		–	700	–	48
Total items that may be reclassified subsequently to profit or loss		**96**	**(2,717)**	**160**	**(120)**
Items that will not be reclassified subsequently to profit or loss					
Changes in fair value of financial assets at fair value through other comprehensive income		(1,205)	–	6,982	–
Remeasurements of the defined benefit liability		2,447	(194)	805	(901)
Income tax		7,878	8	6,480	106
Total items that will not be reclassified subsequently to profit or loss		**9,120**	**(186)**	**14,267**	**(795)**
Other comprehensive income/(loss) for the period, net of income tax		**9,216**	**(2,903)**	**14,427**	**(915)**
Total comprehensive income for the period		**33,263**	**27,521**	**71,364**	**53,088**
Profit attributable to:					
Owners of the Company		18,144	22,273	40,604	37,216
Non-controlling interest		5,903	8,151	16,333	16,787
Total comprehensive income attributable to:					
Owners of the Company		25,302	19,968	52,097	36,578
Non-controlling interest		7,961	7,553	19,267	16,510
Earnings per share					
Basic and diluted earnings per ordinary share (in RUB)	17	0.10	0.11	0.21	0.19

These consolidated interim condensed financial statements were approved by management on 27 August 2018 and were signed on its behalf by:

Director General

P.A. Livinsky

ПАО "Россети"

Director for accounting and reporting – Chief Accountant

D.V. Nagovitsyn

Consolidated Interim Condensed Statement of Financial Position
(in millions of Russian roubles, unless otherwise stated)

	Notes	30 June 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,966,884	1,940,227
Intangible assets	12	16,827	16,758
Investments in associates and joint ventures		1,275	883
Trade and other receivables	14	85,216	74,483
Assets related to employee benefits plans		6,361	6,709
Financial investments	13	56,603	69,914
Deferred tax assets		10,665	7,178
Total non-current assets		**2,143,831**	**2,116,152**
Current assets			
Inventories		40,261	35,050
Financial investments	13	19,691	149
Income tax prepayments		5,242	4,528
Trade and other receivables	14	152,623	151,466
Cash and cash equivalents	15	123,056	102,054
Total current assets		**340,873**	**293,247**
Total assets		**2,484,704**	**2,409,399**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	200,903	200,903
Share premium		213,098	213,098
Treasury shares		(1,039)	(2,702)
Other reserves		20,942	25,430
Retained earnings		673,281	621,077
Total equity attributable to owners of the Company		**1,107,185**	**1,057,806**
Non-controlling interest		376,915	365,755
Total equity		**1,484,100**	**1,423,561**
Non-current liabilities			
Loans and borrowings	18	497,788	506,990
Trade and other payables	19	48,929	39,840
Employee benefits liabilities		32,246	32,717
Deferred tax liabilities		80,673	76,202
Total non-current liabilities		**659,636**	**655,749**
Current liabilities			
Loans and borrowings	18	72,956	51,244
Trade and other payables	19	257,485	261,926
Provisions		10,134	10,561
Current income tax liabilities		393	6,358
Total current liabilities		**340,968**	**330,089**
Total liabilities		**1,000,604**	**985,838**
Total equity and liabilities		**2,484,704**	**2,409,399**

Consolidated Interim Condensed Statement of Cash Flows
(in millions of Russian rubles, unless otherwise stated)

	Notes	Six months ended 30 June 2018	Six months ended 30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**56,937**	**54,003**
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangible assets	9	57,736	55,422
Finance costs	10	13,865	15,569
Finance income	10	(8,893)	(9,939)
(Gain)/loss on disposal of property, plant and equipment		(115)	294
Share of (profit)/loss of associates and joint ventures, net of income tax		(233)	16
(Gain on derecognition of subsidiary)/Loss on regain of control over subsidiaries		(690)	12,639
Allowance for expected credit losses	9	15,261	5,363
Bad debt write-off		96	217
Non-cash receipt of property, plant and equipment		(1,569)	(1,516)
Accounts payable write-off		(200)	(247)
Non-cash settlements of technological connection agreements		(268)	(1,247)
Other non-cash transactions		(112)	(123)
Income tax expense		18,963	17,096
Total impact of adjustments		**93,841**	**93,544**
Change in assets related to employee benefits plans		349	(691)
Change in employee benefit liabilities		(848)	(727)
Cash flows from opearing acitivities before changes in working capital		**150,279**	**146,129**
Changes in working capital:			
Change in trade and other receivables		(5,529)	1,175
Change in inventories		(5,667)	(5,485)
Change in trade and other payables		6,044	(6,688)
Change in provisions		(427)	(3,507)
Cash flows from operating activities before income tax and interest paid		**144,700**	**131,624**
Income tax paid		(18,284)	(16,600)
Interest paid		(19,620)	(23,802)
Net cash flows from operating activities		**106,796**	**91,222**

Consolidated Interim Condensed Statement of Cash Flows
(in millions of Russian rubles, unless otherwise stated)

		Six months ended 30 June	
	Notes	**2018**	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(80,097)	(77,256)
Proceeds from sale of property, plant and equipment and intangible assets		394	439
Acquisition of investments and placement of bank deposits		(20,872)	(83,319)
Disposal of investments and withdrawal of bank deposits		1,286	88,054
Interest received		3,450	4,550
Sale of financial investments		100	–
Dividends received		2,239	608
Net cash flows used in investing activities		**(93,500)**	**(66,924)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings	18	522,052	221,059
Repayment of loans and borrowings	18	(509,372)	(231,420)
Proceeds from share premium		–	1,370
Acquisition of non-controlling interests		(476)	–
Sale of own shares		314	–
Dividends paid		(4,710)	(620)
Repayment of finance lease liabilities		(102)	(148)
Net cash flows from/(used in) financing activities		**7,706**	**(9,759)**
Net increase in cash and cash equivalents		**21,002**	**14,539**
Cash and cash equivalents at the beginning of the period	15	**102,054**	**86,970**
Cash and cash equivalents at the end of the period	15	**123,056**	**101,509**

Consolidated Interim Condensed Statement of Changes in Equity
(in millions of Russian roubles, unless otherwise stated)

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 31 December 2017	**200,903**	**213,098**	**(2,702)**	**25,430**	**621,077**	**1,057,806**	**365,755**	**1,423,561**
Changes in accounting policy	–	–	–	(208)	208	–	–	–
Balance at 1 January 2018 (restated)	**200,903**	**213,098**	**(2,702)**	**25,222**	**621,285**	**1,057,806**	**365,755**	**1,423,561**
Profit for the period	–	–	–	–	40,604	40,604	16,333	56,937
Other comprehensive income/(loss)	–	–	–	(9,488)	15,773	6,285	1,662	7,947
Related income tax	–	–	–	5,208	–	5,208	1,272	6,480
Total comprehensive income/(loss) for the period	–	–	–	**(4,280)**	**56,377**	**52,097**	**19,267**	**71,364**
Transactions with owners of the Company								
Contributions and distributions								
Sale of treasury shares (Note 16)	–	–	1,663	–	(1,349)	**314**	–	**314**
Dividends	–	–	–	–	(2,442)	**(2,442)**	(10,462)	**(12,904)**
Total contributions and distributions	–	–	**1,663**	–	**(3,791)**	**(2,128)**	**(10,462)**	**(12,590)**
Changes in ownership interests in subsidiaries								
Shares issued by subsidiaries (Note 16)	–	–	–	–	(590)	**(590)**	340	**(250)**
Changes in ownership								
Derecognition of subsidiary	–	–	–	–	–	–	2,015	**2,015**
Total transactions with owners of the Company	–	–	**1,663**	–	**(4,381)**	**(2,718)**	**(8,107)**	**(10,825)**
Balance at 30 June 2018	**200,903**	**213,098**	**(1,039)**	**20,942**	**673,281**	**1,107,185**	**376,915**	**1,484,100**

