

**Consolidated interim condensed financial statements of
Public Joint Stock Company ROSSETI and its subsidiaries
prepared in accordance with IAS 34 “Interim financial reporting”
for the three months ended 31 March 2019
(unaudited)**

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

| | Notes | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|-----------------------------------------------------------------------------------------------|-------|-------------------------------------|---------------------------------------------------|
| Revenue | 7 | 265,526 | 260,271 |
| Operating expenses | 9 | (219,734) | (218,172) |
| Other income, net | 8 | 13,057 | 5,842 |
| Results from operating activities | | 58,849 | 47,941 |
| Finance income | 10 | 5,172 | 3,368 |
| Finance costs | 10 | (8,567) | (7,229) |
| Net finance costs | | (3,395) | (3,861) |
| Share of profit of associates and joint ventures (net of income tax) | | 32 | 8 |
| Profit before income tax | | 55,486 | 44,088 |
| Income tax expense | 11 | (14,718) | (10,925) |
| Profit for the period | | 40,768 | 33,163 |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation difference | | (85) | 64 |
| Total items that may be reclassified subsequently to profit or loss | | (85) | 64 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Changes in fair value of financial assets at fair value through other comprehensive income | | (1,408) | 8,187 |
| Remeasurement of the defined benefit liabilities | | (938) | (1,642) |
| Income tax | 11 | 278 | (1,398) |
| Total items that will not be reclassified subsequently to profit or loss | | (2,068) | 5,147 |
| Other comprehensive (loss)/income for the period, net of income tax | | (2,153) | 5,211 |
| Total comprehensive income for the period | | 38,615 | 38,374 |
| Profit attributable to: | | | |
| Owners of the Company | | 28,162 | 22,419 |
| Non-controlling interest | | 12,606 | 10,744 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 26,518 | 26,754 |
| Non-controlling interest | | 12,097 | 11,620 |
| Earnings per share | | | |
| Basic and diluted earnings per ordinary share (in RUB) | 19 | 0.14 | 0.11 |

These consolidated interim condensed financial statements were approved by management on 27 May 2019 and were signed on its behalf by:

Director General

P.A. Livinsky

Director for accounting
and reporting – Chief Accountant

D.V. Nagovitsyn



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

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

| | Notes | 31 March 2019 | 31 December 2018 |
|-----------------------------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 2,016,918 | 1,983,874 |
| Intangible assets | 13 | 18,746 | 19,145 |
| Right-of-use assets | 14 | 32,961 | – |
| Investments in associates and joint ventures | | 1,348 | 1,401 |
| Trade and other receivables | 16 | 81,792 | 82,521 |
| Assets related to employee benefits plans | | 5,963 | 6,216 |
| Financial investments | 15 | 40,220 | 41,562 |
| Deferred tax assets | | 11,310 | 10,090 |
| Total non-current assets | | 2,209,258 | 2,144,809 |
| Current assets | | | |
| Inventories | | 42,132 | 37,109 |
| Financial investments | 15 | 45,661 | 47,192 |
| Income tax prepayments | | 5,338 | 3,380 |
| Trade and other receivables | 16 | 187,211 | 180,619 |
| Cash and cash equivalents | 17 | 85,211 | 84,056 |
| Total current assets | | 365,553 | 352,356 |
| Assets held for sale | 8 | – | 21,467 |
| Total assets | | 2,574,811 | 2,518,632 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 18 | 200,903 | 200,903 |
| Share premium | | 213,098 | 213,098 |
| Treasury shares | | (109) | (109) |
| Other reserves | | 13,678 | 15,322 |
| Retained earnings | | 715,847 | 687,786 |
| Total equity attributable to owners of the Company | | 1,143,417 | 1,117,000 |
| Non-controlling interest | | 389,736 | 377,962 |
| Total equity | | 1,533,153 | 1,494,962 |
| Non-current liabilities | | | |
| Loans and borrowings | 20 | 481,811 | 480,989 |
| Trade and other payables | 21 | 50,782 | 44,046 |
| Employee benefit liabilities | | 24,566 | 23,592 |
| Deferred tax liabilities | | 87,954 | 76,640 |
| Total non-current liabilities | | 645,113 | 625,267 |
| Current liabilities | | | |
| Loans and borrowings | 20 | 103,107 | 87,268 |
| Trade and other payables | 21 | 281,378 | 295,124 |
| Provisions | | 11,251 | 10,901 |
| Current income tax liabilities | | 809 | 5,110 |
| Total current liabilities | | 396,545 | 398,403 |
| Total liabilities | | 1,041,658 | 1,023,670 |
| Total equity and liabilities | | 2,574,811 | 2,518,632 |

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

| | Notes | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|-------------------------------------------------------------------------------------------------------------|-------|-------------------------------------|---------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the period | | 40,768 | 33,163 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment and amortization of intangible assets and right-of-use-assets | 9 | 31,662 | 28,285 |
| Finance costs | 10 | 8,567 | 7,229 |
| Finance income | 10 | (5,172) | (3,368) |
| Gain on disposal of property, plant and equipment | | (83) | (123) |
| Share of profit of associates and joint ventures, net of income tax | | (32) | (8) |
| Allowance for expected credit losses | 9 | 4,492 | 7,469 |
| Non-cash receipt of property, plant and equipment | | (510) | (866) |
| Accounts payable write-off | | (64) | (57) |
| Non-cash settlements of technological connection agreements | | (122) | – |
| Gain on assets exchange | 8 | (8,110) | – |
| Other non-cash transactions | | 11 | (176) |
| Income tax expense | | 14,718 | 10,925 |
| Total impact of adjustments | | 45,357 | 49,310 |
| Change in assets related to employee benefit liabilities | | 252 | 228 |
| Change in employee benefit liabilities | | (466) | (248) |
| Cash flows from operating activities before changes in working capital | | 85,911 | 82,453 |
| <i>Changes in working capital:</i> | | | |
| Change in trade and other receivables | | (12,588) | (12,716) |
| Change in inventories | | (4,976) | (5,555) |
| Change in trade and other payables | | (1,861) | 16,059 |
| Change in provisions | | 350 | (9) |
| Cash flows from operating activities before income tax and interest paid | | 66,836 | 80,232 |
| Income tax paid | | (10,533) | (12,618) |
| Interest paid on lease agreements | | (644) | (55) |
| Interest paid | | (10,767) | (10,919) |
| Net cash flows from operating activities | | 44,892 | 56,640 |

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

| | <u>Notes</u> | <u>Three months ended 31 March 2019</u> | <u>Three months ended 31 March 2018 (restated)</u> |
|---------------------------------------------------------------------------|--------------|---------------------------------------------|------------------------------------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment and intangible assets | | (34,333) | (35,132) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 512 | 413 |
| Acquisition of investments and placement of bank deposits | | (28,833) | (19,333) |
| Disposal of investments and withdrawal of bank deposits | | 30,398 | 941 |
| Interest received | | 2,304 | 1,134 |
| Sale of financial investments | | 2,795 | – |
| Dividends received | | – | 7 |
| Net cash flows used in investing activities | | (27,157) | (51,970) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loans and borrowings | | 14,714 | 220,712 |
| Repayment of loans and borrowings | | (30,565) | (232,766) |
| Acquisition of non-controlling interests | | (74) | – |
| Dividends paid | | (4) | (2) |
| Repayment of lease liabilities | | (651) | (28) |
| Net cash flows used in financing activities | | (16,580) | (12,084) |
| Net increase/(decrease) in cash and cash equivalents | | 1,155 | (7,414) |
| Cash and cash equivalents at the beginning of the period | | 84,056 | 102,054 |
| Cash and cash equivalents at the end of the period | 17 | 85,211 | 94,640 |

