

PJSC «IDGC of Centre»

**Interim Condensed Consolidated Financial Statements for the three and
six months ended 30 June 2021
(unaudited)**

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Report on Review of Interim Financial Information

To the shareholders and Board of Directors
of Public Joint Stock Company
"Rosseti Centre"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company "Interregional Distribution Grid Company of Centre" (the "Company") and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2021, the interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six months ended 30 June 2021, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes (interim financial information). Management of Public Joint Stock Company "Rosseti Centre" is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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 interim 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

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Emphasis of matter

We draw attention to Note 1 "Background" of the notes to the interim condensed consolidated financial statements, which discloses that on 3 August 2021 the Company changed its legal name from Public Joint Stock Company "Interregional Distribution Grid Company of Centre" to Public Joint Stock Company "Rosseti Centre". Our opinion is not modified in respect of this matter.

T.L. Okolotina
Partner
Ernst & Young LLC

23 August 2021

Details of the entity

Name: Public Joint Stock Company "Rosseti Centre"
Record made in the State Register of Legal Entities on 17 December 2004, State Registration Number 1046900099498.
Address: Russia 119017, Moscow, Malaya Ordynka street, 15.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

PJSC «IDGC of Centre»
Interim Condensed Consolidated Statement of profit or loss and other comprehensive income
for three and six months ended 30 June 2021
In thousands of Russian rubles, unless otherwise stated

	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2021	2020 (restated)	2021	2020 (restated)
Revenue	6	24,261,618	21,146,727	52,142,820	46,440,362
Operating expenses	8	(22,226,983)	(20,994,487)	(46,621,316)	(43,266,312)
Reversal/(accrual) of allowance for expected credit losses		86,421	(8,038)	78,285	2,275
Other income	7	393,913	289,599	832,051	566,396
Other expenses	7	(6,862)	(6,063)	(18,871)	(12,488)
Result from operating activities		2,508,107	427,738	6,412,969	3,730,233
Finance income	9	37,147	50,068	97,422	131,746
Finance costs	9	(760,917)	(831,584)	(1,519,259)	(1,707,908)
Total financial costs		(723,770)	(781,516)	(1,421,837)	(1,576,162)
Profit/(loss) before income tax		1,784,337	(353,778)	4,991,132	2,154,071
Income tax expense	10	(532,203)	(13,754)	(1,313,017)	(556,581)
Profit/(loss) for the period		1,252,134	(367,532)	3,678,115	1,597,490
Other comprehensive income/(cost)					
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income		(11,885)	18,761	(1,943)	200
Remeasurements of the defined benefit liability		30,738	(259,307)	371,617	(117,947)
Income tax	10	(1,069)	24,134	(41,205)	10,911
Total items that will not be reclassified subsequently to profit or loss		17,784	(216,412)	328,469	(106,836)
Other comprehensive income/(cost) for the period, net of income tax		17,784	(216,412)	328,469	(106,836)
Total comprehensive income/(cost) for the period		1,269,918	(583,944)	4,006,584	1,490,654
Profit/(loss) attributable to:					
Equity holders of the Company		1,230,014	(405,726)	3,622,937	1,522,741
Non-controlling interests		22,120	38,194	55,178	74,749
Total comprehensive income/(cost) attributable to:					
Equity holders of the Company		1,247,798	(622,138)	3,951,406	1,415,905
Non-controlling interest		22,120	38,194	55,178	74,749
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per ordinary share (in RUB)	20	0.029	(0.010)	0.086	0.036

These interim condensed consolidated financial statements (unaudited) were approved by management on 23 August 2021 and were signed on this behalf by:

General Director

I.V. Makovik



Chief Accountant

L.A. Sklyarova

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

PJSC "IDGC of Centre"
Interim Condensed Consolidated Statements of Financial Position
for the six months ended 30 June 2021
In thousands of Russian rubles, unless otherwise stated

	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	96,764,108	96,105,195
Intangible assets	12	2,224,162	2,331,958
Right-of-use assets	13	3,648,708	2,897,358
Trade and other receivables	15	431,559	138,841
Assets related to employee benefits plans		525,671	517,405
Other non-current financial assets	14	206,258	208,201
Advances given and other non-current assets	16	2,080	1,500
Total non-current assets		103,802,546	102,200,458
Current assets			
Inventories		3,508,453	3,069,976
Income tax prepayments		542,640	4,630
Trade and other receivables	15	14,094,580	14,341,554
Cash and cash equivalents	17	1,864,347	1,406,311
Advances given and other current assets	16	1,194,788	973,365
Total current assets		21,204,808	19,795,836
Total assets		125,007,354	121,996,294
EQUITY AND LIABILITIES			
Equity			
Share capital	19	4,221,794	4,221,794
Reserves		(883,705)	(1,212,174)
Retained earnings		46,115,325	43,900,420
Total equity attributable to equity holders of the Company		49,453,414	46,910,040
Non-controlling interest		988,881	955,903
Total equity		50,442,295	47,865,943
Non-current liabilities			
Long-term borrowed funds	21	43,640,069	33,443,946
Long-term trade and other payables	22	50,415	63,553
Long-term advances received	24	1,340,835	616,964
Employee benefits		3,009,813	3,308,876
Deferred tax liabilities		3,909,757	3,647,908
Total non-current liabilities		51,950,889	41,081,247
Current liabilities			
Short-term borrowed funds and current part of long-term borrowed funds	21	5,100,291	13,944,769
Trade and other payables	22	10,395,508	11,856,820
Tax debts other than income tax	23	2,888,333	2,561,765
Advances received	24	2,388,239	2,306,436
Provisions	25	1,825,461	1,995,276
Current income tax liabilities		16,338	384,038
Total current liabilities		22,614,170	33,049,104
Total liabilities		74,565,059	74,130,351
Total equity and liabilities		125,007,354	121,996,294

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

PJSC "IDGC of Centre"
Interim Condensed Consolidated Statements of Cash Flows
for the six months ended 30 June 2021
In thousands of Russian rubles, unless otherwise stated

	Notes	For the six months ended 30 June (unaudited)	
		2021	2020 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		4,991,132	2,154,071
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	8,11, 12,13	6,137,061	5,719,869
Finance costs	9	1,519,259	1,707,908
Finance income	9	(97,422)	(131,746)
Loss on disposal of property, plant and equipment		14,822	9,280
Reversal of allowance for expected credit losses		(78,285)	(2,275)
Bad debt write-off		5,025	3,276
Accrual of provisions	8	44,206	34,073
Acquisition of subsidiaries	18	(60,110)	-
Other non-cash transactions		(5,032)	69,918
Total impact of adjustments		7,479,524	7,410,303
Change in assets related to employee benefits plans		(8,266)	(38,273)
Change in employee benefit liabilities		(24,884)	(23,287)
Change in long-term trade and other receivables		(285,875)	28,285
Change in long-term advances given and other non-current assets		(580)	869
Change in long-term trade and other payables		(15,720)	(18,843)
Change in long-term advances received		723,871	138,285
Cash flows from operating activities before changes in working capital and provisions		12,859,202	9,651,410
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		425,270	(371,909)
Change in advances given and other assets		(221,434)	(420,268)
Change in inventories		(385,218)	(725,223)
Change in trade and other payables		35,331	760,021
Change in advances received		37,437	317,596
Change in provisions		(214,021)	(41,633)
Cash flows from operating activities before income taxes and interest paid		12,536,567	9,169,994
Income tax paid		(1,928,775)	(1,383,437)
Interest paid under lease agreement		(163,159)	(155,410)
Interest paid		(1,287,186)	(1,517,549)
Net cash flows received from operating activities		9,157,447	6,113,598
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(6,767,170)	(4,657,526)
Proceeds from the sale of property, plant and equipment and intangible assets		3,074	3,900
Acquisition of subsidiaries, net of cash received	18	(1,024,373)	-
Interest received		61,844	79,384
Dividends received		7,024	7,214
Net cash flows used in investing activities		(7,719,601)	(4,567,028)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds	21	11,757,422	35,450,493
Repayment of borrowed funds	21	(11,284,349)	(35,611,586)
Dividends paid to equity holders of the Company	19	(1,340,206)	(836,011)
Repayment of lease liabilities		(112,677)	(49,712)
Net cash flows used in financing activities		(979,810)	(1,046,816)
Net increase in cash and cash equivalents		458,036	499,754
Cash and cash equivalents at the beginning of period		1,406,311	1,517,108
Cash and cash equivalents at the end of period	17	1,864,347	2,016,862