Consolidated Interim Condensed Statement of Changes in Equity
(in millions of Russian roubles, unless otherwise stated)

	Attributable to equity holders of the Company								
	Share capital	**Share premium**	**Treasury shares**	**Reserve for issue of shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2017	**198,071**	**212,978**	**(2,702)**	**1,678**	**33,165**	**521,300**	**964,490**	**340,149**	**1,304,639**
Profit for the period	–	–	–	–	–	37,216	37,216	16,787	54,003
Other comprehensive loss	–	–	–	–	(744)	–	(744)	(325)	(1,069)
Related income tax	–	–	–	–	106	–	106	48	154
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**(638)**	**37,216**	**36,578**	**16,510**	**53,088**
Transactions with owners of the Company									
Contributions and distributions									
Issue of shares	2,832	120	–	(1,678)	–	–	1,274	–	1,274
Dividends	–	–	–	–	–	(1,152)	(1,152)	(8,701)	(9,853)
Total contributions and distributions	**2,832**	**120**	**–**	**(1,678)**	**–**	**(1,152)**	**122**	**(8,701)**	**(8,579)**
Changes in ownership interests in subsidiaries									
Shares issued by subsidiaries	–	–	–	–	–	(728)	(728)	824	96
Total transactions with owners of the Company	**2,832**	**120**	**–**	**(1,678)**	**–**	**(1,880)**	**(606)**	**(7,877)**	**(8,483)**
Balance at 30 June 2017	**200,903**	**213,098**	**(2,702)**	**–**	**32,527**	**556,636**	**1,000,462**	**348,782**	**1,349,244**

1. Background

a) The Group and its operations

Joint Stock Company IDGC Holding (hereinafter referred to as "JSC IDGC Holding") was established on 1 July 2008 in accordance with the resolution of the Extraordinary General Meeting of the Shareholders of the Unified Energy System of Russia (hereinafter referred to as "RAO UES") dated 26 October 2007, as a spin-off of RAO UES.

At an Extraordinary General Meeting of Shareholders of JSC IDGC Holding on 23 March 2013, the decision was made to amend the Charter of JSC IDGC Holding, under which it was renamed JSC Russian Grids. On 4 April 2013, the respective changes to the Charter of JSC IDGC Holding were registered by the Interregional Inspectorate of the Federal Tax Service of Russia No. 46 for the city of Moscow.

Due to changes in the Civil Code of the Russian Federation at the Annual General Shareholders' Meeting held on 30 June 2015 the changes of organizational and legal form in the Charter of the Company were approved. JSC Russian Grids changed to Public Joint stock company «ROSSETI» (hereinafter referred to as PJSC «ROSSETI» or the "Company").

The ordinary and preference shares of the Company are traded on the Moscow Exchange. The Company's GDRs are traded on the London Stock Exchange.

The Company is located at 4 Belovezhskaya Street, Moscow, Russia, 121353.

The primary activities of PJSC «ROSSETI» and its subsidiaries (hereinafter referred to as the "Group" or "ROSSETI 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. The Group's power distribution companies sell electricity. The Group's principal subsidiaries are disclosed in Note 5.

b) The Group's business environment

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

Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

The ongoing deterioration of the political situation, caused by growing tension between the Russian Federation and the United States of America, the European Union and related events have increased the perceived risks of doing business in the Russian Federation.

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 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 trend 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) Relations with state

The Russian Government through the Federal Agency for the Management of State Property is the ultimate controlling party of the Company. The Group is supported by the Russian Government due to its strategic position in the Russian Federation. The Group's customer base includes a large number of state-controlled entities.

As at 30 June 2018 the Russian Government owned 88.04 % in the share capital of the Company, including 88.89 % of the voting ordinary shares and 7.01 % of the preference shares.

The Group's strategic business units (see Note 6) are regional natural monopolies. 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 subjects of the Russian Federation in the field of state regulation of tariffs and Federal Antimonopoly Service. Many customers of the Group's services are government-related entities.

2. Basis of preparation

a) Statement of compliance

These consolidated interim condensed financial statements for the three and six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. These consolidated interim condensed financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017 prepared under International Financial Reporting Standards (hereinafter – IFRS).

b) Use of professional judgements and estimates

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.

In preparing these consolidated interim condensed financial statements significant professional judgements and key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the period ended 31 December 2017.

The management constantly reviews assumptions and estimates based on previous experience and other factors that affect the application of accounting policies and the reported amounts of assets and liabilities. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by these changes.

c) Change in presentation

Reclassification of comparative information

Certain amoints of the previous year have been adjusted to conform with the current year disclosures. All reclassifications are immaterial.

3. Significant accounting policies

The principal accounting policies and methods of computation followed by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2017, except for the effect of adopted new standards as described below.

The following new standards were adopted by the Group starting from 1 January 2018:

a) IFRS 15 «Revenue from Contracts with Customers»

The Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is measured at the fair value of the consideration received or a portion thereof. To the extent that the Group expects to recover in exchange for the transfer of the pledged assets to the customer, excluding any amounts received from third parties (e.g., net of recoverable taxes).

Electricity distribution and sales of electricity

Revenue from distribution and sales of electricity is recognized during the period (settlements month) and is estimated by the results method (cost of transferred electricity volumes). The tariffs for the distribution of electricity (in respect to all subjects of the Russian Federation) and sale of electricity on the regulated market (in respect of subjects of the Russian Federation, not united in the price zones of the wholesale electricity market) are approved by the executive authorities of subjects of the Russian Federation (hereinafter - regional regulatory authority) in the sphere of the state energy tariff regulation within the range of cap and (or) floor tariffs approved by the Federal Antimonopoly Service of the Russian Federation.

Services for technological connection to electric grids

Recognition of revenue from this type of service is performed at the beginning of the 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 per unit of maximum capacity and fee’s formula for the technical 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 made judgment that connection service is a separate performance obligation that is recognised when the respective services are provided. The customer obtains distinct connection service and there is no any other promises beyond the connection services agreement. Practically and in accordance with the law on electricity market, connection services and electricity transmission agreements are negotiated separately with different customers as different packages and with different commercial objectives with no relation in the contracts in pricing, purpose, acceptance, or type of service.

Other revenue

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

In accordance with the transition provisions in IFRS 15, the Group elected to apply IFRS 15 retrospectively with cumulative effect of initially applying a Standard to be recognized as an adjustment to retained earnings as at 1 January 2018. The application of the standard had no material impact on the Group’s consolidated interim condensed financial statements and therefore the retained earnings as at 1 January 2018 were not restated.

b) 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 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 amortised 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 business model for managing the financial assets and the contractual terms of the cash flows.

(in millions of Russian roubles, unless otherwise stated)

Financial assets are classified as at amortised 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 amortised 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 amortised cost, including some shareholders' loans provided, 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 of the Group's financial instruments measurement.