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

| | Attributable to equity holders of the Company | | | | | | Non-controlling interest | Total equity |
|---------------------------------------------------------|-----------------------------------------------|------------------|--------------------|----------------|----------------------|------------------|-----------------------------|------------------|
| | Share capital | Share premium | Treasury shares | Reserves | Retained earnings | Total | | |
| Balance at 31 December 2018 | 200,903 | 213,098 | (109) | 15,322 | 687,786 | 1,117,000 | 377,962 | 1,494,962 |
| Changes in accounting policy (Note 3a) | – | – | – | – | (345) | (345) | (5) | (350) |
| Balance at 1 January 2019 (restated) | 200,903 | 213,098 | (109) | 15,322 | 687,441 | 1,116,655 | 377,957 | 1,494 612 |
| Profit for the period | – | – | – | – | 28,162 | 28,162 | 12,606 | 40,768 |
| Other comprehensive income | – | – | – | (1,854) | – | (1,854) | (577) | (2,431) |
| Related income tax | – | – | – | 210 | – | 210 | 68 | 278 |
| Total comprehensive (loss)/income for the period | – | – | – | (1,644) | 28,162 | 26,518 | 12,097 | 38,615 |
| Transactions with owners of the Company | | | | | | | | |
| Changes in ownership interests in subsidiaries | | | | | | | | |
| Shares issued by subsidiaries | – | – | – | – | 244 | 244 | (318) | (74) |
| Total transactions with owners of the Company | – | – | – | – | 244 | 244 | (318) | (74) |
| Balance at 31 March 2019 | 200,903 | 213,098 | (109) | 13,678 | 715,847 | 1,143,417 | 389,736 | 1,533,153 |

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

| | Attributable to equity holders of the Company | | | | | | Non- controlling interest | Total equity |
|--------------------------------------------------------|-----------------------------------------------|------------------|--------------------|---------------|----------------------|------------------|---------------------------------|------------------|
| | Share capital | Share premium | Treasury shares | Reserves | Retained earnings | Total | | |
| 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 (Note 2c) and restatement | – | – | – | 322 | (37,653) | (37,331) | (16,437) | (53,768) |
| Balance at 1 January 2018 (restated) | 200,903 | 213,098 | (2,702) | 25,752 | 583,424 | 1,020,475 | 349,318 | 1,369,793 |
| Profit for the period | – | – | – | – | 22,419 | 22,419 | 10,744 | 33,163 |
| Other comprehensive income | – | – | – | 5,483 | – | 5,483 | 1,126 | 6,609 |
| Related income tax | – | – | – | (1,148) | – | (1,148) | (250) | (1,398) |
| Total comprehensive income for the period | – | – | – | 4,335 | 22,419 | 26,754 | 11,620 | 38,374 |
| Transactions with owners of the Company | | | | | | | | |
| Changes in ownership interests in subsidiaries | | | | | | | | |
| Shares issued by subsidiaries | – | – | – | – | (239) | (239) | 239 | – |
| Total transactions with owners of the Company | – | – | – | – | (239) | (239) | 239 | – |
| Balance at 31 March 2018 (restated) | 200,903 | 213,098 | (2,702) | 30,087 | 605,604 | 1,046,990 | 361,177 | 1,408,167 |

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’s registered address is Moscow, Russia.

The legal address of the Company is 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.

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by the market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy has been negatively impacted by sanctions imposed on Russia by a number of countries. The Rouble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group’s future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group’s business in the current circumstances.

The consolidated financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

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 31 March 2019 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. As at 31 December 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 voting 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 the constituent entities of the Russian Federation in the field of state regulation of tariffs.

2 Basis of preparation

a) Statement of compliance

These consolidated interim condensed financial statements for the three months ended 31 March 2019 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 2018 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 2018.

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) Restating the amounts

The Group restated the amounts relating to previous periods due to:

2c(i) Corrections due to changes in accounting policies in respect of property, plant and equipment:

When the subsidiary of the Group changed its accounting policy to measuring property, plant and equipment in the accounting model at cost (less accumulated depreciation and impairment losses) the model of calculating future cash flows from technological connection was adjusted.

2c(ii) Change in accounting policies in respect of property, plant and equipment:

From 1 January 2018, the Group has changed its accounting treatment for initial measurement of the gratuitously received items of property, plant and equipment and subject to recognition in the statement of financial position in accordance with the requirements of the industry and Federal regulations to ensure reliable and uninterrupted power supply and maintenance of power grid facilities in proper conditions.

Previously, the Group recognised such items of property, plant and equipment in the statement of financial position at deemed cost which was based on independent measurement of the fair value of such items and recognised as income in the consolidated statement of profit or loss and other comprehensive income. Based on the technical condition of the items, the Group has recognised similar items of property, plant and

equipment in the amount of actual expenditure since 1 January 2018. The Group applied this change in the accounting policies retrospectively.

2c(iii) Other corrections

The other corrections mainly include the restating of deferred income tax (in part of allowance for expected credit losses, fixed assets), discounting of receivables and accrual of expenses for electricity transmission services for the period of service.

The results of the recalculation related to the previous reporting periods are presented below:

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

| Three months ended 31 March 2018 | As reported | 2c (i) | 2c (ii) | 2c (iii) | As restated |
|--------------------------------------------------------|--------------------|---------------|----------------|-----------------|--------------------|
| Operating expenses | (219,626) | 298 | 167 | 989 | (218,172) |
| Other income, net | 6,041 | (64) | (135) | – | 5,842 |
| Results from operating activities | 46,686 | 234 | 32 | 989 | 47,941 |
| Finance income | 4,434 | – | – | (1,066) | 3,368 |
| Net finance costs | (2,795) | – | – | (1,066) | (3,861) |
| Income tax expense | (11,009) | (47) | (5) | 136 | (10,925) |
| Profit for the period | 32,890 | 187 | 27 | 59 | 33,163 |
| Total comprehensive income for the period | 38,101 | 187 | 27 | 59 | 38,374 |
| Profit attributable to: | | | | | |
| Owners of the Company | 22,460 | 150 | 13 | (204) | 22,419 |
| Non-controlling interest | 10,430 | 37 | 14 | 263 | 10,744 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | 26,795 | 150 | 13 | (204) | 26,754 |
| Non-controlling interest | 11,306 | 37 | 14 | 263 | 11,620 |
| Basic and diluted earnings per ordinary share (in RUB) | 0.11 | – | – | – | 0.11 |

Consolidated Interim Condensed Statement of Financial Position

| 31 March 2018 | As reported | 2c (i) | 2c (ii) | 2c (iii) | As restated |
|-----------------------------------------------------------|--------------------|-----------------|----------------|-----------------|--------------------|
| Property, plant and equipment | 1,942,158 | (53,333) | (9,550) | – | 1,879,275 |
| Deferred tax assets | 7,387 | – | 7 | 2,453 | 9,847 |
| Total non-current assets | 2,128,329 | (53,333) | (9,543) | 2,453 | 2,067,906 |
| Trade and other receivables | 157,657 | – | – | (1,066) | 156,591 |
| Total current assets | 319,850 | – | – | (1,066) | 318,784 |
| Total assets | 2,448,179 | (53,333) | (9,543) | 1,387 | 2,386,690 |
| Other reserves | 29,557 | – | – | 530 | 30,087 |
| Retained earnings | 643,506 | (34,606) | (3,959) | 663 | 605,604 |
| Total equity attributable to owners of the Company | 1,084,362 | (34,606) | (3,959) | 1,193 | 1,046,990 |
| Non-controlling interest | 377,300 | (8,578) | (3,824) | (3,721) | 361,177 |
| Total equity | 1,461,662 | (43,184) | (7,783) | (2,528) | 1,408,167 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 83,860 | (10,149) | (1,760) | 3,915 | 75,866 |
| Total non-current liabilities | 662,084 | (10,149) | (1,760) | 3,915 | 654,090 |
| Total liabilities | 986,517 | (10,149) | (1,760) | 3,915 | 978,523 |
| Total equity and liabilities | 2,448,179 | (53,333) | (9,543) | 1,387 | 2,386,690 |

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 2018, except for the effect of adoption IFRS 16 “Leases” starting from 1 January 2019 as described below.

a) IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces existing leases guidance including IAS 17 Leases and relevant leases IFRS interpretations; eliminating the classification of leases as either operating leases or finance lease and establishes a single lessee accounting model.