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

*PJSC «IDGC of Centre»
Interim Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2021
In thousands of Russian rubles, unless otherwise stated*

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Notes	Share capital	Reserves	Retained earnings			Total
Balance at 1 January 2021		4,221,794	(1,212,174)	43,900,420	46,910,040	955,903	47,865,943
Profit for the period		-	-	3,622,937	3,622,937	55,178	3,678,115
Other comprehensive income		-	369,674	-	369,674	-	369,674
Related income tax		-	(41,205)	-	(41,205)	-	(41,205)
Total comprehensive income for the period		-	328,469	3,622,937	3,951,406	55,178	4,006,584
Transactions with owners							
Dividends	19	-	-	(1,414,339)	(1,414,339)	(22,200)	(1,436,539)
Other	19	-	-	6,307	6,307	-	6,307
Total contributions and payments		-	-	(1,408,032)	(1,408,032)	(22,200)	(1,430,232)
Balance at 30 June 2021 (unaudited)		4,221,794	(883,705)	46,115,325	49,453,414	988,881	50,442,295

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Notes	Share capital	Reserves	Retained earnings			Total
Balance at 31 December 2019 (before restatement)		4,221,794	(1,063,748)	41,944,315	45,102,361	984,795	46,087,156
Effect of recount		-	-	(93,660)	(93,660)	(128,153)	(221,813)
Balance at 1 January 2020 (restated)		4,221,794	(1,063,748)	41,850,655	45,008,701	856,642	45,865,343
Profit for the period (restated)		-	-	1,522,741	1,522,741	74,749	1,597,490
Other comprehensive cost		-	(117,747)	-	(117,747)	-	(117,747)
Related income tax		-	10,911	-	10,911	-	10,911
Total comprehensive income/(cost) for the period (restated)		-	(106,836)	1,522,741	1,415,905	74,749	1,490,654
Transactions with owners							
Other	19	-	-	14,955	14,955	-	14,955
Total contributions and payments		-	-	14,955	14,955	-	14,955
Balance at 30 June 2020 (unaudited) (restated)		4,221,794	(1,170,584)	43,388,351	46,439,561	931,391	47,370,952

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

1 Background

(a) The Group and its operation

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

The parent company is PJSC “Rosseti”.

PJSC “IDGC of Centre” and its subsidiaries include Russian public, limited liability company and joint-stock companies (as defined by the Civil Code of the Russian Federation). The Company was set up on 17 December 2004 based on Resolution no. 154p of 9 December 2004 and pursuant to the Board of Directors’ decision (board of directors’ meeting minutes no. 178 of 1 October 2004) and Management Board decision (Management Board meeting minute no. 1102 of 15 November 2004) of Open Joint-Stock Company RAO “United Energy Systems of Russia” (hereinafter - “RAO UES”) as an Open Joint-Stock Company “Interregional Distribution Grid Company of Centre” (hereinafter OJSC “IDCG of Centre”). From 07 July 2015 OJSC “IDGC of Centre” is renamed as PJSC “IDGC of Centre” based on the Decision of the Annual General Meeting of Shareholders of OJSC “IDGC of Centre” dated 25 June 2015 (minutes No. 01/15 of 26 June 2015), in order to bring it in line with the legal requirements. From 03 August 2021 PJSC “IDGC of Centre” has been renamed PJSC “Rosseti Centre” based on the decision of the Annual General Meeting of Shareholders of PJSC “IDGC of Centre” held on 31 May 2021 (minutes No. 01/21 of 31 May 2021). The corresponding changes were made to the Company's Charter.

The Company’s registered office is Malaya Ordynka St., 15, Moscow, 119017, Russia.

The Company’s de facto address is Malaya Ordynka St., 15, Moscow, 119017, Russia.

(b) 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 policies of the Government of the Russian Federation in the economic, social and other areas may have a significant impact on the Group.

As at 30 June 2021, the share of the Russian Federation in the authorized capital of the parent company of PJSC “Rosseti” was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2020, the share of the Russian Federation in the authorized capital of the parent company of PJSC “Rosseti” was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).

PJSC “Rosseti”, in its turn, owns 50.23% of the Company’s shares.

The State has a direct influence on the Group's activities through the regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program. The Group's counterparties (consumers of services, suppliers and contractors, others) include a significant number of companies associated with the main shareholder of the parent company).

1 Background (continued)

(c) Russian business environment

The Group operates in the Russian Federation and is therefore exposed to risks related to the state of the economy and financial markets of the Russian Federation.

The economy of the Russian Federation exhibits some of the characteristics of emerging markets. The country's economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory system continues to evolve and is subject to frequent changes, as well as the possibility of different interpretations. Ongoing political tensions, as well as international sanctions against some Russian companies and citizens, continue to have a negative impact on the Russian economy.

In 2020 the global economy was negatively affected by the coronavirus pandemic (COVID-19). The impact of the pandemic on the economies of individual countries and on the global economy as a whole has no historical analogues with other periods when governments adopted packages of measures to protect the economy. Social distancing and isolation measures aimed at curbing the spread of COVID-19 in various countries have caused a significant decline in consumer spending and business activity of companies in retail, transport, travel and tourism, catering, entertainment and many other areas.

In 2021 the situation is gradually leveling off, and the population is being vaccinated. However, the economic recovery is closely linked to the continuing restrictive measures, the level of economic activity remains low, and the recovery is uneven.

The Group does not expect the coronavirus pandemic (COVID-19) to have a material adverse impact on its financial position, results of operations and economic prospects. The Group continues to monitor and evaluate the development of the situation and respond accordingly:

- work in contact with the authorities at the federal and regional levels to contain the spread of the coronavirus and take all necessary measures to ensure the safety, protection of the life and health of its employees and contractors;
- implement measures to ensure reliable energy supply, implement investment projects;
- track forward-looking and actual information on the impact of the pandemic on the Russian economy, on the activities of the Group and the main counterparties of the Group;
- adapt the Group's activities to new market opportunities, take measures to neutralize the possible negative impact of the pandemic, and ensure the financial stability of the Group.

These interim condensed consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the Group's operations and financial position. The actual impact of future business conditions may differ from current estimates.

2 Basis of preparation of consolidated financial statements

(a) Statement of compliance

These interim condensed consolidated financial statements for the three months ended 31 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected notes are included to explain events and transactions that are material to the understanding of changes in the Group's financial position and operations since the date of the last annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Use of estimates and professional judgments

The key judgments made by management in the preparation of these interim condensed consolidated financial statements regarding the Group's accounting policies and significant sources of estimation uncertainty are consistent with those made in the preparation of the consolidated financial statements for the year ended 31 December 2020 and as at that date.

(c) Application of new and revised standards and interpretations

The Group has applied all the new standards and amendments to them, which came into force on 1 January 2021. The impact of the adoption of the new standards and clarifications was not significant in relation to these interim condensed consolidated financial statements.

In addition to the new standards and clarifications that are effective for annual periods beginning on or after 1 January 2021 and applicable to the Group's operations, which were disclosed in the consolidated financial statements for the year ended 31 December 2020, the following amendments to the standards were issued:

- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 “Income Taxes” – Deferred tax on assets and liabilities arising from a single transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

These amendments are not expected to have a material impact on the Group's consolidated financial statements after their entry into force.

(d) Comparative period data restatement

In these interim condensed consolidated financial statements, the Group has recalculated the comparative period data in terms of completing the distribution of the acquisition price of one of the previously acquired companies and reflecting the fair value of identifiable assets and liabilities in the comparative period information. These interim condensed consolidated financial statements clarify the fair value of identifiable assets and liabilities in terms of information for three and six months and as of 30 June 2020.

These interim condensed consolidated financial statements also clarify the deferred tax liability and income tax expense in terms of information for the three and six months and as of 30 June 2020.