On 1 January 2018 the Group has assessed which business models apply to the financial assets held at the date of initial application of IFRS 9 "Financial instruments" and has classified its financial instruments onto appropriate IFRS 9 categories. The main effects resulting from those reclassification are as follows:

		Reclassification of financial assets as at 1 January 2018			
	Balance as at 1 January 2018 under IAS 39	Carried at fair value through profit or loss	Carried at fair value through other comprehensive income	Carried at amortised cost	**Balance as at 1 January 2018 under IFRS 9**
Financial assets available-for-sale	67,024	(609)	(66,415)	–	–
Financial assets held – to - maturity	3,039	–	–	(3,039)	–
At fair value through profit or loss	–	609	–	–	609
At fair value through other comprehensive income	–	–	66,415	–	66,415
At amortised cost	–	–	–	3,039	3,039
Total:	**70,063**	**–**	**–**	**–**	**70,063**

The impact of the changes on the Group's equity, net of deffered tax, was as follows:

(in millions of Russian roubles, unless otherwise stated)

	Effect on available-for-sale reserve	Effect on measured at fair value through other comprehensive income reserves	Effect on retained earnings
Opening balance at 1 January 2018 under IAS 39	**33,784**	**–**	**208**
Reclassification of investments from available-for-sale into measured at fair value through other comprehensive income	(33,784)	33,992	(208)
Total impact	**(33,784)**	**33,992**	**(208)**
Opening balance at 1 January 2018 under IFRS 9	**–**	**33,992**	**–**

The table below reflects the original measurement category according to IAS 39 and the new measurement category according to IFRS 9:

	Measurement category		Carrying amount		
	IAS 39	**IFRS 9**	**IAS 39**	**IFRS 9**	**Difference**
Non-current financial assets					
Financial investments, including:					
Equity shares	*Available-for-sale*	*Measured at fair value through other comprehensive income*	66,415	66,415	–
Shares	*Available-for-sale*	*Measured at fair value through other profit or loss*	609	609	–
Deposits with maturity of more than 12 months and promissory notes	*Held- to- maturity*	*Amortised cost*	2,890	2,890	–
Trade and other receivables, loans given	*Amortised cost*	*Amortised cost*	69,426	69,426	–
Current financial assets					
Financial investments, including:					
Deposits with maturity of less than 12 months and promissory notes	*Held- to- maturity*	*Amortised cost*	149	149	–
Trade and other receivables, loans given	*Amortised cost*	*Amortised cost*	129,890	129,890	–
Cash and cash equivalents	*Amortised cost*	*Amortised cost*	102,054	102,054	–
Non-current and current financial liabilities					
Loans and borrowings, accounts payable	*Amortised cost*	*Amortised cost*	745,007	745,007	–

The following new standards and interpretations, which are effective as at 1 January 2018, had no impact on the Group's 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 that are mandatory for the annual periods beginning on or after 1 January 2019, and which the Group has not early adopted:

IFRS 16 Leases. The standard 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 in 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 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 recognise 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. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is considering the implication of this standard for the Group's consolidated financial statements.

The following amended standards and interpretations 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 values

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 of the 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.

(in millions of Russian roubles, unless otherwise stated)

5. Significant subsidiaries

	Country of incorporation	Ownership/voting, % 30 June 2018	Ownership/voting, % 31 December 2017
PJSC “FGC UES”	Russian Federation	80.14	80.14
PJSC “MOESK”	Russian Federation	50.90	50.90
JSC “Tyumenenergo”	Russian Federation	100.00	100.00
PJSC “Lenenergo”	Russian Federation	68.10/69.17	68.10/69.17
PJSC “IDGC of Centre”	Russian Federation	50.23	50.23
JSC “IDGC of Urals”	Russian Federation	51.52	51.52
PJSC “IDGC of Centre and Volga region”	Russian Federation	50.40	50.40
PJSC “Kubanenergo”	Russian Federation	92.78	92.78
PJSC “IDGC of Siberia”	Russian Federation	57.84/55.59	57.84/55.59
PJSC “IDGC of Volga”	Russian Federation	67.97	67.97
PJSC “IDGC of North-West”	Russian Federation	55.38	55.38
PJSC “IDGC of North Caucasus”	Russian Federation	97.30	97.30
JSC “Chechenenergo”	Russian Federation	68.17	68.17
PJSC “IDGC of South”	Russian Federation	65.12	65.12
PJSC “TDC”	Russian Federation	85.77/94.58	85.77/94.58
JSC “Yantarenergo”	Russian Federation	100.00	100.00
JSC “Karachaevo-Cherkesskenergo”	Russian Federation	100.00	100.00
JSC “Kalmenergosbyt”	Russian Federation	100.00	100.00
JSC “Kabbalkenergo”	Russian Federation	65.27	65.27
JSC “Tyvaenergosbyt”	Russian Federation	100.00	100.00
JSC “Sevkavkazenergo”	Russian Federation	55.94	55.94
PJSC “Dagestan Power Sales Company”	Russian Federation	51.00	51.00

6. Information about segments

The Group has fourteen reportable segments, as described below, which are the Group's strategic business units. Each strategic business unit offers electricity distribution services including technological connection services in separate geographical regions of the Russian Federation and is managed separately.

The "other" segment includes several operating segments such as electricity sales, rent services and repair and maintenance services. Unallocated items mainly comprise assets and balances of the Group's headquarter which exercises management activity on remuneration basis.

The Group's management responsible for operating decisions assesses the performance, assets and liabilities of operating segments based on internal management reports prepared based on the data formed in accordance with Russian Accounting Standards. The performance of each reportable segment is measured based on earnings before interest expense, income tax and depreciation and amortization (EBITDA).

EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's operating segments The reconciliation of items of reportable segments to similar items in these consolidated interim condensed financial statements includes those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRS.

Information regarding the results of each reportable segments is included below.

(in millions of Russian roubles, unless otherwise stated)

a) Information about reportable segments

For the three months ended 30 June 2018:

	IDGC Siberia and TDC	**Tyumen-energo**	**IDGC Urals**	**IDGC Volga**	**IDGC South**	**Kuban-energo**	**IDGC North Caucasus**	**IDGC Centre and Volga Region**	**IDGC North-West**	**Lenenergo**	**Yantar-energo**	**IDGC Centre**	**MOESK**	**FGC UES**	**Other**	**Total**
Revenue from external customers	14,361	13,263	16,243	14,514	8,151	10,524	2,712	20,861	14,275	16,285	183	21,245	35,715	16,776	20,721	225,829
Inter-segment revenue	3	4	1,644	1	105	–	1,143	5	780	60	1,111	49	3	35,873	9,922	50,703
Total segment revenue	**14,364**	**13,267**	**17,887**	**14,515**	**8,256**	**10,524**	**3,855**	**20,866**	**15,055**	**16,345**	**1,294**	**21,294**	**35,718**	**52,649**	**30,643**	**276,532**
Including																
Electricity transmission	13,278	13,187	17,271	14,379	7,929	10,400	3,252	20,456	9,231	15,177	1,147	20,373	33,393	52,060	2,415	233,948
Connection services	148	3	193	92	101	81	12	258	94	1,039	112	496	1,929	32	622	5,212
Electricity sales	890	–	341	–	179	–	406	–	5,565	–	4	111	–	–	17,762	25,258
Other revenue	48	77	82	44	47	43	185	152	165	129	31	314	396	557	9,844	12,114
EBITDA	**2,278**	**994**	**(807)**	**1,549**	**621**	**1,484**	**94**	**5,494**	**1,623**	**7,182**	**332**	**3,527**	**8,488**	**34,344**	**88**	**67,291**

For the three months ended 30 June 2017:

	IDGC Siberia and TDC	**Tyumen-energo**	**IDGC Urals**	**IDGC Volga**	**IDGC South**	**Kuban-energo**	**IDGC North Caucasus**	**IDGC Centre and Volga Region**	**IDGC North-West**	**Lenenergo**	**Yantar-energo**	**IDGC Centre**	**MOESK**	**FGC UES**	**Other**	**Total**
Revenue from external customers	12,921	14,097	14,577	13,020	7,878	8,761	2,559	19,528	9,513	15,514	144	20,907	33,052	12,646	21,410	206,527
Inter-segment revenue	29	1	1,601	1	97	1	1,088	15	708	73	1,105	7	3	34,298	7,756	46,783
Total segment revenue	**12,950**	**14,098**	**16,178**	**13,021**	**7,975**	**8,762**	**3,647**	**19,543**	**10,221**	**15,587**	**1,249**	**20,914**	**33,055**	**46,944**	**29,166**	**253,310**
Including																
Electricity transmission	12,815	13,888	15,862	12,833	7,347	8,664	3,030	19,271	9,925	13,506	1,161	20,228	30,921	44,890	2,054	216,395
Connection services	59	156	228	140	194	71	52	185	117	1,914	48	316	1,790	1,614	830	7,714
Electricity sales	–	–	–	–	165	–	364	–	–	–	–	120	–	–	15,946	16,595
Other revenue	76	54	88	48	269	27	201	87	179	167	40	250	344	440	10,336	12,606
EBITDA	**2,101**	**2,189**	**4,089**	**2,174**	**1,469**	**872**	**97**	**4,696**	**1,316**	**7,046**	**369**	**4,124**	**7,144**	**34,861**	**485**	**73,032**

(in millions of Russian roubles, unless otherwise stated)

For the six months ended 30 June 2018:

	IDGC Siberia and TDC	**Tyumen-energo**	**IDGC Urals**	**IDGC Volga**	**IDGC South**	**Kuban-energo**	**IDGC North Caucasus**	**IDGC Centre and Volga Region**	**IDGC North-West**	**Lenenergo**	**Yantar-energo**	**IDGC Centre**	**MOESK**	**FGC UES**	**Other**	**Total**
Revenue from external customers	31,500	27,199	34,156	31,064	17,567	22,255	5,783	47,693	28,646	35,457	432	46,651	76,496	33,907	47,077	485,883
Inter-segment revenue	6	8	3,700	1	219	1	2,477	15	1,779	136	2,501	78	17	71,943	19,323	102,204
Total segment revenue	**31,506**	**27,207**	**37,856**	**31,065**	**17,786**	**22,256**	**8,260**	**47,708**	**30,425**	**35,593**	**2,933**	**46,729**	**76,513**	**105,850**	**66,400**	**588,087**
Including																
Electricity transmission	30,292	27,045	37,074	30,857	17,126	22,031	6,982	43,729	20,919	33,314	2,602	45,091	72,877	104,765	5,430	500,134
Connection services	218	27	277	124	147	144	19	416	165	2,008	266	781	2,928	65	723	8,308
Electricity sales	890	–	341	–	432	–	874	3,317	9,066	–	7	278	–	–	41,352	56,557
Other revenue	106	135	164	84	81	81	385	246	275	271	58	579	708	1,020	18,895	23,088
EBITDA	**5,038**	**1,880**	**2,538**	**5,192**	**2,549**	**3,265**	**249**	**13,267**	**4,262**	**13,668**	**818**	**9,388**	**18,855**	**77,635**	**177**	**158,781**

For the six months ended 30 June 2017:

	IDGC Siberia and TDC	**Tyumen-energo**	**IDGC Urals**	**IDGC Volga**	**IDGC South**	**Kuban-energo**	**IDGC North Caucasus**	**IDGC Centre and Volga Region**	**IDGC North-West**	**Lenenergo**	**Yantar-energo**	**IDGC Centre**	**MOESK**	**FGC UES**	**Other**	**Total**
Revenue from external customers	28,939	29,331	31,376	27,929	16,387	18,875	5,458	42,307	20,875	32,258	251	45,196	70,589	24,100	42,801	436,672
Inter-segment revenue	52	3	3,484	2	206	2	2,321	21	1,522	202	2,439	8	67	68,702	16,177	95,208
Total segment revenue	**28,991**	**29,334**	**34,860**	**27,931**	**16,593**	**18,877**	**7,779**	**42,328**	**22,397**	**32,460**	**2,690**	**45,204**	**70,656**	**92,802**	**58,978**	**531,880**
Including																
Electricity transmission	28,643	28,984	34,358	27,622	15,686	18,557	6,531	41,929	21,527	28,723	2,561	43,813	67,186	90,203	5,684	462,007
Connection services	171	249	332	217	219	276	55	259	510	3,372	59	631	2,826	1,713	1,153	12,042
Electricity sales	–	–	–	–	384	–	793	–	–	–	–	279	–	–	36,762	38,218
Other revenue	177	101	170	92	304	44	400	140	360	365	70	481	644	886	15,379	19,613
EBITDA	**5,598**	**4,227**	**6,763**	**5,156**	**2,730**	**2,186**	**549**	**12,160**	**3,877**	**12,083**	**646**	**10,650**	**17,597**	**69,204**	**(2,509)**	**150,917**

(in millions of Russian roubles, unless otherwise stated)

As at 30 June 2018:

	IDGC Siberia and TDC	Tyumen-energo	IDGC Urals	IDGC Volga	IDGC South	Kuban-energo	IDGC North Caucasus	IDGC Centre and Volga Region	IDGC North-West	Lenenergo	Yantar-energo	IDGC Centre	MOESK	FGC UES	Other	Total
Segment assets	**80,199**	**148,908**	**65,591**	**60,750**	**44,603**	**76,773**	**34,492**	**100,044**	**55,804**	**205,515**	**25,124**	**117,327**	**341,689**	**1,458,573**	**146,866**	**2,962,258**
Including property, plant and equipment and comstruction-in-progress	57,299	141,046	51,789	48,922	27,908	61,993	21,804	75,520	43,402	165,755	20,663	98,465	303,931	1,157,034	72,427	2,347,958

As at 31 December 2017:

	IDGC Siberia and TDC	Tyumen-energo	IDGC Urals	IDGC Volga	IDGC South	Kuban-energo	IDGC North Caucasus	IDGC Centre and Volga Region	IDGC North-West	Lenenergo	Yantar-energo	IDGC Centre	MOESK	FGC UES	Other	Total
Segment assets	**78,479**	**147,816**	**66,359**	**63,291**	**44,461**	**71,857**	**34,548**	**101,518**	**53,951**	**205,678**	**24,109**	**119,666**	**342,208**	**1,425,040**	**148,080**	**2,927,061**
Including property, plant and equipment and comstruction-in-progress	55,096	141,268	51,736	49,735	28,697	59,659	22,579	75,889	42,342	168,639	18,863	99,672	304,656	1,158,091	73,680	2,350,602

(in millions of Russian roubles, unless otherwise stated)

b) Reconciliation of reportable segment EBITDA is presented below:

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
EBITDA of reportable segments	**67,291**	**73,032**	**158,781**	**150,917**
Adjustment of allowance for expected credit losses and impairment allowance of advances given	1,597	999	(360)	1,271
Provisions	(164)	82	(229)	1,324
Adjustments for financial lease	76	107	171	216
Adjustment for disposal of property, plant and equipment	(113)	89	44	(226)
Discounting of financial instruments	(770)	904	570	2,029
Adjustment on assets related to employee benefits	(121)	371	(349)	691
Adjustment for deferred expenses	91	85	87	77
Recognition of retirement and other long-term employee benefit obligation	21	(296)	(336)	(415)
Adjustment of impairment of intercompany promissory notes	–	487	–	(443)
Gain on derecognition of subsidiary/(loss on regain of control over subsidiaries)	690	–	690	(12,639)
Re-measurement of financial assets measured at fair value through other comprehensive income (transfer of re - measurement to equity)	(231)	29	(9,106)	38
Other adjustments	(818)	(1,543)	(2,726)	(1,053)
Unallocated items	(608)	(1,038)	(1,429)	(1,026)
EBITDA	**66,941**	**73,308**	**145,808**	**140,761**
Depreciation and amortization	(28,984)	(27,790)	(57,736)	(55,422)
Interest expenses on financial liabilities	(5,904)	(6,857)	(12,065)	(14,171)
Interest expenses on finance lease liabilities	(52)	(33)	(107)	(69)
Income tax expense	(7,954)	(8,204)	(18,963)	(17,096)
Profit for the period per consolidated interim condensed statement of profit or loss and other comprehensive income	**24,047**	**30,424**	**56,937**	**54,003**

(in millions of Russian roubles, unless otherwise stated)

7. Revenue

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Electricity transmission	191,291	175,795	413,269	379,538
Sales of electricity and capacity	23,746	15,264	52,199	34,331
Technological connection services	5,207	7,704	8,290	11,919
Other revenue	4,821	6,537	11,578	10,121
	225,065	**205,300**	**485,336**	**435,909**

Other revenues are mainly comprised of revenue from construction services, rental income, repair and maintenance services.