An agreement as a whole or its individual components is a lease contract if it transfers the right to control the use of the identified asset for a certain period in exchange for compensation.

Right-of-use assets are initially measured at cost and amortised to the earlier of the following: the end date of useful lives of the right-of-use asset or the lease end date. The initial cost of the right-of-use asset includes the amount of the initial estimate of the lease liability, lease payments made before or at the commencement of the lease, and initial direct costs. After initial recognition, the right-to-use assets are carried at cost less accumulated amortisation and accumulated impairment losses. Right-of-use assets are presented in the statement of financial position as a separate line item.

Obligation under the lease are initially measured at the present value of the lease payments that have not yet been implemented on inception of the lease and subsequently measured at amortized cost in the form of interest in the finance costs line in the consolidated statement of profit and loss and other comprehensive income. Lease liabilities are presented in the Statement of financial position under Loans and borrowings lines (long-term and short-term).

The main objects of the Group's lease are electric grid facilities (electricity transmission networks, equipment for electricity transmission, other) and land plots. The Group also leases non-residential real estate and vehicles.

The group adopted a modified retrospective method to reflect the cumulative effect of the initial application of the standard as at the date of transition, 1 January 2019. The weighted average rate of additional borrowings applied to lease liabilities recognized in the statement of financial position at the date of initial application was 9.36%.

The group also applied practical simplifications and did not apply the new standard to lease agreements that expire within twelve months from the date of transition.

As at 1 January 2019 the date of initial application of IFRS 16 Leases the effect is the following on the Groups assets, liabilities and the capital:

| | 1 January 2019 |
|------------------------------------------------------------|-----------------------|
| <i>Assets</i> | |
| Right-of –use assets | 32,063 |
| Impairment loss of right-of-use assers | (437) |
| Deffered tax assets | 87 |
| Trade and other receivables | (242) |
| <i>Liabilities</i> | |
| Long-term lease liabilities (within loans and borrowings) | 29,419 |
| Short-term lease liabilities (within loans and borrowings) | 2,822 |
| Trade and other payables | (431) |
| Retained earnings | (350) |

Below is the reconciliation between operating lease liabilities performed under IAS 17 as at 31 December 2018 and lease liabilities recognized in the Statement of financial position as at 1 January 2019 under IFRS 16 Leases.

| | 1 January 2019 |
|-------------------------------------------------------------------------------------|-----------------------|
| Operating lease liabilities as at 31 December 2018 | 64,545 |
| Other operating lease commitments | 19,728 |
| Options for renewal /termination of leases for which there is sufficient confidence | 12,945 |
| Exemption for the recognition of short-term leases | (649) |
| Discounting effect | (62,797) |
| Finance lease liabilities as at 31 December 2018 | 1,952 |
| Other | (1,531) |
| Lease liabilities as at 1 January 2019 | 34,193 |

b) Other standarts and interpretations

Except for the changes in accounting policies described in section 3a the following amendments and interpretations that are effective as at 1 January 2019 have no impact on these consolidated interim condensed financial statements:

- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 Prepayment Features with Negative Compensation;

- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 11 Joint Arrangement;
- Amendments to IAS 12 Income Taxes – Income Tax Consequences of Payments on Instruments Classified as Equity;
- Amendments to IAS 23 Borrowing Costs;
- Amendments to IAS 28 Long-term interests in associates and joint ventures;
- Amendments to IAS 19 Plan amendment, Curtailment or settlement.

The following new standards and interpretations that are mandatory for the annual periods beginning on or after 1 January 2020, and which the Group has not early adopted:

- IFRS 17 Insurance contracts;
- Amendments to IFRS 3 Business Combinations – Definition of a Business;
- Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies changes in accounting estimates and errors.

In March 2018 the IASB issued a new edition of the Conceptual Framework for Financial Reporting. The new edition is effective and mandatory for application for the annual periods beginning after 1 January 2020.

The Group is currently analysing the impact of the new edition on the consolidated financial statements.

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.

5 Significant subsidiaries

| | Country of incorporation | Ownership/voting, % | |
|----------------------------------------|-----------------------------|---------------------|------------------|
| | | 31 March 2019 | 31 December 2018 |
| 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 Northern Caucasus"* | Russian Federation | 98.73 | 98.71 |
| JSC "Chechenenergo"* | Russian Federation | 71.73 | 71.73 |
| 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 |

*The share is specified taking into account actually placed shares of the current issue.

6 Information about segments

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

The "other" segment includes several operating segments such as electricity sales, rent services and repair services. Unallocated items are comprised mainly of assets and account balances related to the Company's headquarters.

The Management Board of the Company assesses the performance, assets and liabilities of operating segments based on internal management reporting, which is based on the information reported in RAS. Performance of each reportable segment is measured based on earnings or loss before interest expense, income tax and depreciation and amortization (EBITDA). Management believes that EBITDA is the most relevant measurement for evaluating the results of the Group's operating segments.

The reconciliation of reportable segment measurements with similar items in these consolidated financial statements includes those reclassifications and adjustments that are necessary for the financial statements to be presented in accordance with IFRS.

Information regarding reportable segments is included below.

a) Information about reportable segments

For the three months ended 31 March 2019:

| | IDGC Siberia and TDC | Tyumen- energo | IDGC Urals | IDGC Volga | IDGC South | Kuban- energo | IDGC North Caucasus | IDGC Centre and Privolzhye | IDGC North-West | Lenenergo | Yantar- energo | IDGC Centre | MOESK | FGC UES | Other | Total |
|---------------------------------|----------------------------|-------------------|---------------|---------------|---------------|------------------|---------------------------|----------------------------------|--------------------|---------------|-------------------|----------------|---------------|---------------|----------------|----------------|
| Revenue from external customers | 17,696 | 15,194 | 27,180 | 16,649 | 9,366 | 11,811 | 3,099 | 25,507 | 11,237 | 21,042 | 123 | 25,051 | 41,828 | 19,316 | 21,107 | 266,206 |
| Inter-segment revenue | 8 | 33 | 2,000 | — | 116 | 1 | 1,383 | 22 | 1,024 | 15 | 1,438 | 53 | 17 | 37,405 | 9,490 | 53,005 |
| Total segment revenue | 17,704 | 15,227 | 29,180 | 16,649 | 9,482 | 11,812 | 4,482 | 25,529 | 12,261 | 21,057 | 1,561 | 25,104 | 41,845 | 56,721 | 30,597 | 319,211 |
| Including | | | | | | | | | | | | | | | | |
| <i>Electricity transmission</i> | 16,295 | 15,140 | 16,814 | 16,563 | 9,192 | 11,721 | 3,694 | 25,259 | 12,012 | 20,275 | 1,505 | 24,327 | 40,264 | 56,274 | 3,271 | 272,606 |
| <i>Connection services</i> | 81 | 3 | 95 | 51 | 38 | 47 | 20 | 169 | 47 | 716 | 20 | 345 | 1,246 | 10 | 386 | 3,274 |
| <i>Electricity sales</i> | 1,273 | — | 12,213 | — | 215 | — | 531 | — | — | — | 13 | 155 | — | — | 21,512 | 35,912 |
| <i>Other revenue</i> | 55 | 84 | 58 | 35 | 37 | 44 | 237 | 101 | 202 | 66 | 23 | 277 | 335 | 437 | 5,428 | 7,419 |
| EBITDA | 3,331 | 1,482 | 3,207 | 2,909 | 1,916 | 1,557 | (2,208) | 6,776 | 2,883 | 8,874 | 345 | 5,297 | 11,946 | 36,781 | (1,240) | 83,856 |