The effect of the restatement on these interim condensed consolidated financial statements is as follows:

2 Basis of preparation of consolidated financial statements (continued)

Interim Condensed Consolidated Statement of profit or loss and other comprehensive income for the three and six months ended 30 June 2020

For the three and six
months ended 30 June
2020

	As previously reported		Effect of change		As restated	
	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020
Revenue	21,146,727	46,440,362	-	-	21,146,727	46,440,362
Operating expenses	(20,997,486)	(43,266,509)	2,999	197	(20,994,487)	(43,266,312)
Reversal/(accrual) of allowance for expected credit losses	(8,038)	2,275	-	-	(8,038)	2,275
Other income	289,818	566,615	(219)	(219)	289,599	566,396
Other expenses	(5,590)	(10,429)	(473)	(2,059)	(6,063)	(12,488)
Result from operating activities	425,431	3,732,314	2,307	(2,081)	427,738	3,730,233
Finance income	50,068	131,746	-	-	50,068	131,746
Finance costs	(831,584)	(1,707,908)	-	-	(831,584)	(1,707,908)
Total financial costs	(781,516)	(1,576,162)	-	-	(781,516)	(1,576,162)
Profit/(loss) before income tax	(356,085)	2,156,152	2,307	(2,081)	(353,778)	2,154,071
Income tax expense	(13,293)	(348,123)	(461)	(208,458)	(13,754)	(556,581)
Profit for the period	(369,378)	1,808,029	1,846	(210,539)	(367,532)	1,597,490
Total comprehensive income/(cost) for the period	(585,790)	1,701,193	1,846	(210,539)	(583,944)	1,490,654
Profit/(loss) attributable to:						
Equity holders of the Company	(406,881)	1,732,655	1,155	(209,914)	(405,726)	1,522,741
Non-controlling interests	37,503	75,374	691	(625)	38,194	74,749
Total comprehensive income/(cost) attributable to:						
Equity holders of the Company	(623,293)	1,625,819	1,155	(209,914)	(622,138)	1,415,905
Non-controlling interests	37,503	75,374	691	(625)	38,194	74,749
Earnings/(loss) per share						
Basic and diluted earnings per ordinary share (in RUB)	(0.010)	0.041	-	(0.005)	(0.010)	0.036

2 Basis of preparation of consolidated financial statements (continued)

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2020

For the six months ended 30 June 2020	As previously reported	Effect of change	As restated
Profit before income tax	2,156,152	(2,081)	2,154,071
Depreciation and amortization of fixed assets, right-of-use assets and intangible assets	5,720,066	(197)	5,719,869
Cash flows from operating activities before changes in working capital and provisions	9,651,410	-	9,651,410
Cash flows from operating activities before income taxes and interest paid	9,169,994	-	9,169,994

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2020

30 June 2020	As previously reported	Effect of change	As restated
Property, plant and equipment	93,747,788	(536,037)	93,211,751
Total non-current assets	99,832,198	(536,037)	99,296,161
Total assets	120,296,103	(536,037)	119,760,066
Retained earnings	43,691,925	(303,574)	43,388,351
Total equity attributable to equity holders of the Company	46,743,135	(303,574)	46,439,561
Non-controlling interest	1,060,169	(128,778)	931,391
Total equity	47,803,304	(432,352)	47,370,952
Deferred tax liabilities	4,241,536	(103,685)	4,137,851
Total non-current liabilities	42,188,982	(103,685)	42,085,297
Total equity and liabilities	120,296,103	(536,037)	119,760,066

3 Significant accounting policies

The key accounting policies and accounting methods used by the Group are consistent with those described in the audited consolidated financial statements for the year ended 31 December 2020.

4 Measurement of fair value

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

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

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

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

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

4 Measurement of fair value (continued)

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

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

The moment of time at which transfers to certain levels are recognized and for transfers from certain levels, the Group considers the date of occurrence of the event or change in circumstances that caused the transfer.

5 Information about segments

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

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

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

EBITDA is used to reflect the results of each reporting segment: profit or loss before interest expense, taxation, depreciation, and net accrual/(recovery) of an impairment loss on property, plant and equipment and right-of-use assets (taking into account current accounting and reporting standards in the Russian Federation). Management believes that the EBITDA calculated in this way is the most indicative indicator for evaluating the performance of the Group's operating segments.

The following reportable segments were identified:

- branch Belgorodenergo, branch Bryanskenergo, branch Voronezhenergo, branch Kostromaenergo, branch Kurskenergo, branch Lipetskenergo, branch Orelenergo, branch Smolenskenergo, branch Tambovenrgo, branch Tverenergo, branch Yarenergo
- Other TSS (specialized electric grid subsidiaries)
- Others

The “Others” category includes operations of the executive office and non-core subsidiaries. These operations do not meet the quantitative criteria for allocating them to reportable segments.

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

5 Information about segments (continued)

(a) Information about reportable segments

For the three months ended 30 June 2021:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	3,210,629	906,887	3,844,237	1,350,292	1,808,015	2,083,700	1,153,815	1,817,621	1,372,855	2,624,530	2,375,654	1,573,291	140,092	24,261,618
Inter-segment revenue	-	383,911	10,372	-	-	-	-	-	210	-	1,981	544,627	1,206	942,307
Segment revenue	3,210,629	1,290,798	3,854,609	1,350,292	1,808,015	2,083,700	1,153,815	1,817,621	1,373,065	2,624,530	2,377,635	2,117,918	141,298	25,203,925
Including:														
Electricity transmission	3,017,549	1,267,311	3,585,803	1,291,965	1,776,431	2,049,987	1,126,857	1,787,794	1,364,738	2,479,573	2,319,490	2,018,902	-	24,086,400
Technological connection services	26,350	6,713	63,108	26,268	12,165	10,861	17,815	9,450	740	9,864	22,174	42,956	-	248,464
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	122,409	-	-	-	122,409
Other revenue	166,730	16,774	205,698	32,059	19,419	22,852	9,143	20,377	7,587	12,684	35,971	56,060	141,298	746,652
EBITDA	915,851	187,444	975,582	367,010	248,570	385,701	138,088	323,247	71,774	461,433	597,313	653,233	73,985	5,399,231

For the six months ended 30 June 2021:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	6,745,542	1,929,905	8,105,835	2,885,480	3,873,027	4,622,544	2,472,688	4,030,910	2,964,452	5,798,079	5,334,878	3,108,143	271,337	52,142,820
Inter-segment revenue	-	863,584	20,843	-	-	-	-	-	419	-	4,072	1,131,292	2,643	2,022,853
Segment revenue	6,745,542	2,793,489	8,126,678	2,885,480	3,873,027	4,622,544	2,472,688	4,030,910	2,964,871	5,798,079	5,338,950	4,239,435	273,980	54,165,673
Including:														
Electricity transmission	6,397,202	2,736,044	7,796,566	2,781,387	3,824,612	4,564,600	2,420,979	3,971,591	2,946,161	5,472,003	5,155,915	4,094,471	-	52,161,531
Technological connection services	44,485	27,422	88,151	37,140	13,654	13,701	32,008	19,899	4,921	13,150	124,790	62,041	-	481,362
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	288,627	-	-	-	288,627
Other revenue	303,855	30,023	241,961	66,953	34,761	44,243	19,701	39,420	13,789	24,299	58,245	82,923	273,980	1,234,153
EBITDA	1,987,337	558,860	1,939,596	873,781	634,064	1,035,258	369,565	918,319	319,034	794,388	1,463,581	1,142,745	206,766	12,243,294

5 Information about segments (continued)

For the three months ended 30 June 2020:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	2,951,411	1,179,236	3,271,941	1,173,413	1,628,284	1,992,672	1,057,777	1,620,790	1,368,351	2,424,353	2,087,389	344,589	46,521	21,146,727
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	202	514,930	2,278	517,410
Segment revenue	2,951,411	1,179,236	3,271,941	1,173,413	1,628,284	1,992,672	1,057,777	1,620,790	1,368,351	2,424,353	2,087,591	859,519	48,799	21,664,137
Including:														
Electricity transmission	2,858,604	1,156,270	3,206,397	1,143,355	1,598,194	1,946,379	1,032,646	1,564,122	1,351,894	2,290,137	2,011,913	822,811	-	20,982,722
Technological connection services	21,132	11,727	40,253	10,312	11,571	30,004	6,800	26,430	1,895	2,063	56,009	12,793	-	230,989
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	120,263	-	-	-	120,263
Other revenue	71,675	11,239	25,291	19,746	18,519	16,289	18,331	30,238	14,562	11,890	19,669	23,915	48,799	330,163
EBITDA	744,967	95,584	397,958	293,314	145,447	389,758	88,940	180,696	121,668	166,182	284,612	350,980	(110,202)	3,149,904