8. Other income/(expenses), net

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Income in the form of fines and penalties on commercial contracts	3,755	3,711	6,904	6,399
Income from identified non-contracted electricity consumption	1,088	626	1,725	2,004
Income from compensation of losses in connection with retirement / liquidation of electric grid assets	397	775	1,267	1,018
Gain on deconsolidation of subsidiary / (Loss on regain of control over subsidiaries)	690	–	690	(12,639)
Net other income	907	564	2,292	1,006
	6,837	**5,676**	**12,878**	**(2,212)**

As at 30 June 2018 the Group derecognised investments in OJSC Ingushenergo as a subsidiary due to loss of control (recognition of the company as a bankrupt, the appointment of a liquidator and Ingushenergo's insovency proceedings); gain on derecognition of OJSC Ingushenergo amounted to RUB 690 million.

For the six months ended 30 June 2017 loss on regain of control over subsidiaries includes loss on regain of control over OJSC Nurenergo in the amount of RUB 12,627 million

(in millions of Russian roubles, unless otherwise stated)

9. Operating expenses

	Three months ended 30 June		**Six months ended 30 June**	
	2018	**2017**	**2018**	**2017**
Personnel costs	46,281	44,149	91,899	87,572
Depreciation and amortization	28,984	27,790	57,736	55,422
Material expenses, including:				
Electricity for compensation of losses	25,658	19,876	72,290	56,124
Electricity for sale	13,000	7,677	28,561	18,262
Purchased electricity and heat power for own needs	678	652	2,493	2,306
Other material costs	10,130	9,860	18,773	16,477
Production work and services, including:				
Electricity transmission services	35,342	33,716	74,652	69,913
Repair and maintenance services	4,333	3,778	6,207	5,245
Other works and industrial services	3,058	2,983	6,178	4,560
Taxes and levies other than income tax	8,063	6,217	15,664	12,556
Rent	1,817	1,550	3,410	2,999
Insurance	570	579	1,140	1,159
Other third-party services, including:				
Communication services	659	570	1,239	1,195
Security services	1,232	1,140	2,403	2,252
Consulting, legal and audit services	429	388	872	744
Software costs and servicing	594	739	1,001	1,263
Transportation services	622	615	1,217	1,215
Other services	2,214	2,043	4,033	3,696
Allowance for expected credit losses	7,792	1,433	15,261	5,363
Provisions	702	(310)	1,255	507
Other expenses	5,792	5,228	11,292	8,122
	197,950	**170,673**	**417,576**	**356,952**

(in millions of Russian roubles, unless otherwise stated)

10. Finance income and costs

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Finance income				
Interest income on loans, bank deposits and accounts, and promissory notes	1,338	670	2,533	3,162
Interest income on assets related to employee benefits plans	3	36	20	440
Dividends	2,240	2,480	2,240	2,487
Unwind of discount of financial assets	463	1,471	3,046	2,609
Other finance income	415	1,146	1,054	1,241
	4,459	**5,803**	**8,893**	**9,939**

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Finance costs				
Interest expenses on financial liabilities measured at amortized cost	(5,904)	(6,858)	(12,065)	(14,171)
Interest expenses on finance lease liabilities	(52)	(33)	(107)	(69)
Interest expenses on long-term defined benefit liabilities	(549)	(539)	(1,126)	(1,094)
Other finance costs	(131)	(46)	(567)	(235)
	(6,636)	**(7,476)**	**(13,865)**	**(15,569)**

(in millions of Russian roubles, unless otherwise stated)

11. Property, plant and equipment

	Land plots and buildings	**Electricity transmission networks**	**Equipment for electricity transmission**	**Other**	**Construction in progress**	**Total**
Cost/Deemed cost						
At 1 January 2017	**254,538**	**1,212,811**	**980,599**	**287,328**	**352,733**	**3,088,009**
Reclassification between groups	1,691	(2,005)	(283)	626	(29)	–
Additions	354	1,521	362	1,530	77,962	81,729
Transfers	(3,300)	12,585	18,567	2,372	(30,224)	–
Disposals	(95)	(415)	(546)	(795)	(1,037)	(2,888)
At 30 June 2017	**253,188**	**1,224,497**	**998,699**	**291,061**	**399,405**	**3,166,850**
Accumulated depreciation and impairment						
At 1 January 2017	**(75,560)**	**(525,807)**	**(446,440)**	**(176,143)**	**(65,491)**	**(1,289,441)**
Reclassification between groups	(690)	148	490	(121)	173	–
Depreciation charge	(466)	(20,010)	(22,529)	(10,736)	–	(53,741)
Disposals	23	280	448	714	(8)	1,457
At 30 June 2017	**(76,693)**	**(545,389)**	**(468,031)**	**(186,286)**	**(65,326)**	**(1,341,725)**
Net book value						
At 1 January 2017	**178,978**	**687,004**	**534,159**	**111,185**	**287,242**	**1,798,568**
At 30 June 2017	**176,495**	**679,108**	**530,668**	**104,775**	**334,079**	**1,825,125**

(in millions of Russian roubles, unless otherwise stated)

	Land plots and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction in progress	Total
Cost/Deemed cost						
At 1 January 2018	**265,463**	**1,281,956**	**1,074,003**	**311,445**	**401,175**	**3,334,042**
Reclassification between groups	(46)	(28)	11	63	–	–
Additions	297	826	451	2,315	82,730	86,619
Transfers	2,860	12,403	19,628	5,333	(40,224)	–
Disposals	(199)	(395)	(638)	(1,006)	(3,128)	(5,366)
At 30 June 2018	**268,375**	**1,294,762**	**1,093,455**	**318,150**	**440,553**	**3,415,295**
Accumulated depreciation and impairment						
At 1 January 2018	**(83,527)**	**(564,321)**	**(488,699)**	**(196,108)**	**(61,160)**	**(1,393,815)**
Reclassification between groups	(6)	2	(787)	(14)	805	–
Depreciation charge	(4,318)	(20,677)	(20,274)	(10,930)	–	(56,199)
Disposals	70	159	385	933	56	1,603
At 30 June 2018	**(87,781)**	**(584,837)**	**(509,375)**	**(206,119)**	**(60,299)**	**(1,448,411)**
Net book value						
At 1 January 2018	**181,936**	**717,635**	**585,304**	**115,337**	**340,015**	**1,940,227**
At 30 June 2018	**180,594**	**709,925**	**584,080**	**112,031**	**380,254**	**1,966,884**

Capitalized borrowing costs for the six months ended 30 June 2018 amounted to RUB 7,398 million (for the six months ended 30 June 2017: RUB 9,182 million), with capitalization rates of 4.94 – 10.19% (for the six months ended 30 June 2017: 7.30% – 12.22%).