For the three months ended 31 March 2018:

| | IDGC Siberia and TDC | Tyumen- energo | IDGC Urals | IDGC Volga | IDGC South | Kuban- energo | IDGC North Caucasus | IDGC Centre and Privolzhye | IDGC North-West | Lenenergo | Yantar- energo | IDGC Centre | MOESK | FGC UES | Other | Total |
|---------------------------------|----------------------------|-------------------|---------------|---------------|---------------|------------------|---------------------------|----------------------------------|--------------------|---------------|-------------------|----------------|---------------|---------------|---------------|----------------|
| Revenue from external customers | 17,139 | 13,936 | 17,913 | 16,550 | 9,416 | 11,731 | 3,071 | 26,832 | 14,371 | 19,172 | 249 | 25,406 | 40,781 | 17,131 | 26,356 | 260,054 |
| Inter-segment revenue | 3 | 4 | 2,056 | — | 114 | 1 | 1,334 | 10 | 999 | 76 | 1,390 | 29 | 14 | 36,070 | 9,401 | 51,501 |
| Total segment revenue | 17,142 | 13,940 | 19,969 | 16,550 | 9,530 | 11,732 | 4,405 | 26,842 | 15,370 | 19,248 | 1,639 | 25,435 | 40,795 | 53,201 | 35,757 | 311,555 |
| Including | | | | | | | | | | | | | | | | |
| <i>Electricity transmission</i> | 17,014 | 13,858 | 19,803 | 16,478 | 9,197 | 11,631 | 3,730 | 23,273 | 11,688 | 18,137 | 1,455 | 24,718 | 39,484 | 52,705 | 3,015 | 266,186 |
| <i>Connection services</i> | 70 | 24 | 84 | 32 | 46 | 63 | 7 | 158 | 71 | 969 | 154 | 285 | 999 | 33 | 101 | 3,096 |
| <i>Electricity sales</i> | — | — | — | — | 253 | — | 468 | 3,317 | 3,501 | — | 3 | 167 | — | — | 23,590 | 31,299 |
| <i>Other revenue</i> | 58 | 58 | 82 | 40 | 34 | 38 | 200 | 94 | 110 | 142 | 27 | 265 | 312 | 463 | 9,051 | 10,974 |
| EBITDA | 2,760 | 886 | 3,345 | 3,643 | 1,928 | 1,781 | 155 | 7,773 | 2,639 | 6,486 | 486 | 5,861 | 11,262 | 43,291 | 89 | 92,385 |

As at 31 March 2019:

| | IDGC Siberia and TDC | Tyumen- energo | IDGC Urals | IDGC Volga | IDGC South | Kuban- energo | IDGC North Caucasus | IDGC Centre and Privolzhye | IDGC North-West | Lenenergo | Yantar- energo | IDGC Centre | MOESK | FGC UES | Other | Total |
|--------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------|---------------|---------------|------------------|---------------------------|----------------------------------|--------------------|----------------|-------------------|----------------|----------------|------------------|----------------|------------------|
| Segment assets | 85,002 | 156,340 | 74,043 | 64,487 | 46,399 | 76,944 | 37,104 | 112,934 | 56,314 | 220,284 | 26,704 | 122,152 | 345,726 | 1,478,772 | 142,716 | 3,045,921 |
| <i>Including property, plant and equipment and construction- in-progress</i> | 63,263 | 147,808 | 53,543 | 50,849 | 27,806 | 62,296 | 22,464 | 81,184 | 44,619 | 175,199 | 23,034 | 99,774 | 309,333 | 1,204,389 | 74,797 | 2,440,358 |

As at 31 December 2018:

| | IDGC Siberia and TDC | Tyumen- energo | IDGC Urals | IDGC Volga | IDGC South | Kuban- energo | IDGC North Caucasus | IDGC Centre and Privolzhye | IDGC North-West | Lenenergo | Yantar- energo | IDGC Centre | MOESK | FGC UES | Other | Total |
|--------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------|---------------|---------------|------------------|---------------------------|----------------------------------|--------------------|----------------|-------------------|----------------|----------------|------------------|----------------|------------------|
| Segment assets | 84,109 | 156,584 | 71,940 | 63,767 | 45,122 | 75,909 | 38,059 | 114,703 | 56,417 | 214,720 | 26,800 | 122,536 | 347,573 | 1,487,063 | 141,454 | 3,046,756 |
| <i>Including property, plant and equipment and construction- in-progress</i> | 62,897 | 148,825 | 53,972 | 51,517 | 28,180 | 62,535 | 22,402 | 82,217 | 45,020 | 175,177 | 23,053 | 101,461 | 311,632 | 1,201,105 | 75,210 | 2,445,203 |

b) Reconciliation of reportable segment EBITDA is presented below:

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| EBITDA of reportable segments | 83,856 | 92,385 |
| Adjustment of allowance for expected credit losses and impairment allowance of advances given | 1,855 | (1,957) |
| Provisions | (120) | (65) |
| Adjustments for rent expenses | 762 | 95 |
| Adjustment for disposal of property, plant and equipment | (438) | 93 |
| Discounting of financial instruments | 1,148 | 274 |
| Adjustment on assets related to employee benefits | (252) | (228) |
| Adjustment for write-off of the other current and non-current assets | (97) | (4) |
| Recognition of retirement and other long-term employee benefit obligation | (35) | (357) |
| Re-measurement of financial assets measured at fair value through other comprehensive income (transfer of re -measurement to equity) | 1,312 | (8,875) |
| Gain on assets exchange with JSC “Far Eastern Energy Management Company” | 8,110 | – |
| Other adjustments | (1,316) | (1,951) |
| Unallocated items | 240 | (821) |
| | 95,025 | 78,589 |
| Depreciation and amortization | (31,662) | (28,285) |
| Interest expenses on financial liabilities measured at amortized cost | (7,052) | (6,161) |
| Interest expenses on lease liabilities | (825) | (55) |
| Income tax expense | (14,718) | (10,925) |
| Profit for the period per consolidated statement of profit or loss and other comprehensive income | 40,768 | 33,163 |

7 Revenue

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 |
|-----------------------------------|---------------------------------------------|---------------------------------------------|
| Electricity transmission | 226,486 | 221,978 |
| Sales of electricity and capacity | 32,969 | 28,453 |
| Technological connection services | 3,145 | 3,083 |
| Other revenue | 2,926 | 6,757 |
| | 265,526 | 260,271 |

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

8 Other income, net

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Gain on assets exchange with JSC “Far Eastern Energy Management Company” | 8,110 | – |
| Income in the form of fines and penalties on commercial contracts | 3,445 | 3,149 |
| Income from compensation of losses in connection with retirement / liquidation of electric grid assets | 614 | 870 |
| Income from identified non-contracted electricity consumption | 466 | 637 |
| Net other income | 422 | 1,186 |
| | 13,057 | 5,842 |

On 26 December 2018, as a part of the Russian Unified National Electric Grid (hereinafter referred to as “UNEG”) asset consolidation process the Group has concluded the exchange contract with JSC “Far Eastern Energy Management Company” (government-controlled entity). The Group exchanges property, plant and equipment with the carrying value of RUB 16,081 million as at 31 December 2018, accounts receivable RUB 5,386 million as at 31 December 2018 and cash amounted to RUB 6,648 million and to be paid by instalments up to 2024 for UNEG property plant and equipment appraised by independent appraiser and valued in the amount of RUB 34,564 million. The exchange has been completed on 1 January 2019.