For the six months ended 30 June 2020:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	6,348,729	2,581,359	7,195,222	2,532,770	3,536,990	4,376,033	2,303,924	3,569,385	2,927,764	5,338,627	4,714,863	695,717	318,979	46,440,362
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	423	1,075,046	3,217	1,078,686
Segment revenue	6,348,729	2,581,359	7,195,222	2 532 770	3 536 990	4,376,033	2,303,924	3,569,385	2,927,764	5,338,627	4,715,286	1,770,763	322,196	47,519,048
Including:														
Electricity transmission	6,129,215	2,538,285	7,076,227	2,482,567	3,494,651	4,291,941	2,257,965	3,480,744	2,875,478	5,034,039	4,600,842	1,715,127	-	45,977,081
Technological connection services	66,873	20,388	46,422	15,102	14,075	30,804	20,831	39,244	25,301	7,887	70,450	17,654	-	375,031
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	271,614	-	-	-	271,614
Other revenue	152,641	22,686	72,573	35,101	28,264	53,288	25,128	49,397	26,985	25,087	43,994	37,982	322,196	895,322
EBITDA	1,818,149	375,064	1,197,813	661,902	477,876	892,517	346,742	649,244	456,850	676,542	812,259	659,803	134,411	9,159,172

5 Information about segments (continued)

As at 30 June 2021:

	<u>Belgorod energo</u>	<u>Bryansk energo</u>	<u>Voronezh energo</u>	<u>Kostroma energo</u>	<u>Kursk energo</u>	<u>Lipetsk energo</u>	<u>Orel energo</u>	<u>Smolensk energo</u>	<u>Tambov energo</u>	<u>Tver energo</u>	<u>Yar energo</u>	<u>Other TSS</u>	<u>Others</u>	<u>Total</u>
Segment assets	24,319,482	5,399,726	16,117,555	7,668,842	7,680,042	15,240,947	4,343,178	7,893,921	6,351,451	13,030,162	16,496,703	14,237,772	9,153,300	147,933,081
Including property, plant and equipment and construction in progress	22,593,488	4,570,197	13,705,679	6,354,159	6,416,236	12,360,888	3,700,250	6,757,886	4,541,225	10,233,808	10,549,742	10,843,848	102,559	112,729,965

As at 31 December 2020:

	<u>Belgorod energo</u>	<u>Bryansk energo</u>	<u>Voronezh energo</u>	<u>Kostroma energo</u>	<u>Kursk energo</u>	<u>Lipetsk energo</u>	<u>Orel energo</u>	<u>Smolensk energo</u>	<u>Tambov energo</u>	<u>Tver energo</u>	<u>Yar energo</u>	<u>Other TSS</u>	<u>Others</u>	<u>Total</u>
Segment assets	25,016,192	5,617,777	15,601,028	7,577,834	7,939,731	15,429,997	4,252,635	8,016,138	6,578,189	13,136,798	15,960,256	11,529,377	8,137,629	144,793,581
Including property, plant and equipment and construction in progress	23,234,786	4,730,462	13,385,920	6,163,387	6,533,036	12,753,768	3,610,479	6,735,758	4,592,434	10,594,159	10,867,190	9,616,657	126,450	112,944,486

5 Information about segments (continued)

(b) The reconciliation of reportable segments EBITDA:

Reconciliation of reportable segments by EBITDA:

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020 (restated)	2021	2020 (restated)
EBITDA of reportable segments	5,399,231	3,149,904	12,243,294	9,159,172
Discounting receivables	2,945	3,150	7,164	6,434
Adjustment for lease	158,282	118,124	295,053	231,565
Recognition of pension and other long-term liabilities to employees	(48,105)	(30,488)	(72,554)	(67,952)
Adjustment on assets related to employee benefit liabilities	8,181	(3,321)	8,266	38,273
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	11,885	(18,761)	1,943	(200)
Adjustment of the value of property, plant and equipment	(17,589)	(7,895)	(18,461)	(9,659)
Acquisition of subsidiaries	60,110	-	60,110	-
Discounting of financial liabilities	(55,273)	-	(109,136)	-
Other adjustments	(1,769)	61,851	18,562	127,011
EBITDA	5,517,898	3,272,564	12,434,241	9,484,644
Depreciation and amortization	(3,078,804)	(2,841,259)	(6,137,061)	(5,719,869)
Interest expenses on financial liabilities	(576,479)	(703,735)	(1,142,889)	(1,452,281)
Interest expenses on lease liabilities	(78,278)	(81,348)	(163,159)	(158,423)
Income tax expense	(532,203)	(13,754)	(1,313,017)	(556,581)
Profit for the period per consolidated statement of profit or loss and other comprehensive income	1,252,134	(367,532)	3,678,115	1,597,490

6 Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Electricity transmission	23,162,523	20,468,968	50,176,836	44,904,418
Technological connection services	248,449	230,960	481,196	375,002
Sale of electricity and capacity	122,409	120,263	288,627	271,614
Other revenue	719,806	319,846	1,179,859	875,674
Total revenue from contracts with customers	24,253,187	21,140,037	52,126,518	46,426,708
Lease revenue	8,431	6,690	16,302	13,654
	24,261,618	21,146,727	52,142,820	46,440,362

Other revenue includes mainly technical and maintenance services, diagnostics and testing, construction services, consulting and organizational and technical services.

7 Other income and other expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020 (restated)	2021	2020 (restated)
Income from identified non-contracted electricity consumption	92,476	39,060	156,966	112,975
Income in the form of fines and penalties on commercial contracts	144,882	199,754	329,706	350,549
Accounts payable write-off	13,883	5,344	17,633	14,259
Acquisition of subsidiaries	60,110	-	60,110	-
Insurance indemnity	21,326	4,856	57,689	12,074
Other income	61,236	40,585	209,947	76,539
	393,913	289,599	832,051	566,396

Other expenses include loss on disposal of property, plant and equipment for three and six months ended 30 June 2021 in the amount of RUB 6,862 thousand and RUB 18,871 thousand (for three and six months ended 30 June 2020 (restated): RUB 6,063 thousand and RUB 12,488 thousand).

8 Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020 (restated)	2021	2020 (restated)
Personnel costs	5,672,004	5,527,054	11,275,848	10,603,522
Depreciation and amortization	3,078,804	2,841,259	6,137,061	5,719,869
<i>Material expenses, including:</i>				
Electricity for compensation of losses	3,191,597	3,005,503	8,835,893	7,687,628
Electricity for sale	105,577	108,515	251,296	239,084
Purchased electricity and heat power for own needs	62,276	55,286	285,363	225,308
Other material costs	857,257	855,019	1,348,578	1,300,900
<i>Production work and services, including:</i>				
Electricity transmission services	7,080,827	6,910,812	14,526,579	14,427,433
Repair and maintenance services	225,851	138,144	298,625	227,473
Other works and industrial services	356,062	306,798	712,145	503,387
Taxes and levies other than income tax	556,191	549,025	1,103,546	1,087,054
Short-term rent	60,018	290	61,596	1,680
Insurance	34,164	32,798	66,947	65,979
<i>Other third-party services, including:</i>				
Communication services	75,086	95,675	154,304	156,514
Security services	84,141	76,164	166,806	149,598
Consulting, legal and audit services	7,472	7,245	17,835	12,133
Software costs and services	68,769	66,917	134,686	135,545
Transportation services	26,413	8,877	29,733	17,057
Other services	239,869	200,991	365,277	372,042
Provisions	803	53,631	44,206	34,073
Expenses recognized in connection with the settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	248,756	23,283	250,671	23,283
Other expenses	195,046	131,201	554,321	276,750
	22,226,983	20,994,487	46,621,316	43,266,312