(in millions of Russian roubles, unless otherwise stated)

12. Intangible assets

	Software	**Licenses, certificates and patents**	**Other**	**Total**
Cost				
At 1 January 2017	**21,564**	**143**	**11,132**	**32,839**
Reclassification between groups	(39)	39	–	–
Additions	533	459	89	1,081
Disposals	(177)	(1)	(138)	(316)
At 30 June 2017	**21,881**	**640**	**11,083**	**33,604**
Accumulated amortization and impairment				
At 1 January 2017	**(12,225)**	**(102)**	**(3,708)**	**(16,035)**
Reclassification between groups	8	(8)	–	–
Amortization charge	(1,206)	(13)	(502)	(1,721)
Disposals	177	1	83	261
At 30 June 2017	**(13,246)**	**(122)**	**(4,127)**	**(17,495)**
Net book value				
At 1 January 2017	**9,339**	**41**	**7,424**	**16,804**
At 30 June 2017	**8,635**	**518**	**6,956**	**16,109**
Cost				
At 1 January 2018	**23,173**	**720**	**10,732**	**34,625**
Reclassification between groups	39	–	(39)	–
Additions	1,315	74	323	1,712
Disposals	(301)	(41)	(101)	(443)
At 30 June 2018	**24,226**	**753**	**10,915**	**35,894**
Accumulated amortization and impairment				
At 1 January 2018	**(13,847)**	**(140)**	**(3,880)**	**(17,867)**
Amortization charge	(1,199)	(35)	(344)	(1,578)
Disposals	303	41	34	378
At 30 June 2018	**(14,743)**	**(134)**	**(4,190)**	**(19,067)**
Net book value				
At 1 January 2018	**9,326**	**580**	**6,852**	**16,758**
At 30 June 2018	**9,483**	**619**	**6,725**	**16,827**

Capitalized borrowing costs for the six months ended 30 June 2018 amounted to RUB 31 million (for the six months ended 30 June 2017: RUB 17 million), with capitalization rates of 7.77–8.18% (for the six months ended 30 June 2017: 9.00 – 10.08%).

(in millions of Russian roubles, unless otherwise stated)

13. Financial investments

	30 June 2018	31 December 2017
Non-current		
Financial assets measured at amortised cost	3,083	–
Financial assets measured at fair value through other comprehensive income	52,934	–
Financial assets measured at fair value through profit or loss	586	–
Available-for-sale financial assets	–	67,024
Financial assets held-to-maturity	–	2,890
	56,603	**69,914**
Current		
Financial assets measured at amortised cost	19,691	–
Financial assets held-to-maturity	–	149
	19,691	**149**

Financial assets measured at fair value through other comprehensive income at 30 June 2018 are mainly represented by the shares of PJSC “Inter RAO UES” (as at 31 December 2017 - financial assets available-for-sale). Fair value of these shares is based on published market quotations and amounted to RUB 52,430 million and RUB 65,947 million respectively.

On 29 June 2018 the Group has concluded sales agreements to sell 10,440,000 thousand shares or 10% out of its 18.57% financial investment in PJSC “Inter RAO UES” to JSC “Inter RAO Capital” (6,608,643 thousand shares or 6.33%), “DVB Leasing” LLC (3,132,000 thousand shares or 3%) and “Praktika” LLC (699,357 thousand shares or 0.67%) for the price of RUB 3.3463 per share. As at 30 June 2018 6,608,643 thousand shares of PJSC “Inter RAO UES” were transferred to JSC “Inter RAO Capital”

During the six months ended 30 June 2018 the Group has reclassified 6,608,643 thousand shares of PJSC “Inter RAO UES” sold to JSC “Inter RAO Capital” on 29 June 2019 from Level 1 to Level 3 fair value hierarchy. The fair value of shares sold as single lot has been determined based on independent appraiser report by applying income approach with due account for volume discount and payment by installments in 2019.

During the six months ended 30 June 2018 the Group has recognized revaluation loss for financial investments amounted to RUB 2,007 million relating to the part of financial investment in PJSC “Inter RAO UES” shares sold to to JSC “Inter RAO Capital” on 29 June 2018. Accumulated revaluation reserve, net of tax, relating to shares disposed and amounted to RUB 15,773 million has been reclassified from reserves to retained earnings.

(in millions of Russian roubles, unless otherwise stated)

Financial assets measured at amortised cost at 30 June 2018 and financial assets held to maturity at 31 December 2017 are mainly represented by bank deposits with an original maturity of more than three months.

	Interest rate	**Rating**	**Rating agency**	**30 June 2018**	**31 December 2017**
JSC Russian Agricultural Bank*	6.45-6.61	BB+	Fitch Ratings	5,612	–
JSC AB ROSSIYA	6.60-7.00	A+(RU)	ACRA	4,506	96
JSC Alfa-Bank	6.75	BB+	Standard & Poor's	3,393	–
PJSC Sberbank*	–	BBB-	Fitch Ratings	–	3
Bank GPB (JSC)*	6.50-6.61	BB+	Standard & Poor's	2,969	35
OJSC Bank Tavrichesky	0.51	–	–	2,772	2,664
PJSC ROSBANK	6.55-7.40	BBB-	Fitch Ratings	1,520	–
VBRR (JSC)*	6.40	Ba2	Moody's	1,015	–
VTB Bank (PJSC)*	6.45-6.75	BBB-	Standard & Poor's	671	–
				22,458	**2,798**

*Government-related

(in millions of Russian roubles, unless otherwise stated)

14. Trade and other receivables

	30 June 2018	31 December 2017
Non-current trade and other accounts receivable		
Trade receivables	63,257	69,415
Allowance for expected credit losses on trade receivables	(553)	(742)
Other receivables	16,675	609
Allowance for expected credit losses on other receivables	(59)	–
Loans given	127	144
Total financial assets	**79,447**	**69,426**
Advances given	7,304	7,309
Advances given impairment allowance	(6,626)	(6,635)
VAT on advances from customers	5,091	4,383
	85,216	**74,483**
Current trade and other accounts receivable		
Trade receivables	206,098	200,448
Allowance for expected credit losses on trade receivables	(97,240)	(85,608)
Other receivables	38,292	29,630
Allowance for expected credit losses on other receivables	(16,061)	(14,739)
Loans given	262	339
Allowance for expected credit loss on current loans given	(118)	(180)
Total financial assets	**131,233**	**129,890**
Advances given	16,858	17,113
Advances given impairment allowance	(8,714)	(8,858)
VAT recoverable	11,647	11,709
VAT on advances from customers	925	1,031
Prepaid taxes, other than income tax and VAT	674	581
	152,623	**151,466**

As at 30 June 2018 long-term accounts receivable and other receivables include amounts of RUB 14,713 million and RUB 5,650 million respectively due from JSC “Inter RAO Capital” under the share sales agreement (Note 13).

(in millions of Russian roubles, unless otherwise stated)

15. Cash and cash equivalents

	30 June 2018	31 December 2017
Cash at banks and in hand	32,420	44,234
Cash equivalents	90,636	57,820
	123 056	**102,054**

	Rating	Rating agency	30 June 2018	31 December 2017
Bank GPB (JSC)*	BB+	Standard & Poor's	13,565	11,425
UFK*	–	–	6,655	4,464
PJSC Sberbank*	BBB-	Fitch Ratings	5,683	16,945
JSC AB ROSSIYA	A+(RU)	ACRA	3,256	5,322
PJSC RNCB*	A(RU)	ACRA	1,528	3,354
JSC «Alfa-Bank»	BB+	Standard & Poor's	874	815
VTB Bank (PJSC)*	BBB-	Standard & Poor's	423	1,183
Other banks			355	670
Cash in hand			81	56
			32,420	**44,234**

*Government-related

Cash equivalents primarily consist of bank deposits placed with a number of banks for less than three months.