As a result of the exchange the Group has recognized property, plant and equipment amounted to RUB 34,564 million, long-term accounts payable amounted to RUB 2,713 million and short-term accounts payable and RUB 2,384 million. Fair value of long-term accounts payable has been determined using present value technique based on estimated future cashflows at the discount rate of 9%. Gain on assets exchange amounted to RUB 8,110 million.

9 Operating expenses

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|----------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Personnel costs | 47,555 | 45,618 |
| Depreciation and amortization | 31,662 | 28,285 |
| <i>Material expenses, including:</i> | | |
| Electricity for compensation of losses | 47,199 | 46,632 |
| Electricity for sale | 20,342 | 15,561 |
| Purchased electricity and heat power for own needs | 1,694 | 1,815 |
| Other material costs | 4,956 | 8,643 |
| <i>Production work and services, including:</i> | | |
| Electricity transmission services | 41,220 | 39,310 |
| Repair and maintenance services | 1,738 | 1,874 |
| Other works and industrial services | 1,764 | 3,120 |
| Taxes and levies other than income tax | 6,878 | 7,601 |
| Short term rent/Rent | 1,259 | 1,593 |
| Insurance | 595 | 570 |
| <i>Other third-party services, including:</i> | | |
| Communication services | 612 | 580 |
| Security services | 1,203 | 1,171 |
| Consulting, legal and audit services | 349 | 443 |
| Software costs and servicing | 402 | 407 |
| Transportation services | 636 | 595 |
| Other services | 1,886 | 1,819 |
| Allowance for expected credit losses | 4,492 | 7,469 |
| Provisions | 1,100 | 553 |
| Other expenses | 2,192 | 4,513 |
| | 219,734 | 218,172 |

10 Finance income and costs

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|----------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Finance income | | |
| Interest income on loans, bank deposits and accounts, and promissory notes | 2,382 | 1,195 |
| Interest income on assets related to employee benefits plans | 30 | 17 |
| Dividends | 454 | 142 |
| Depreciation of discount of financial assets | 2,185 | 1,517 |
| Other finance income | 121 | 497 |
| | 5,172 | 3,368 |
| Finance costs | | |
| Interest expenses on financial liabilities measured at amortized cost | 7,052 | 6,161 |
| Interest expenses on lease liabilities | 825 | 55 |
| Interest expenses on long-term defined benefit liabilities | 499 | 577 |
| Other finance costs | 191 | 436 |
| | 8,567 | 7,229 |

11 Income tax

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|-------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Current income tax | | |
| Accrual of current tax | (4,238) | (5,791) |
| Adjustment for previous periods tax | (18) | 624 |
| Total current income tax | (4,256) | (5,167) |
| Deferred income tax | (10,462) | (5,758) |
| Total income tax expense | (14,718) | (10,925) |

Income tax recognized in other comprehensive income

| | Three months ended 31 March 2019 | | | Three months ended 31 March 2018 | | |
|----------------------------------------------------------------------------|-----------------------------------------|------------|-------------------|-----------------------------------------|----------------|-------------------|
| | Before tax | Tax | Net of tax | Before tax | Tax | Net of tax |
| Financial assets measured at fair value through other comprehensive income | (1,408) | 169 | (1,239) | 8,187 | (1,634) | 6,553 |
| Foreign currency translation differences | (85) | – | (85) | 64 | – | 64 |
| Remeasurements of the defined benefit liabilities | (938) | 109 | (829) | (1,642) | 236 | (1,406) |
| | (2,431) | 278 | (2,153) | 6,609 | (1,398) | 5,211 |

The income tax rate applicable to the Group's entities for the three month ended 31 March 2019 is 20 % (for the three month ended 31 March 2018: 20 %).

Income tax expense is recognised based on the management's best estimate as of the reporting date of the weighted average annual income tax rate expected for the full financial year.

Profit before income tax for financial reporting purposes is reconciled to income tax expenses as follows:

| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
|--------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Profit before income tax | 55,486 | 44,088 |
| Income tax at the applicable tax rate | (11,097) | (8,818) |
| Effect of income taxed at lower rates | 67 | 51 |
| Tax effect on not taxable or non-deductible for tax purposes items | (3,893) | (2,836) |
| Change in tax base of property, plant and equipment | 222 | 145 |
| Adjustments for prior years | (18) | 624 |
| Change in unrecognized deferred tax assets | 1 | (91) |
| | (14,718) | (10,925) |

12 Property, plant and equipment

| | Land plots and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Construction in progress | Total |
|------------------------------------------------|-----------------------------|-----------------------------------------|----------------------------------------------|------------------|-----------------------------|--------------------|
| <i>Cost/Deemed cost</i> | | | | | | |
| At 1 January 2018 | 264,535 | 1,272,832 | 1,071,849 | 310,344 | 396,878 | 3,316,438 |
| Reclassification between groups | (163) | (3) | 8 | 158 | – | – |
| Additions | 187 | 807 | 93 | 1,257 | 30,618 | 32,962 |
| Transfers | 750 | 4,412 | 10,869 | 1,919 | (17,950) | – |
| Disposals | (159) | (280) | (432) | (628) | (2,771) | (4,270) |
| At 31 March 2018 (restated) | 265,150 | 1,277,768 | 1,082,387 | 313,050 | 406,775 | 3,345,130 |
| <i>Accumulated depreciation and impairment</i> | | | | | | |
| At 1 January 2018 | (84,064) | (582,657) | (508,478) | (196,573) | (67,588) | (1,439,360) |
| Reclassification between groups | 48 | (21) | (652) | (59) | 684 | – |
| Depreciation charge | (2,030) | (10,187) | (9,868) | (5,420) | – | (27,505) |
| Disposals | 49 | 103 | 252 | 513 | 93 | 1,010 |
| At 31 March 2018 (restated) | (85,997) | (592,762) | (518,746) | (201,539) | (66,811) | (1,465,855) |
| <i>Net book value</i> | | | | | | |
| At 1 January 2018 | 180,471 | 690,175 | 563,371 | 113,771 | 329,290 | 1,877,078 |
| At 31 March 2018 (restated) | 179,153 | 685,006 | 563,641 | 111,511 | 339,964 | 1,879,275 |

| | Land plots and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Construction in progress | Total |
|------------------------------------------------|-------------------------------------|--------------------------------------------------|-------------------------------------------------------|------------------|-------------------------------------|--------------------|
| <i>Cost/Deemed cost</i> | | | | | | |
| At 1 January 2019 | 277,715 | 1,370,819 | 1,171,120 | 343,767 | 361,270 | 3,524,691 |
| Reclassification between groups | 72 | (62) | 327 | (337) | – | – |
| Additions | 690 | 28,369 | 4,329 | 4,521 | 25,529 | 63,438 |
| Transfers | 422 | 4,944 | 2,455 | 2,105 | (9,926) | – |
| Disposals | (48) | (696) | (417) | (310) | (401) | (1,872) |
| At 31 March 2019 | 278,851 | 1,403,374 | 1,177,814 | 349,746 | 376,472 | 3,586,257 |
| <i>Accumulated depreciation and impairment</i> | | | | | | |
| At 1 January 2019 | (93,884) | (623,028) | (549,067) | (216,481) | (58,357) | (1,540,817) |
| Reclassification between groups | 9 | 11 | (332) | 271 | 41 | – |
| Depreciation charge | (2,324) | (10,886) | (10,563) | (5,947) | – | (29,720) |
| Disposals | 21 | 490 | 401 | 260 | 26 | 1,198 |
| At 31 March 2019 | (96,178) | (633,413) | (559,561) | (221,897) | (58,290) | (1,569,339) |
| <i>Net book value</i> | | | | | | |
| At 1 January 2019 | 183,831 | 747,791 | 622,053 | 127,286 | 302,913 | 1,983,874 |
| At 31 March 2019 | 182,673 | 769,961 | 618,253 | 127,849 | 318,182 | 2,016,918 |

Capitalized borrowing costs for the three months ended 31 March 2019 amounted to RUB 3,416 million (for the three months ended 31 March 2018: RUB 3,701 million), with capitalization rates of 5.29 – 10.14% (for the three months ended 31 March 2018: 5.17 – 10.24%).