9 Finance income and costs

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Finance income				
Interest income on bank deposits and balances on bank accounts	25,820	39,758	61,074	79,561
Interest income on assets related to employee defined benefits plans	-	-	20,802	38,591
Dividends receivable	8,382	7,160	8,382	7,160
Other finance income	2,945	3,150	7,164	6,434
	37,147	50,068	97,422	131,746
Finance costs				
Interest expenses on financial liabilities measured at amortized cost	(576,479)	(703,735)	(1,142,889)	(1,452,281)
Interest expenses on lease liabilities	(78,278)	(81,348)	(163,159)	(158,423)
Interest expenses on long-term employee benefit liabilities	(48,039)	(44,787)	(97,438)	(91,239)
Amortization of discount on financial liabilities	(55,273)	-	(109,136)	-
Other finance costs	(2,848)	(1,714)	(6,637)	(5,965)
	(760,917)	(831,584)	(1,519,259)	(1,707,908)

10 Income tax

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020 (restated)	2021	2020 (restated)
Current income tax				
Accrual of current tax	(332,683)	(130,401)	(1,073,373)	(698,759)
Adjustment of the tax for the previous periods	10,613	42,553	38,728	45,555
Total	(322,070)	(87,848)	(1,034,645)	(653,204)
Deferred income tax	(210,133)	74,094	(278,372)	96,623
Income tax expense	(532,203)	(13,754)	(1,313,017)	(556,581)

The profit tax rate officially established by Russian legislation in 2021 and 2020 was 20%.

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

10 Income tax (continued)

The profit before taxation is correlated to income tax expenses as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020 (restated)	2021	2020 (restated)
Profit/(loss) before income tax	1,784,337	(353,778)	4,991,132	2,154,071
Income tax calculated at the applicable tax rate	(356,867)	70,756	(998,226)	(430,814)
Tax effect of items not deductible/not taxable for taxation purposes	(185,949)	(127,063)	(353,519)	(171,322)
Adjustments for prior years	10,613	42,553	38,728	45,555
	(532,203)	(13,754)	(1,313,017)	(556,581)

Income tax recognized in other comprehensive income:

	For the three months ended 30 June 2021			For the three months ended 30 June 2020		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(11,885)	2,377	(9,508)	18,761	(3,752)	15,009
Remeasurements of the defined benefit liability	30,738	(3,446)	27,292	(259,307)	27,886	(231,421)
	18,853	(1,069)	17,784	(240,546)	24,134	(216,412)

	For the six months ended 30 June 2021			For the six months ended 30 June 2020		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(1,943)	389	(1,554)	200	(40)	160
Remeasurements of the defined benefit liability	371,617	(41,594)	330,023	(117,947)	10,951	(106,996)
	369,674	(41,205)	328,469	(117,747)	10,911	(106,836)

11 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction in progress	Total
<i>Cost/deemed cost</i>						
At 1 January 2020 (restated)	42,805,772	74,062,318	41,950,076	26,840,678	3,839,050	189,497,894
Additions	-	2,822	52	-	4,805,329	4,808,203
Transfer (restated)	377,665	1,454,345	731,610	346,848	(2,910,468)	-
Disposals (restated)	(6,217)	(9,580)	(14,743)	(61,405)	(947)	(92,892)
At 30 June 2020 (restated)	43,177,220	75,509,905	42,666,995	27,126,121	5,732,964	194,213,205
<i>Accumulated depreciation and impairment</i>						
At 1 January 2020	(16,566,258)	(41,572,555)	(20,177,966)	(17,321,047)	(80,830)	(95,718,656)
Transfer to property, plant and equipment (transfer of impairment losses)	(1,490)	(9,389)	(4,224)	(13,251)	28,354	-
Depreciation charge (restated)	(961,477)	(2,176,730)	(1,161,844)	(1,059,651)	-	(5,359,702)
Disposals (restated)	2,194	7,639	7,034	59,642	395	76,904
At 30 June 2020 (restated)	(17,527,031)	(43,751,035)	(21,337,000)	(18,334,307)	(52,081)	(101,001,454)
<i>Net book value</i>						
At 1 January 2020 (restated)	26,239,514	32,489,763	21,772,110	9,519,631	3,758,220	93,779,238
At 30 June 2020 (restated)	25,650,189	31,758,870	21,329,995	8,791,814	5,680,883	93,211,751

11 Property, plant and equipment (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
At 1 January 2021	47,131,304	78,252,593	44,683,833	30,976,746	5,565,987	206,610,463
Additions	4,080	8,433	4,221	-	5,341,602	5,358,336
Acquisition of subsidiaries	733,888	148,452	139,140	61,709	8,212	1,091,401
Transfer	403,318	1,479,743	910,792	2,310,000	(5,103,853)	-
Disposals	(18,633)	(7,481)	(4,154)	(48,688)	(1,641)	(80,597)
At 30 June 2021	48,253,957	79,881,740	45,733,832	33,299,767	5,810,307	212,979,603
<i>Accumulated depreciation and impairment</i>						
At 1 January 2021	(19,064,802)	(48,009,731)	(23,504,909)	(19,753,592)	(172,234)	(110,505,268)
Transfer to property, plant and equipment (transfer of impairment losses)	(2,107)	(7,627)	(3,763)	(1,375)	14,872	-
Depreciation charge	(1,197,083)	(2,189,100)	(1,179,733)	(1,206,381)	-	(5,772,297)
Disposals	6,208	5,093	2,397	48,372	-	62,070
At 30 June 2021	(20,257,784)	(50,201,365)	(24,686,008)	(20,912,976)	(157,362)	(116,215,495)
<i>Net book value</i>						
At 1 January 2021	28,066,502	30,242,862	21,178,924	11,223,154	5,393,753	96,105,195
At 30 June 2021	27,996,173	29,680,375	21,047,824	12,386,791	5,652,945	96,764,108

11 Property, plant and equipment (continued)

For the six months ended 30 June 2021 capitalized interest amount is RUB 75,388 thousand (for the six months ended 30 June 2020: RUB 75,318 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 5.52% - 6.36% during the year (for the six months ended 30 June 2020: 6.52% - 7.44%).

Depreciation charges were capitalized in the value of capital construction in the amount of RUB 14,107 thousand for the three months ended 30 June 2021 (for the three months ended 30 June 2020: RUB 14,314 thousand).

As at 30 June 2021 fixed assets in the amount of RUB 203,679 at the collateral value under loan agreements are used as collateral in the Group's subsidiaries (as at 31 December 2020: RUB 38,173 thousand).

As at 30 June 2021 the initial cost of fully amortized property plant and equipment was RUB 30,176,245 thousand (as at 31 December 2020: RUB 27,875,865 thousand).

12 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
At 1 January 2020	2,263,075	84,135	1,311,317	3,658,527
Additions	154,170	8,950	-	163,120
Disposals	-	-	(12)	(12)
At 30 June 2020	2,417,245	93,085	1,311,305	3,821,635
<i>Accumulated amortization and impairment</i>				
At 1 January 2020	(861,945)	-	(320,467)	(1,182,412)
Amortization charge	(217,879)	-	(32,834)	(250,713)
At 30 June 2020	(1,079,824)	-	(353,301)	(1,433,125)
<i>Net book value</i>				
At 1 January 2020	1,401,130	84,135	990,850	2,476,115
At 30 June 2020	1,337,421	93,085	958,004	2,388,510
<i>Initial costs</i>				
At 1 January 2021	2,654,443	38,454	1,333,360	4,026,257
Additions	114,419	9,007	2,017	125,443
Acquisition of subsidiaries	2,435	-	-	2,435
Disposals	-	-	(3,210)	(3,210)
At 30 June 2021	2,771,297	47,461	1,332,167	4,150,925
<i>Accumulated amortization and impairment</i>				
At 1 January 2021	(1,307,093)	-	(387,206)	(1,694,299)
Amortization charge	(200,625)	-	(34,972)	(235,597)
Disposals	-	-	3,133	3,133
At 30 June 2021	(1,507,718)	-	(419,045)	(1,926,763)
<i>Net book value</i>				
At 1 January 2021	1,347,350	38,454	946,154	2,331,958
At 30 June 2021	1,263,579	47,461	913,122	2,224,162

12 Intangible assets (continued)

Amortization of intangible assets included in operating expenses in consolidated interim condensed statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 is RUB 235,597 thousand (for the six months ended 30 June 2020: RUB 250,713 thousand).