	Interest rate	Rating	Rating agency	30 June 2018	31 December 2017
VTB Bank (PJSC)*	0.01-7.90	BBB-	Standard & Poor's	46,157	11,712
Bank GPB (JSC)*	6.00-7.00	BB+	Standard & Poor's	22,724	21,263
JSC Russian Agricultural Bank*	6.40-7.20	BB+	Fitch Ratings	10,861	3,282
PJSC Sberbank*	4.07-7.23	BBB-	Fitch Ratings	5,205	8,759
VBRR (JSC)*	6.51-6.61	Ba2	Moody's	2,221	–
UniCredit Bank (JSC)	6.50	BBB-	Standard & Poor's	1 506	–
JSC AB ROSSIYA	6.70	A+(RU)	ACRA	385	9,228
JSC «Alfa-Bank»	–	–	–	–	3,302
Other banks				1,323	43
				90,382	**57,589**

* Government-related

As at 30 June 2018 and as at 31 December 2017 all cash and cash equivalents balances were RUB nominated.

(in millions of Russian roubles, unless otherwise stated)

16. Equity

a) Share capital

	Ordinary shares		Preference shares	
	30 June 2018	**31 December 2017**	**30 June 2018**	**31 December 2017**
Par value	RUB 1	RUB 1	RUB 1	RUB 1
On issue 1 January	198 827 865 141	195 995 579 707	2 075 149 384	2 075 149 384
On issue at the end of the year and fully paid	198 827 865 141	198 827 865 141	2 075 149 384	2 075 149 384

b) Ordinary and preference shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company shareholders' meetings.

Holders of preference shares are entitled to an annual dividend equal to 10% of net statutory profit divided by 25% of all shares. If the amount of dividends paid by the Company for each ordinary share in a given year exceeds the amount payable as a dividend on each preference share, the dividend rate payable on the latter must be increased to the amount of dividends on ordinary shares.

Preference shares carry the right to vote on all issues within the competence of general shareholders' meetings following the Annual Shareholders' Meeting at which a decision not to pay (or not to pay the full amount of) dividends on preference shares was taken. The right of preference shareholders to vote at general shareholders' meetings ceases from the date of the first full payment of dividends on such shares. The dividend is not cumulative, however. The preference shares also carry the right to vote, but this right is limited according to the amendments of the Company Charter, which include reorganization and liquidation.

In the event of liquidation, preference shareholders receive any declared unpaid dividends and the par value of the preference shares. Thereafter all shareholders, ordinary and preference, participate equally in the distribution of the remaining assets.

c) Dividends

The basis for distribution of profits of the Company's profit to shareholders is defined by Russian legislation as net profit presented in its statutory financial statements prepared in accordance with the Regulations on Accounting and Reporting of the Russian Federation.

On 29 June 2018 the annual General meeting of shareholders decided not to pay dividends on preference and ordinary shares of PJSC "ROSSETI" on the results of 2017 and to pay dividends on preference and ordinary shares of PJSC "ROSSETI" for the first quarter of 2018 in the amount of RUB 2,468 million (for preference shares in the amount of 0.04287 ruble per one preferrence share and on ordinary shares in the amount of 0.011965 ruble per one ordinary share).

d) Changes in ownership interests of subsidiaries

Shares issued by subsidiaries

On 23 August 2016 the Extraordinary General Meeting of Shareholders of PJSC IDGC of Northern Caucasus approved an increase in its share capital through the issuance of additional 3,258,695,653 ordinary nominal uncertified shares at a par value of RUB 1.0 each. The offering price was RUB 17.45 per share. As at 31 December 2017, the Group acquired 234,654,020 shares and, inclusive of actually outstanding shares of the current issue, the Group's ownership interest amounted to 97.30%.

In March 2018, the Group additionally purchased 407,908 shares of PJSC IDGC of the North Caucasus from this issue. The Group paid cash shares in the amount of RUB 7 million. As at 30 June 2018, taking into account the actually placed shares of the current issue, the Group's share increased insignificantly and amounted to 97.30%.

e) Treasury shares

Information regarding treasury shares is presented below:

30 June 2018			31 December 2017		
Number of shares, mln.		Cost,	Number of shares, mln.		Cost,
Ordinary	Preference	mln. RUB	Ordinary	Preference	mln. RUB
1,084	308	2,702	1,486	308	2,702

Due to completion of the shares repurchase period by the participants of the option program approved by the Company's Board of Directors on 9 November 2010, the Group has sold 402,185,598 own shares as at 30 June 2018.

17. Earnings per share

The calculation of the basic earnings per share for the three and six months ended 30 June 2018 and 30 June 2017 is given below. The Company does not have dilutive financial instruments.

	Three months ended 30 June		Six months ended 30 June	
In millions of shares	**2018**	**2017**	**2018**	**2017**
Issued shares at 1 January	198,828	195,996	198,828	195,996
Effect of own shares held	(1,084)	(1,486)	(1,084)	(1,486)
Effect of issued shares	–	2,317	–	2,317
Weighted average number of shares for the period ended 30 June	**197,744**	**196,827**	**197,744**	**196,827**

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Weighted average number of ordinary shares for the period ended 30 June (in millions of shares)	197,744	196,827	197,744	196,827
Profit for the period attributable to holders of ordinary shares	18,144	22,273	40,604	37,216
Profit per ordinary share (in RUB) – basic and diluted	**0.10**	**0.11**	**0.21**	**0.19**

(in millions of Russian roubles, unless otherwise stated)

18. Loans and borrowings

	30 June 2018	31 December 2017
Non-current liabilities		
Unsecured loans and borrowings	226,201	220,682
Unsecured bonds	337,971	333,193
Finance lease liabilities	905	984
Less: current portion of long-term finance lease liabilities	(190)	(400)
Less: current portion of long-term loans and borrowings	(11,408)	(22,269)
Less: current portion of long-term bonds	(55,691)	(25,200)
	497,788	**506,990**
Current liabilities		
Unsecured loans and borrowings	5,308	3,016
Promissory notes	359	359
Current portion of long-term finance lease liabilities	190	400
Current portion of long-term loans and borrowings	11,408	22,269
Current portion of long-term bonds	55,691	25,200
	72,956	**51,244**
Including:		
Interests payable on loans and borrowings	278	233
Interests payable on bonds	4,683	4,849
	4,961	**5,082**

As at 30 June 2018 and 31 December 2017, loans and borrowings are denominated in roubles.

(in millions of Russian roubles, unless otherwise stated)

The Group raised the following significant bank loans and borrowings and issued the following significant bonds during the six months ended 30 June 2018:

	Nominal interest rates	**Maturity**	**Nominal value**
Unsecured bank loans*	7.15–10.80%	2018-2022	438,493
Unsecured bank loans*	7.20–10.65%	2018–2021	27,340
Unsecured bank loans*	7.50–11.15%	2018–2021	22,573
Unsecured bank loans	7.12–11.00%	2018–2021	15,260
Unsecured bank loans*	7.80–10.00%	2018–2021	6,525
Unsecured bonds	6.95%	2021	5,000
Unsecured bank loans	Key rate of CB RF +0.70%	2021	3,000
Unsecured bank loans	7.49%	2020	2,000
Unsecured bank loans*	7.59–7.83%	2018	470
Unsecured bank loans	11.75–13.00%	2018	415
Unsecured bank loans	8.75-11.00%	2018	410
Unsecured bank loans	9.05%	2018	285
Unsecured bank loans	11.00%	2019	200
Other unsecured loans and borrowings	–	2018–2026	86
			522,057

* Loans from government-related entities

The Group repaid the following significant bank loans and bonds during the six months ended 30 June 2018:

	Nominal value
Loans from government-related entities	493,191
Other loans and borrowings	16,093
Bonds	83
	509,367

(in millions of Russian roubles, unless otherwise stated)

19. Trade and other payables

	30 June 2018	31 December 2017
Non-current accounts payable		
Trade payables	15,164	14,651
Other payables	554	587
Total financial liabilities	**15,718**	**15,238**
Advances from customers	33,211	24,602
	48,929	**39,840**
Current accounts payable		
Trade payables	121,349	135,193
Other payables and accrued expenses	14,239	16,124
Payables to employees	19,830	19,872
Dividends payable	8,572	346
Total financial liabilities	**163,990**	**171,535**
Advances from customers	68,165	71,264
	232,155	**242,799**
Taxes payable		
Value-added tax	13,159	9,170
Property tax	7,274	5,304
Social security contributions	3,439	3,476
Other taxes payable	1,458	1,177
	25,330	**19,127**
	257,485	**261,926**

As at 30 June 2018 and 31 December 2017 long-term trade accounts payable mainly relate to contracts for the purchase of property, plant and equipment in instalments.