The depreciation charge for the three months ended 31 March 2019 in the amount of RUB 34 million (for the three months ended 31 March 2018: RUB 18 million) has been capitalized to the cost of the capital construction objects.

13 Intangible assets

| | Software | Licenses, certificates and patents | Other | Total |
|------------------------------------------------|-----------------|------------------------------------------|----------------|-----------------|
| <i>Cost</i> | | | | |
| At 1 January 2018 | 23,173 | 720 | 10,732 | 34,625 |
| Reclassification between groups | 16 | – | (16) | – |
| Additions | 772 | 25 | 85 | 882 |
| Disposals | (307) | – | (58) | (365) |
| At 31 March 2018 | 23,654 | 745 | 10,743 | 35,142 |
| <i>Accumulated amortization and impairment</i> | | | | |
| At 1 January 2018 | (13,847) | (140) | (3,880) | (17,867) |
| Amortization charge | (611) | (17) | (171) | (799) |
| Disposals | 306 | – | 26 | 332 |
| At 31 March 2018 | (14,152) | (157) | (4,025) | (18,334) |
| <i>Net book value</i> | | | | |
| At 1 January 2018 | 9,326 | 580 | 6,852 | 16,758 |
| At 31 March 2018 | 9,502 | 588 | 6,718 | 16,808 |
| <i>Cost</i> | | | | |
| At 1 January 2019 | 25,441 | 903 | 11,092 | 37,436 |
| Reclassification between groups | 82 | 14 | (96) | – |
| Additions | 338 | 289 | 39 | 666 |
| Disposals | (82) | (17) | (70) | (169) |
| At 31 March 2019 | 25,779 | 1,189 | 10,965 | 37,933 |
| <i>Accumulated amortization and impairment</i> | | | | |
| At 1 January 2019 | (13,676) | (142) | (4,473) | (18,291) |
| Reclassification between groups | (32) | (2) | 34 | – |
| Amortization charge | (729) | (40) | (239) | (1,008) |
| Disposals | 82 | 18 | 12 | 112 |
| At 31 March 2019 | (14,355) | (166) | (4,666) | (19,187) |
| <i>Net book value</i> | | | | |
| At 1 January 2019 | 11,765 | 761 | 6,619 | 19,145 |
| At 31 March 2019 | 11,424 | 1,023 | 6,299 | 18,746 |

Capitalized borrowing costs for the three months ended 31 March 2019 amounted to RUB 6 million (for the three months ended 31 March 2018: RUB 14 million), with capitalization rates of 7.68 – 8.28% (for the three months ended 31 March 2018: 8.07 – 8.64%).

14 Right-of-use assets

| | Land plots and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Total |
|------------------------------------------------|-----------------------------|-----------------------------------------|----------------------------------------------|--------------|----------------|
| <i>Cost</i> | | | | | |
| At 1 January 2019 | 24,327 | 3,595 | 3,266 | 875 | 32,063 |
| Additions | 510 | 1,220 | 828 | 167 | 2,725 |
| Change of lease agreement terms | (122) | 15 | – | – | (107) |
| Disposal or termination of lease agreements | (96) | (190) | – | – | (286) |
| At 31 March 2019 | 24,619 | 4,640 | 4,094 | 1,042 | 34,395 |
| <i>Accumulated depreciation and impairment</i> | | | | | |
| At 1 January 2019 | (37) | (200) | (198) | (2) | (437) |
| Depreciation charge | (543) | (158) | (232) | (36) | (969) |
| Disposal or termination of lease agreements | (28) | – | – | – | (28) |
| At 31 March 2019 | (608) | (358) | (430) | (38) | (1,434) |
| <i>Net book value</i> | | | | | |
| At 1 January 2019 | 24,290 | 3,395 | 3,068 | 873 | 31,626 |
| At 31 March 2019 | 24,011 | 4,282 | 3,664 | 1,004 | 32,961 |

15 Financial investments

| | 31 March 2019 | 31 December 2018 |
|----------------------------------------------------------------------------|----------------------|-------------------------|
| Non-current | | |
| Financial assets measured at amortised cost | 3,275 | 3,209 |
| Financial assets measured at fair value through other comprehensive income | 36,514 | 37,922 |
| Financial assets measured at fair value through profit or loss | 431 | 431 |
| | 40,220 | 41,562 |
| Current | | |
| Financial assets measured at amortised cost | 45,661 | 47,192 |
| | 45,661 | 47,192 |

Financial assets measured at fair value through other comprehensive income at 31 March 2019 and 31 December 2018 are mainly represented by the shares of PJSC “Inter RAO UES”. Fair value of these shares is based on published market quotations and amounted to RUB 36,044 million and RUB 37,572 million respectively.

Financial assets measured at amortised cost at 31 March 2019 and 31 December 2018 are mainly represented by bank deposits with an original maturity of more than three months.

| | Interest rate | Rating | Rating agency | 31 March 2019 | 31 December 2018 |
|------------------------------------|--------------------------|---------------|----------------------|----------------------|-------------------------|
| VTB Bank (PJSC)* | 7.40 – 7.70 | BBB- | Standart & Poor’s | 23,876 | 22,231 |
| PJSC Sberbank* | 8.40 | BBB- | Fitch Ratings | 14,897 | 14,595 |
| JSC Russian Agricultural Bank* | 7.45 – 7.70 | BB+ | Fitch Ratings | 4,981 | 1,722 |
| OJSC Bank Tavrishesky | 0.51 | – | – | 2,945 | 2,886 |
| Bank GPB (JSC)* | 7.22 – 8.20 | BB+ | Standart & Poor’s | 1,650 | 7,443 |
| JSC Alfa-Bank | 7.50 – 7.75 | BB+ | Standart & Poor’s | 232 | 1,196 |
| Russian Regional Development Bank* | 7.56 | Ba2 | Moody’s | 22 | – |
| | | | | 48,603 | 50,073 |

*Government-related

16 Trade and other receivables

| | 31 March 2019 | 31 December 2018 |
|--------------------------------------------------------------------------------------------------------|----------------------|-------------------------|
| Non-current trade and other accounts receivable | | |
| Trade receivables | 75,509 | 76,825 |
| Allowance for expected credit losses on trade receivables | (511) | (409) |
| Other receivables | 1,949 | 1,773 |
| Allowance for expected credit losses on other receivables | (244) | (240) |
| Loans given | 112 | 119 |
| Total financial assets | 76,815 | 78,068 |
| Advances given | 7,300 | 7,299 |
| Advances given impairment allowance | (6,922) | (6,922) |
| VAT on advances from customers | 4,599 | 4,076 |
| | 81,792 | 82,521 |
| Current trade and other accounts receivable | | |
| Trade receivables | 230,837 | 219,200 |
| Allowance for expected credit losses on trade receivables | (103,543) | (100,307) |
| Other receivables | 61 131 | 62,810 |
| Allowance for expected credit losses on other receivables | (20,661) | (20,368) |
| Loans given | 275 | 284 |
| Allowance for expected credit loss on current loans given | (154) | (154) |
| Total financial assets | 167,885 | 161,465 |
| Advances given | 13,050 | 13,375 |
| Advances given impairment allowance | (6,702) | (7,430) |
| VAT recoverable | 2,640 | 3,464 |
| VAT on advances from customers and VAT on advances given for purchase of property, plant and equipment | 9,083 | 8,725 |
| Prepaid taxes, other than income tax | 1,255 | 1,020 |
| | 187,211 | 180,619 |

Long-term trade receivables mainly relate to the contracts of technological connection that imply deferred inflow of cash for the provided services (as at 31 March 2019: RUB 69,153 million, as at 31 December 2018: RUB 67,994 million) and to restructured receivable balances for electricity transmission services.