Capitalized interest is absent for the six months ended 30 June 2021 and for the six months ended 30 June 2020.

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

Intangible assets in the subgroup “Other intangible assets”, the Group included the right to charge users of electricity transmission services under the “Concession agreement regarding the financing, creation and operation of electric energy transmission and distribution facilities in the Tambov Region”. This agreement provides for the construction by the Group of facilities for the transmission and distribution of electricity in the Tambov region and the provision of services for the transmission, distribution of electricity and technological connection using the facilities of the concession agreement. The ownership of the constructed facilities belongs to the Tambov region, and the Group receives the right possession and use of objects for use in the specified activity. The concession agreement was concluded in 2015 for 20 years. A concession agreement may be amended or terminated by agreement of the parties in the manner and in the cases provided for by law, upon the expiration of the validity period, as well as on the basis of a court decision. The objects of the concession agreement shall be included in the planning document for the privatization of property for a period corresponding to the expiration of the concession agreement. Moreover, the Group has a preemptive right to repurchase these objects.

During the period of the Concession Agreement, the administration of the Tambov Region may provide the Group with subsidies both in terms of paying remuneration for construction and in compensating for lost revenue from electricity transmission.

The residual value of the intangible assets of the concession agreement as at 30 June 2021 in the amount of RUB 796,046 thousand is reflected in the line “Intangible assets” of the consolidated statement of financial position (in the amount of RUB 823,477 thousand as at 31 December 2020). For the six months ended 30 June 2021 depreciation was accrued on the objects of the concession agreement in the amount of RUB 27,431 thousand (for the six months ended 30 June 2020: RUB 27,431 thousand).

13 Right-of-use assets

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
At 1 January 2020	2,755,804	141,151	78,446	11,980	2,987,381
Additions	17,950	55,176	84,968	-	158,094
Changes in lease terms	(96,789)	(2,425)	(2,184)	(42)	(101,440)
Disposal or termination of lease agreements	(11,571)	(861)	-	(908)	(13,340)
At 30 June 2020	2,665,394	193,041	161,230	11,030	3,030,695
<i>Accumulated depreciation and impairment</i>					
At 1 January 2020	(136,951)	(26,082)	(13,720)	(2,293)	(179,046)
Depreciation charge	(92,272)	(18,657)	(11,475)	(1,364)	(123,768)
Changes in lease terms	92,688	3,406	2,881	49	99,024
Disposal or termination of lease agreements	1,723	19	-	102	1,844
At 30 June 2020	(134,812)	(41,314)	(22,314)	(3,506)	(201,946)
<i>Net book value</i>					
At 1 January 2020	2,618,853	115,069	64,726	9,687	2,808,335
At 30 June 2020	2,530,582	151,727	138,916	7,524	2,828,749

13 Right-of-use assets (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
At 1 January 2021	2,726,743	191,516	186,151	137,844	3,242,254
Additions	21,878	-	231	950,844	972,953
Change in lease terms	(72,543)	(7,339)	(9,379)	(159)	(89,420)
Disposal or termination of lease agreements	(75,793)	(199)	(1,454)	-	(77,446)
At 30 June 2021	2,600,285	183,978	175,549	1,088,529	4,048,341
<i>Accumulated depreciation and impairment</i>					
At 1 January 2021	(226,117)	(59,814)	(41,717)	(17,248)	(344,896)
Depreciation charge	(86,604)	(12,331)	(15,686)	(28,653)	(143,274)
Change in lease terms	49,001	9,147	10,269	241	68,658
Disposal or termination of lease agreements	19,708	-	171	-	19,879
At 30 June 2021	(244,012)	(62,998)	(46,963)	(45,660)	(399,633)
<i>Net book value</i>					
At 1 January 2021	2,500,626	131,702	144,434	120,596	2,897,358
At 30 June 2021	2,356,273	120,980	128,586	1,042,869	3,648,708

14 Other financial assets

	30 June 2021	31 December 2020
Non-current		
Financial assets at fair value through other comprehensive income	206,258	208,201
	206,258	208,201

Non-current financial assets include shares of Russian companies with a fair value calculated on the basis of published market quotations equal to RUB 206,258 thousand as at 30 June 2021 (as at 31 December 2020: RUB 208,201 thousand).

15 Trade and other receivables

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current trade and other account receivables		
Trade receivables	32,155	59,053
Other receivables	399,404	79,788
Total financial assets	431,559	138,841
Current trade and other account receivables		
Trade receivables	21,554,989	24,183,709
Allowance for expected credit losses on trade receivables	(9,131,556)	(10,785,503)
Other receivables	3,323,378	2,547,896
Allowance for expected credit losses on other receivables	(1,652,231)	(1,604,548)
Total financial assets	14,094,580	14,341,554

Balances with related parties are disclosed in Note 29.

16 Advances given and other assets

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current		
Advances given	2,080	1,500
	2,080	1,500
Current		
Advances given	537,819	406,450
Advances given impairment allowance	(14,092)	(14,123)
VAT recoverable	10,523	42,484
VAT on advances to customers and clients and advances given for the purchase of property, plant and equipment	599,749	479,109
Prepaid taxes, other than income tax and VAT	60,789	59,445
	1,194,788	973,365

Balance with related parties is disclosed in Note 29.

17 Cash and cash equivalents

	<u>30 June 2021</u>	<u>31 December 2020</u>
Cash in bank accounts and cash on hand	1,559,247	1,002,671
Cash equivalents	305,100	403,640
	<u>1,864,347</u>	<u>1,406,311</u>

All balance of cash and cash equivalents are denominated in rubles as at 30 June 2021 and 31 December 2020.

Cash equivalents as at 30 June 2021 and 31 December 2020 include short-term investments in bank deposits and promissory notes. They are placed at interest rates 4.49 % - 5.25% per annum.

18 Acquisition and disposal of subsidiaries, ownership interests

In the framework of the implementation of the development Strategy of the electric grid complex of the Russian Federation approved by the decree of the Government of the Russian Federation of 03 April 2013 No. 511-R, with the aim of reducing the number of existing territorial grid organizations, the Group acquired:

- 06 April 2021 100% of the ordinary registered non-documentary shares of an electric grid company (hereinafter referred to as the acquired company) for cash as a result of concluding the contract of sale.

On 30 March 2021 the Group concluded an agreement for the purchase and sale (in electronic form) of 100% of ordinary registered non-documentary shares of the acquired company. In accordance with the terms of the agreement, the shares are considered to be transferred to the ownership of the Group from the moment the corresponding entry about the buyer of shares as the owner of shares is made in the register of owners of shares of the acquired company - on 06 April 2021. The purchase price is defined as RUB 1,030,000 thousand and paid in cash.

The Group recorded the acquisition of control over the acquired company using the purchase method in accordance with the requirements of IFRS 3 “Business Combination”.

The results of operations, assets and liabilities of the acquired company are consolidated by the Group from 06 April 2021.

The main activities of the acquired company are the transmission of electricity and technological connection to the power grid in one of the regions of the Russian Federation.

18 Acquisition and disposal of subsidiaries, ownership interests (continued)

The table below shows the fair value of the identifiable net assets of the acquired company received at the acquisition date, which was determined by an independent appraiser:

	Fair value, thousand rubles
Non-current assets	
Property, plant and equipment	1,091,401
Deferred tax assets	102,932
Total non-current assets	1,194,333
Current assets	
Inventories	53,090
Accounts receivable	150,335
Cash and cash equivalents	5,627
Other current assets	2,538
Total current assets	211,590
Total assets	1,405,923
Non-current liabilities	
Long-term borrowed funds	48,000
Deferred tax liabilities	45,203
Total non-current liabilities	93,203
Current liabilities	
Short-term borrowed funds and current part of long-term borrowed funds	10,125
Accounts payable	199,553
Provisions	12,932
Total current liabilities	222,610
Total liabilities	315,813
Total identifiable net assets at fair value	1,090,110
Consideration transferred	1,030,000
Gain on a bargain purchase	60,110

Since the fair value of the identifiable net assets of the acquired company exceeds the value of the consideration transferred, the Group recorded income (negative goodwill) in other income in the amount of RUB 60,110 thousand in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Since the acquisition date, the revenue of the acquired company, consolidated into the Group's financial statements amounted to RUB 211,692 thousand, profit before tax amounted to RUB 55,279 thousand. If the merger had taken place at the beginning of the year, the Group's revenue from continuing operations would have amounted to RUB 52,409,390 thousand, and the Group's profit from continuing operations before tax would have amounted to RUB 5,014,640 thousand.