(in millions of Russian roubles, unless otherwise stated)

20. Financial risk and capital management

The Group's financial risk and capital management objectives and policies and the assumptions 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 and carrying amounts of financial assets and liabilities are as follows:

		30 June 2018		**Level of fair value hierarchy**		
	Note	**Carrying amount**	**Fair value**	**1**	**2**	**3**
Loans given and receivables	14	210,680	210,680	–	–	210,680
Other financial assets measured at amortized cost	13	22,774	22,774	–	–	22,774
Financial assets measured at fair value through profit or loss	13	586	586	–	–	586
Financial assets measured at fair value through other comprehensive income	13	52,934	52,934	52,818	–	116
Cash and cash equivalents	15	123,056	123,056	123,056	–	–
Current and non-current loans and borrowings	18	(570,744)	(565,246)	(114,821)	(309,235)	(141,190)
Trade and other payables	19	(179,708)	(179,708)	–	–	(179,708)
Total:		**(340,422)**	**(334,924)**	**61,053**	**(309,235)**	**(86,742)**

		31 December 2017		**Level of fair value hierarchy**		
	Note	**Carrying amount**	**Fair value**	**1**	**2**	**3**
Loans given and receivables	14	199,316	199,316	–	–	199,316
Available-for-sale financial assets	13	67,024	67,024	66,298	–	726
Financial assets held to maturity	13	3,039	3,039	–	–	3,039
Cash and cash equivalents	15	102,054	102,054	102,054	–	–
Current and non-current loans and borrowings	18	(558,234)	(552,494)	(114,057)	(297,113)	(141,324)
Trade and other payables	19	(186,773)	(186,773)	–	–	(186,773)
Total:		**(373,574)**	**(367,834)**	**54,295**	**(297,113)**	**(125,016)**

The interest rate used to discount the expected future cash flows for long-term and short-term loans borrowings for the purpose of determining the fair value disclosed as at 30 June 2018 was 7.35 – 8.83% (as at 31 December 2017: 7.90 – 9.80%).

(in millions of Russian roubles, unless otherwise stated)

The reconciliation of the carrying amount of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income at the beginning and end of the reporting period is provided in the table below:

	Financial assets measured at fair value through profit or loss	**Financial assets measured at fair value through other comprehensive income**
At 1 January 2018	**609**	**66,415**
Purchase	–	–
Selling	–	(20,463)
Change in fair value recognized in other comprehensive income	–	6,982
Change in fair value recognized in profit or loss	(23)	–
At 30 June 2018	**586**	**52,934**

As of 30 June 2018, the amount of free limit on open but unused credit lines of the Group was RUB 431,500 million (31 December 2017: RUB 437,473 million). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

21. Capital commitments

As at 30 June 2018, the Group has outstanding commitments under contracts for the purchase and construction of property, plant and equipment items for RUB 300,715 million, including VAT (as at 31 December 2017: RUB 261,598 million including 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, including coverage in case of damage or loss of assets. However, there are risks of negative impact on the operations and the financial position of the Group in case of damage caused to third parties, and also as a result of damage or loss of assets, insurance protection of which is non-existent or not fully implemented.

b) Taxiation contingincies

The current 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 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 lead to tax risks in the Russian Federation being much higher 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 tax, currency and customs positions will be sustained. However, the interpretations of the relevant authorities could differ and have an effect on these consolidated financial statements if the authorities were successful in enforcing their interpretations.

Transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

Currently there is lack of practice of applying the transfer pricing rules by the tax authorities and courts, however, it is anticipated that transfer pricing arrangements will be subject to very close scrutiny potentially having effect on these consolidated financial statements.

c) Legal proceedings

The Group is party to a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in the consolidated interim condensed financial statements.

d) Environmental matters

The Group has been operating in the electric transmission industry in the Russian Federation for many years. The legislation on environmental protection in the Russian Federation continues to develop, the duties of the authorized state bodies to monitor its compliance are reviewed. Potential liabilities arising as a result of a change in interpretation of existing regulations, civil litigation or changes in legislation cannot be estimated Under existing legislation, management believes that there are no probable liabilities, which will have a material adverse effect on the Group's financial position, results of operations or cash flows.

e) Guarantees

As at 30 June 2018 the Company acts as a guarantor to Infrastructural Investments-3 LLC for the performance of its subsidiaries' obligations under lease agreements. The total amount of the guarantee is RUB 11,556 million.

23. Related party transactions

a) Control relationships

The Russian Federation holds the majority of the voting shares of the Company. It is the ultimate controlling party of the Group.

b) Transactions with the key management personnel

In order to prepare these consolidated interim condensed financial statements, the key management personnel are members of the Management Board and the Board of Directors of PJSC "ROSSETI" and general directors (sole executive body) of subsidiaries engaged in transmission and distribution of electric power through electric grids.

The remuneration for key management personnel consists of the salary stipulated by the employment contract, non-monetary benefits, bonuses determined based on the results for the period, and other payments. Remuneration or compensation is not payable to members of the Board of Directors who are government employees.

(in millions of Russian roubles, unless otherwise stated)

The amounts of the key management personnel remuneration disclosed in the table are recognized as an expense related to the key management personnel during the reporting period and included in personnel costs:

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Short-term remuneration to employees	103	143	222	252
Post-employment benefits	2	–	5	3
Total	**105**	**143**	**227**	**255**

As of 30 June 2018, the carrying value of defined benefit plan, defined contribution plan and other post-employment benefit plans reported in the consolidated statement of financial position includes liabilities related to the key management personnel for RUB 76 million (31 December 2017: RUB 71 million).

c) Transactions with government-related entities

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

Revenues from government-related entities of total revenues, including revenues from electricity transmission and electricity transmission costs (including compensation of technological losses) for government-related entities of total transmission costs, are shown below.

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Revenues	36%	40%	36%	40%
Revenues from electricity transmission	38%	43%	38%	43%
Electricity transmission costs (including compensation of technological losses)	33%	40%	29%	36%

For the six months ended 30 June 2018 interest expenses on government-related banks loans amounted to RUB 6,211 million (for the six months ended 30 June 2017: RUB 8,048 million).

As at 30 June 2018 cash and cash equivalents held in government-related banks amounted to RUB 113,563 million (as at 31 December 2017: RUB 82,506 million).

As at 30 June 2018 deposits with an original maturity of more than three months placed in government-related banks amounted to RUB 10,267 million (as at 31 December 2017: RUB 38 million).

As at 30 June 2018 long-term accounts receivable and other receivables include amounts of RUB 14,713 million and RUB 5,650 million respectively due from JSC “Inter RAO Capital” under the terms of share sales agreement (Note 13).

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

24. Events after the reporting date

On 30 July 2018 the Group has sold 3,132,000 thousand shares of the PJSC “Inter RAO UES” to a third party “DVB Leasing” LLC for the price of RUB 3.3463 per share (Note 13).