17 Cash and cash equivalents

| | 31 March 2019 | 31 December 2018 |
|---------------------------|----------------------|-------------------------|
| Cash at banks and in hand | 35,905 | 53,063 |
| Cash equivalents | 49,306 | 30,993 |
| | 85,211 | 84,056 |

| | Rating | Rating agency | 31 March 2019 | 31 December 2018 |
|------------------------------------|---------------|----------------------|----------------------|-------------------------|
| JSC AB ROSSIYA | A+(RU) | ACRA | 8,932 | 12,578 |
| PJSC Sberbank* | BBB- | Fitch Ratings | 8,589 | 7,545 |
| Bank GPB (JSC)* | BB+ | Standart & Poor's | 6,826 | 13,915 |
| VTB Bank (PJSC)* | BBB- | Standart & Poor's | 3,874 | 10,571 |
| UFK* | – | – | 3,673 | 4,234 |
| PJSC RNCB* | A(RU) | ACRA | 2,046 | 2,234 |
| JSC «Alfa-Bank» | BB+ | Standart & Poor's | 1,394 | 840 |
| Russian Regional Development Bank* | Ba2 | Moody's | 220 | 896 |
| Other banks | – | – | 276 | 210 |
| Cash in hand | | | 75 | 40 |
| | | | 35,905 | 53,063 |

*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 | 31 March 2019 | 31 December 2018 |
|------------------------------------|----------------------|---------------|----------------------|----------------------|-------------------------|
| VTB Bank (PJSC)* | 6.80 – 7.78 | BBB- | Standart & Poor's | 19,485 | 12,837 |
| JSC Russian Agricultural Bank* | 6.31 – 7.35 | BB+ | Fitch Ratings | 18,262 | 617 |
| JSC «Alfa-Bank» | 7.35 – 7.51 | BB+ | Standart & Poor's | 7,294 | – |
| Bank GPB (JSC)* | 6.50 – 7.90 | BB+ | Standart & Poor's | 2,608 | 6,615 |
| PJSC Sberbank* | 4.50 – 7.00 | BBB- | Fitch Ratings | 640 | 7,193 |
| Russian Regional Development Bank* | 7.56 | Ba2 | Moody's | – | 2,739 |
| JSC AB ROSSIYA | 2,40 - 7,35 | A+(RU) | ACRA | 250 | 474 |
| Other banks | 7,40 | – | – | 652 | – |
| | | | | 49,191 | 30,475 |

* Government-related

As at 31 March 2019 and as at 31 December 2018 all cash and cash equivalents balances were RUB nominated.

18 Equity

a) Share capital

| | Ordinary shares | | Preference shares | |
|------------------------------------------------|-----------------|------------------|-------------------|------------------|
| | 31 March 2019 | 31 December 2018 | 31 March 2019 | 31 December 2018 |
| Par value | RUB 1 | RUB 1 | RUB 1 | RUB 1 |
| On issue at 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, also the delisting of preferred shares.

In the case 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.

d) Treasury shares

Information regarding treasury shares is presented below:

| 31 March 2019 | | | 31 December 2018 | | |
|------------------------|------------|-------------------|------------------------|------------|-------------------|
| Number of shares, mln. | | Cost, mln. RUB | Number of shares, mln. | | Cost, mln. RUB |
| Ordinary | Preference | | Ordinary | Preference | |
| 3 | 308 | 109 | 3 | 308 | 109 |

e) Changes in shares in subsidiaries

On 23 August 2016, at an extraordinary General Meeting of Shareholders of IDGC of Northern Caucasus, PJSC, it was decided to increase the authorized capital by placing additional ordinary registered uncertified shares in the amount of 3,258,695,653 pieces with a par value of 1 ruble each. The placement price was RUB 17.45 per share.

In March 2019 the Group acquired 9,919,496 shares and, taking into account the actually placed shares of the current issue, the Group's share was 98.73%.

19 Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2019 was based on the profit attributable to ordinary shareholders of RUB 28,162 million (three months ended 31 March 2018: profit of RUB 22,419 million), and a weighted average number of ordinary shares outstanding of RUB 198,825 million (three months ended 31 March 2018: RUB 197,342 million). The Company has no dilutive financial instruments.

| <i>In millions of shares</i> | Three months ended 31 March 2019 | Three months ended 31 March 2018 |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Issued shares at 1 January | 198,828 | 195,996 |
| Effect of own shares held | (3) | (1,486) |
| Weighted average number of shares for the period ended 31 March | 198,825 | 197,342 |
| | Three months ended 31 March 2019 | Three months ended 31 March 2018 (restated) |
| Weighted average number of ordinary shares for the period ended 31 March (in millions of shares) | 198,825 | 197,342 |
| Profit for the period attributable to holders of ordinary shares | 28,162 | 22,419 |
| Earnings per ordinary share (in RUB) – basic and diluted | 0.14 | 0.11 |

20 Loans and borrowings

| | <u>31 March 2019</u> | <u>31 December 2018</u> |
|---------------------------------------------------------|-----------------------|-------------------------|
| Non-current liabilities | | |
| Unsecured loans and borrowings | 203,152 | 217,421 |
| Unsecured bonds | 309,397 | 327,387 |
| Lease liabilities | 34,852 | 1,952 |
| Less: current portion of long-term lease liabilities | (4,010) | (467) |
| Less: current portion of long-term loans and borrowings | (22,656) | (28,442) |
| Less: current portion of long-term bonds | (38,924) | (36,862) |
| | <u>481,811</u> | <u>480,989</u> |
| Current liabilities | | |
| Unsecured loans and borrowings | 37,158 | 21,138 |
| Promissory notes | 359 | 359 |
| Current portion of long-term lease liabilities | 4,010 | 467 |
| Current portion of long-term loans and borrowings | 22,656 | 28,442 |
| Current portion of long-term bonds | 38,924 | 36,862 |
| | <u>103,107</u> | <u>87,268</u> |
| Including: | | |
| Interests payable on loans and borrowings | 349 | 332 |
| Interests payable on bonds | 3,952 | 4,378 |
| | <u>4,301</u> | <u>4,710</u> |

As at 31 March 2019 and 31 December 2018 long-term and short-term liabilities on unsecured loans, bonds, promissory notes amounted to RUB 550,066 and RUB 566,305 million respectively (excluding long-term and short-term lease obligations).

As at 31 December 2018 long-term and short-term lease liabilities amounted to RUB 1,952 million, as at 1 January 2019 and 31 March 2019 amounted to RUB 34,193 and RUB 34,852 million respectively (effect of initial application of IFRS 16 Leases as at 1 January 2019, Note 3a).