The cash flow from the acquisition of the company is shown in the following table:

Net cash received on the acquisition of a subsidiary	5,627
Consideration transferred	(1,030,000)
Net cash flow	(1,024,373)

19 Equity

(a) Equity

	Ordinary shares	
	30 June 2021	31 December 2020
Par value (in RUB)	0.10	0.10
On issue at 1 January, units	42,217,941,468	42,217,941,468
On issue at the end of the period, fully paid, units	42,217,941,468	42,217,941,468

(b) Dividends

The source of payment of dividends is the net profit of the Company, determined in accordance with the requirements established by the current legislation of the Russian Federation.

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

At the annual general meeting of shareholders held on 31 May 2021 dividends for 2020 were declared in the amount of RUB 1,414,339 thousand. The amount of dividends was RUB 0.0335009 per one ordinary share.

At the same time, for 6 months of 2021, the Company restored unclaimed dividends for 2017 in the amount of RUB 7,257 thousand (for six months of 2020: RUB 14,955 thousand - recovery of unclaimed dividends for 2016).

For the six months ended 30 June 2021 the dividends paid to the owners of the company amounted to RUB 1,340,206 thousand (for the six months ended 30 June 2020 – RUB 836,011 thousand).

20 Earnings per share

The calculation of earnings per share for the six months ended 30 June 2021 and for the six months ended 30 June 2020 is based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The Company has no dilutive financial instruments.

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020 (restated)	2021	2020 (restated)
<i>In millions of shares</i>				
Ordinary shares at 1 January	42,218	42,218	42,218	42,218
Weighted average number of shares for the reporting period	42,218	42,218	42,218	42,218
Weighted average number of ordinary shares outstanding, for the reporting period (millions of shares)	42,218	42,218	42,218	42,218
Earnings/(loss) for the year attributable to holders of ordinary shares	1,230,014	(405,726)	3,622,937	1,522,741
Earnings(loss) per ordinary share (in RUB) – basic and diluted	0.029	(0.010)	0.086	0.036

21 Borrowed funds

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Secured loans and borrowings	223,562	239,183
Unsecured loans and borrowings	34,603,330	28,932,684
Unsecured bonds	10,049,116	15,128,660
Lease liabilities	3,864,352	3,088,188
Less: current portion of long-term loans and borrowings	(4,402,058)	(8,386,286)
Less: current portion of long-term bonds	(60,300)	(5,142,867)
Less: current portion of long-term lease liabilities	(637,933)	(415,616)
	<u>43,640,069</u>	<u>33,443,946</u>
Current liabilities		
Current portion of long-term loans and borrowings	4,402,058	8 386 286
Current portion of long-term bonds	60,300	5 142 867
Current portion of long-term lease liabilities	637,933	415 616
	<u>5,100,291</u>	<u>13 944 769</u>
Including:		
Debts on interest payable on loans and borrowings	31,892	16 751
Debts on interest payable on bonds	60,300	143 900
	<u>92,192</u>	<u>160 651</u>

All balances of loans and borrowings are denominated in rubles as at 30 June 2021 and 31 December 2020.

For the six months ended 30 June 2021 the Group attracted the following loans and bank loans:

	<u>Year of maturity</u>	<u>Nominal interest rate</u>	<u>Nominal value</u>
Unsecured bank loans	2021	6.90%	103,422
Unsecured bank loans	2023-2024	KR+1.2%-KR+1.4%	10,500,000
Secured bank loans	2021-2022	8.30%	124,000
Unsecured loans	2027	6.20%	1,030,000
			<u>11,757,422</u>

For the six months ended 30 June 2021 the Group repaid the following significant bank loans and bonds:

	<u>Nominal value</u>
Bank loans	6,284,349
Bonds	5,000,000
	<u>11,284,349</u>

Information about operations and balances with related parties is disclosed in Note 29.

22 Trade and other payables

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current accounts payable		
Trade payables	16,694	19,446
Other payables	33,721	44,107
	<u>50,415</u>	<u>63,553</u>
Current accounts payable		
Trade payables	7,055,665	9,152,280
Other payables and accrued expenses	1,315,391	1,583,221
Payables to employees	1,891,078	1,077,021
Dividends payable	133,374	44,298
	<u>10,395,508</u>	<u>11,856,820</u>

Balance with related parties is disclosed in Note 29.

23 Tax liabilities other than income tax

	<u>30 June 2021</u>	<u>31 December 2020</u>
Value-added tax	1,731,292	1,540,225
Property tax	522,532	512,728
Social security contributions	456,885	473,965
Other taxes payable	177,624	34,847
	<u>2,888,333</u>	<u>2,561,765</u>

24 Advances from customers

Advances from customers (contractual obligations) as at 30 June 2021 and 31 December 2020 are reflected, including VAT.

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current advances from customers		
Advances for services of technological connection to electric grids	1,272,272	547,256
Advances from customers	68,563	69,708
	<u>1,340,835</u>	<u>616,964</u>
Current advances from customers		
Advances for services of technological connection to electric grids	1,752,525	1,640,372
Advances from customers	635,714	666,064
	<u>2,388,239</u>	<u>2,306,436</u>

Balance with related parties is disclosed in Note 29.

25 Provisions

	<u>30 June 2021</u>	<u>30 June 2020</u>
Balance on 1 January	1,995,276	2,251,523
Accrual (increase) for the period, including capitalized	105,150	66,645
Reversal (decrease) for the period	(59,315)	(32,571)
Use of provisions	(215,650)	(41,634)
Balance on 30 June	1,825,461	2,243,963

Provisions relate mainly to legal proceedings and claims against the Group on ordinary activities.

In the course of its operations, the Group is a party to legal proceedings. For unfinished legal proceedings, where the Group acts as a defendant with a low probability of resolution in favor of the Group, an allowance reserve for legal proceedings has been established. The estimated timeframe for the fulfillment of estimated obligations for unfinished litigation is less than 12 months. The Group did not recognize at the reporting date provisions for estimated liabilities for disagreements on purchased electricity in order to compensate for losses, the likelihood of their resolution being assessed, considering the positive judicial practice and the expected results of an independent expertise, in favor of the Group as high. The amount of such disagreements amounted to RUB 1,834,557 thousand as at 30 June 2021 (as at 31 December 2020: RUB 1,411,696 thousand).

The amount of disagreements on the volumes of electricity transmitted and on payment amounted to RUB 4,357,267 thousand as at 30 June 2021 (as at 31 December 2020: RUB 4,360,030 thousand). The Group did not recognize the expected credit losses at the reporting date for disagreements on the volumes of electricity transmitted and on payment, the likelihood of their resolution being assessed, considering the positive judicial practice and the expected results of an independent expertise, in favor of the Group as high. The amount of such disagreements amounted to RUB 3,028,249 thousand as at 30 June 2021 (as at 31 December 2020: RUB 2,874,355 thousand). The Group recognized expected credit losses at the reporting date for disagreements on the volumes of electricity transmitted and on payment, the probability of resolving which in favor of the Group is estimated as low.

26 Financial risk and capital management

In the normal course of its business the Group is exposed to a variety of financial risks, including but not limited to: market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's financial risk and capital management objectives and policies, as well as the fair value determination process, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

The Group's management takes operational measures to ensure that the cash (liquidity) received from operating activities is sufficient to finance the investment program and to service the short-term and long-term borrowings available at the reporting date. The Group's management implements measures aimed at optimizing the structure of borrowed capital, ensuring the availability of available credit limits, a reserve of liquidity in the form of bank account balances and short-term financial investments, and monitoring the quality of accepted financial security (bank guarantees).

The carrying amount of accounts receivable, less the allowance for expected credit losses, represents the maximum amount exposed to credit risk. Although the collectability of receivables may be affected by economic and other factors, the Group believes that there is no significant risk of losses exceeding the provision created.