The Group raised the following bank loans and borrowings during the three months ended 31 March 2019:

| | Effective interest rates | Maturity | Nominal value |
|-----------------------|-------------------------------------|-----------------|----------------------|
| Unsecured bank loans* | 8.10–11.00% | 2019–2020 | 9,246 |
| Unsecured bank loans* | 9.15–10.80% | 2019–2020 | 3,514 |
| Unsecured bank loans | 8.19–11.25% | 2019–2020 | 867 |
| Unsecured bank loans* | 8.30–9.35% | 2020–2022 | 512 |
| Unsecured bank loans | 7.95% | 2019 | 230 |
| Unsecured bank loans | 10.00% | 2020 | 200 |
| Unsecured bank loans | 10.80% | 2019 | 100 |
| Unsecured bank loans | 11.50% | 2019 | 26 |
| Unsecured bank loans | 10.50% | 2019 | 15 |
| Other unsecured loans | 0.00–15.00% | 2019 | 4 |
| | | | 14,714 |

* Loans from government-related entities

The Group repaid the following bank loans and bonds during the three months ended 31 March 2019:

| | Nominal value |
|----------------------------------------|----------------------|
| Bonds | 17,585 |
| Loans from government-related entities | 12,015 |
| Other loans and borrowings | 965 |
| | 30,565 |

21 Trade and other payables

| | <u>31 March 2019</u> | <u>31 December 2018</u> |
|-------------------------------------|----------------------|-------------------------|
| Non-current accounts payable | | |
| Trade payables | 15,242 | 15,849 |
| Other payables | 8,330 | 1,976 |
| Total financial liabilities | 23,572 | 17,825 |
| Advances from customers | 27,210 | 26,221 |
| | 50,782 | 44,046 |
| Current accounts payable | | |
| Trade payables | 142,327 | 158,241 |
| Other payables and accrued expenses | 14,333 | 22,397 |
| Payables to employees | 23,658 | 21,306 |
| Dividends payable | 619 | 624 |
| Total financial liabilities | 180,937 | 202,568 |
| Advances from customers | 68,121 | 68,832 |
| | 249,058 | 271,400 |
| Taxes payable | | |
| Value-added tax | 18,486 | 11,422 |
| Property tax | 8,553 | 7,085 |
| Social security contributions | 3,699 | 3,975 |
| Other taxes payable | 1,582 | 1,242 |
| | 32,320 | 23,724 |
| | 281,378 | 295,124 |

As at 31 March 2019 and 31 December 2018 long-term trade accounts payable mainly relate to contracts for the purchase of property, plant and equipment in instalments.

As at 31 March 2019 and 31 December 2018 advances from customers mainly include advances from technological connection services to electricity grids.

22 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 2018.

The fair values and carrying amounts of financial assets and liabilities are as follows:

| | Note | 31 March 2019 | | Level of fair value hierarchy | | |
|----------------------------------------------------------------------------|------|------------------|------------------|-------------------------------|------------------|------------------|
| | | Carrying amount | Fair value | 1 | 2 | 3 |
| Other financial assets measured at amortized cost | 15 | 48,936 | 50,645 | – | – | 50,645 |
| Financial assets measured at fair value through profit or loss | 15 | 431 | 431 | – | – | 431 |
| Financial assets measured at fair value through other comprehensive income | 15 | 36,514 | 36,514 | 36,396 | – | 118 |
| Current and non-current loans and borrowings | 20 | (584,918) | (581,620) | (85,485) | (343,763) | (152,372) |
| Total: | | (499,037) | (494,030) | (49,089) | (343,763) | (101,178) |

| | Note | 31 December 2018 | | Level of fair value hierarchy | | |
|----------------------------------------------------------------------------|------|------------------|------------------|-------------------------------|------------------|-----------------|
| | | Carrying amount | Fair value | 1 | 2 | 3 |
| Other financial assets measured at amortized cost | 15 | 50,401 | 52,422 | – | – | 52,422 |
| Financial assets measured at fair value through profit or loss | 15 | 431 | 431 | – | – | 431 |
| Financial assets measured at fair value through other comprehensive income | 15 | 37,922 | 37,922 | 37,804 | – | 118 |
| Current and non-current loans and borrowings | 20 | (568,257) | (563,641) | (103,251) | (319,133) | (141,257) |
| Total: | | (479,503) | (472,866) | (65,447) | (319,133) | (88,286) |

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 31 March 2019 was 7.35 – 10.99% (as at 31 December 2018: 7.35 – 9.27%).

For three months ended 31 March 2019, there were no transfers between the levels of the fair value hierarchy.

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 2019 | 431 | 37,922 |
| Change in fair value recognized in other comprehensive income | – | (1,408) |
| At 31 March 2019 | 431 | 36,514 |

As at 31 March 2019 the amount of free limit on open but unused credit lines of the Group was RUB 593,458 million (31 December 2018: RUB 589,516 million). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

23 Capital commitments

As at 31 March 2019, the Group has outstanding commitments under contracts for the purchase and construction of property, plant and equipment items for RUB 244,209 million, including VAT (as at 31 December 2018: RUB 256,644 million including VAT).

24 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) Taxation contingencies

Russian tax and customs legislation is subject to varying interpretations regarding the operations and activities of the Group.

Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by the relevant regional and federal authorities. Russian tax administration is gradually strengthening. In particular there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of decision to perform tax review. Under certain circumstances reviews may cover longer periods.

Transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to Organisation for Economic Co-operation and Development (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, as tax audits for compliance with the new transfer pricing rules have recently begun.

However, it is anticipated that transfer pricing arrangements will be subject to very close scrutiny potentially having effect on these consolidated financial statements.

Depending on the further practice of applying the property tax rules by the tax authorities and courts the classification of moveable and immovable property set by the Group could be argued. The management of the Group is unable to assess the ultimate outcome and the outflow of financial resources to settle potential tax claims.

As at 31 March 2019 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency and customs positions will be sustained.

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 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 the 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 31 March 2019 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.

25 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 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.

The amounts of the remuneration to the key management personnel, 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 31 March 2019 | Three months ended 31 March 2018 |
|--------------------------------------|---------------------------------------------|---------------------------------------------|
| Short-term remuneration to employees | 123 | 118 |
| Post-employment benefits | 4 | 5 |
| Total | 127 | 123 |

As of 31 March 2019, 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 61 million (31 December 2018: RUB 57 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 for the three months ended 31 March 2019 constitute 36% (for the three months ended 31 March 2018: 36%) of total Group revenues, including 39% (for the three months ended 31 March 2018: 38%) of electricity transmission revenues.

Electricity transmission costs (including compensation of technological losses) for government-related entities for the three months ended 31 March 2019 constitute 34% (for the three months ended 31 March 2018: 29%) of total electricity transmission costs.

For the three months ended 31 March 2019 interest expenses on government-related banks loans amounted to RUB 3,888 million (for the three months ended 31 March 2018: RUB 3,207 million).

As at 31 March 2019 cash and cash equivalents held in government-related banks amounted to RUB 67,632 million (as at 31 December 2018: RUB 65,812 million).

As at 31 March 2019 deposits with an original maturity of more than three months placed in government-related banks amounted to RUB 45,426 million (as at 31 December 2018: RUB 45,991 million).

The assets exchange transaction with JSC “Far Eastern Energy Management Company” (government-controlled entity) is disclosed in Note 8.

Loans and borrowings received from state-controlled entities are disclosed in Note 20.

26 Events after the reporting period

On 23 April 2019 the Group placed bond loans in the amount of RUB 8,000 million with a maturity of 18 October 2022 and a coupon interest rate of 8.45%.

On 25 April 2019 an early repayment of the bond loan in the amount of RUB 8,000 million was made with a coupon interest rate of 10.3% and payment of coupon yielded in the amount of RUB 411 million.