26 Financial risk and capital management (continued)

The movement in the allowance for expected credit losses was as follows:

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Balance at 1 January	12,390,051	12,465,010
Increase for the period	249,211	130,933
Acquisition of subsidiaries	26,813	-
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(1,554,792)	(212,301)
Reversal of allowance for impairment for the period	(327,496)	(133,208)
Balance at 30 June	10,783,787	12,250,434

The amount of free limit on open but unused credit lines of the Group was RUB 74,412,369 thousand as at 30 June 2021 (31 December 2020: RUB 85,846,485 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

The Group's management believes that the fair value of other financial assets and financial liabilities approximates their carrying value.

For the six months ended 30 June 2021 there were no transfers between levels of the fair value hierarchy.

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

	Financial assets at fair value through other comprehensive income
At 1 January 2021	208,201
Change in fair value recognized in other comprehensive income	(1,943)
At 30 June 2021	206,258

27 Capital commitments

As at 30 June 2021, The Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 11,727,196 thousand inclusive of VAT (as at 31 December 2020: RUB 10,669,117 thousand inclusive of VAT).

Future lease payments under lease agreements for which the Group has contractual obligations and the lease term has not yet begun at the reporting date amount to RUB 256,709 thousand, inclusive of VAT, as at 30 June 2021 (as at 31 December 2020: 1,501,170 thousand, inclusive of VAT).

28 Contingencies

(a) Insurance

The Group has unified requirements in respect of the volume of insurance coverage, reliability of insurance companies and about procedures of insurance protection organization. The Group maintains insurance of assets, civil liability and other insurable risks. The main business assets of the Group have insurance coverage in case of damage or loss assets. However, there are risks of negative impact on the operations and the financial position of the Group in the case of damage caused to third parties, and 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. Accordingly, management's interpretation of tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually increasing. In particular, the risk of checking the tax aspect of transactions without obvious economic sense or with counterparties that violate tax laws is increasing. Tax audits may cover the three calendar years preceding the year of the decision on the tax audit. Under certain conditions, earlier periods may also be subject to verification.

The Russian tax authorities have the right to add additional tax liabilities and penalties based on the rules established by the legislation on transfer pricing (hereinafter – TP), if the price/profitability in controlled transactions differs from the market level. The list of controlled transactions mainly includes transactions concluded between related parties.

Starting from 1 January 2019, control over transfer pricing for a significant part of domestic transactions has been lifted. However, the exemption from price controls may not apply to all transactions made in the domestic market. At the same time, in the case of additional charges, the mechanism of counter-adjustment of tax liabilities can be used if certain legal requirements are met. Intra-group transactions that have been out of the control of the TP since 2019 can nevertheless be checked by the territorial tax authorities for obtaining unjustified tax benefits, and the TP methods can be used to determine the amount of additional charges. The federal executive body authorized to control and supervise taxes and fees may check prices/profitability in controlled transactions and, in case of disagreement with the prices applied by the Group in these transactions, add additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions, by providing transfer pricing documentation that meets the legal requirements.

With the further development of the practice of applying the rules of taxation, the property tax, tax authorities and courts may challenge the criteria for classifying property as movable or immovable things applied by the Group. The Group's management does not exclude the risk of resource outflows, and the impact of such developments cannot be reliably assessed.

In the opinion of management, the relevant provisions of the legislation have been interpreted correctly, and the Group's position in terms of compliance with tax legislation can be justified and protected.

(c) Litigations

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

28 Contingencies (continued)

(d) Environmental matters

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

29 Related party transactions

Parties are usually considered related if they are under common control or one of the parties has the ability to control the other party or can have a significant influence on its decisions on financial and economic activities or exercise joint control over it. When considering the relationship with each of the possible related parties, the economic content of such relationships is taken into account, and not only their legal form.

The related parties of the Group for the six months ended 30 June 2021 and 30 June 2020, as well as at 30 June 2021 and 31 December 2020, were the parent company, its subsidiaries, key management personnel, as well as companies related to the main shareholder of the parent company.

(a) Transactions with parent company, its subsidiaries and associates

	Amount of the transaction				Carrying amount	
	For the three months ended 30 June		For the six months ended 30 June		30 June 2021	31 December 2020
	2021	2020	2021	2020		
Revenue, net other income						
Parent company						
Other income	195	195	390	390	-	-
Entities under common control of the parent company						
Electricity transmission revenue	514,308	309,057	854,960	642,464	200,375	141,135
Other revenue	295,955	79,035	440,335	349,204	229,888*	264,385*
Other income	1,909	-	124,224	-	-	-
Dividends receivable	383	162	383	162	383	-

29 Related party transactions (continued)

	Amount of the transaction				Carrying amount	
	For the three months ended 30 June		For the six months ended 30 June		30 June 2021	31 December 2020
	2021	2020	2021	2020		
Operating expenses, finance costs						
Parent company						
Expenses for services related to the organization of the functioning and development of the EEC	98,995	58,427	98,995	114,282	45,763	47,050
Technical supervision services	10,562	10,562	21,125	21,124	-	-
Other expenses	3,418	3,417	6,836	6,835	-	-
Dividends	710,436	-	710,436	-	-	-
Entities under common control of the parent company						
Electricity transmission services	4,287,243	4,083,377	8,602,717	8,310,227	831,573	887,005
Interest expenses on financial liabilities recorded at amortized cost	15,879	-	15,884	-	15,884	-
Other expenses	59,222	7,559	94,339	20,886	83,730	110,407
Other	-	-	-	-	903,000	903,000

	Carrying amount	
	30 June 2021	31 December 2020
Parent company		
Borrowed funds	3,731,168	3,622,032
Entities under common control of the parent company		
Advances given	58,449	67,414
Advances received	30,496	229,554
Borrowed funds	1,030,000	-

* Accounts receivable for other revenue as at 30 June 2021 and 31 December 2020 includes an allowance for expected credit losses created for the debt of companies under the general control of the parent company in the amount of RUB 328,751 thousand for both reporting dates.

The debt to the parent company for the payment of dividends as at 30 June 2021 is absent (as at 31 December 2020: is absent).

(b) Transactions with companies related to the main shareholder of the parent company

As part of its current activities, the Group carries out transactions with other companies related to the main shareholder of the parent company. These operations are carried out at regulated tariffs, or at market prices. Attraction and placement of funds in financial organizations associated with the main shareholder of the parent company is carried out at market interest rates. Taxes are calculated and paid in accordance with Russian tax legislation.

29 Related party transactions (continued)

Revenue from companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to 30% and 31% of the Group's total revenue for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: 31% and 31%), including 30% and 30% of the Group's electricity transmission revenue for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: 31% and 31%).

Electricity transmission costs and expenses for the purchase of electricity to compensate for technological losses, for companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to 73% and 72% of the total transmission costs and compensation for losses for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: 70% and 69%).

As at 30 June 2021 loans from banks related to the major shareholder of the parent company amounted to RUB 30,049,840 thousand (as of 31 December 2020: RUB 25,549,835 thousand).

For the six months ended 30 June 2021, the Group received loans from banks related to the major shareholder of the parent company in the amount of RUB 10,727,422 thousand repaid – RUB 6,284,349 thousand.

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and six months ended 30 June 2021 amounted to 77% and 70% of the total amount of accrued interest (for the three and six months ended 30 June 2020: 74% and 75%).

As of 30 June 2021 the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 1,639,603 thousand. (as of 31 December 2020: RUB 1,032,741 thousand)

As of 30 June 2021 lease obligations for companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to RUB 2,156,897 thousand (as of 31 December 2020: RUB 1,291,534 thousand).

(c) Transaction with key management personnel

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

Remuneration of key management personnel consists of the salary stipulated in the employment agreement, non-monetary benefits, as well as bonuses determined by the results for the period and other payments. Remuneration or compensation is not paid to members of the Board of Directors who are public servants.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Short-term employee benefits	92,108	114,796	163,280	179,668
Severance payment	509	3,050	509	5,568
	92,617	117,846	163,789	185,236

As at 30 June 2021, the current value of the defined benefit obligation is shown in the interim condensed consolidated statement of financial position and includes liabilities for key management personnel in the amount RUB 17,697 thousand (as at 31 December 2020: RUB 19,271 thousand).