PJSC "FGC UES"

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020

CONTENTS

Condensed Consolidated Interim Statement of Financial Position (Unaudited)
(in millions of Russian Rouble unless otherwise stated)

	Notes	30 September 2020 (unaudited)	31 December 2019 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,047,821	1,024,901
Right-of-use assets	6	13,608	12,719
Intangible assets		6,491	6,609
Investments in associates and joint ventures		1,502	1,296
Financial investments in equity instruments	7	50,911	45,711
Deferred income tax assets		415	275
Non-current trade and other accounts receivable	8	73,100	72,084
Advances given and other non-current assets		2,135	2,107
Total non-current assets		**1,195,983**	**1,165,702**
Current assets			
Cash and cash equivalents	9	24,678	37,077
Bank deposits	9	32,875	25,789
Trade and other accounts receivable	8	52,806	41,823
Income tax prepayments		109	93
Inventories		17,366	16,968
Advances given and other current assets		2,871	2,576
		130,705	**124,326**
Assets held for sale		313	313
Total current assets		**131,018**	**124,639**
TOTAL ASSETS		**1,327,001**	**1,290,341**
EQUITY AND LIABILITIES			
Equity			
Share capital: Ordinary shares	10	637,333	637,333
Treasury shares	10	(4,719)	(4,719)
Share premium		10,501	10,501
Reserves		35,790	30,937
Retained earnings		274,069	227,558
Equity attributable to shareholders of FGC UES		**952,974**	**901,610**
Non-controlling interests		157	174
Total equity		**953,131**	**901,784**
Non-current liabilities			
Deferred income tax liabilities		56,557	46,871
Non-current debt	12	219,162	208,343
Non-current trade and other accounts payable	13	13,218	14,121
Non-current advances received		9,614	10,230
Government grants		766	811
Retirement benefit obligations		6,977	6,955
Total non-current liabilities		**306,294**	**287,331**
Current liabilities			
Dividends payable		338	11,388
Current debt and current portion of non-current debt	12	16,618	31,444
Trade and other accounts payable	13	35,659	41,580
Advances received		8,887	8,872
Taxes, other than on income payable		4,256	4,265
Provisions	14	1,293	1,202
Current income tax payable		525	2,475
Total current liabilities		**67,576**	**101,226**
Total liabilities		**373,870**	**388,557**
TOTAL EQUITY AND LIABILITIES		**1,327,001**	**1,290,341**

Authorised for issue and signed on behalf of the management 26 November 2020

Director General of PJSC “ROSSETI”
The management company of PJSC “FGC UES” P.A. Livinsky

Head of Accounting and Financial Reporting – Chief Accountant D.V. Nagovitsyn

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

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

		Three months ended 30 September (unaudited)		Nine months ended 30 September (unaudited)	
	Notes	**2020**	**2019**	**2020**	**2019**
Revenues	15	61,348	58,473	176,162	173,469
Other operating income		1,283	1,100	3,312	4,836
Operating expenses	16	(38,929)	(36,356)	(112,164)	(106,981)
Gain on disposal of assets	22	–	–	–	10,444
Reversal/(accrual) of allowance for expected credit losses		868	2	527	(780)
Reversal of impairment of property, plant and equipment, net	5	–	31	–	2,148
Operating profit		**24,570**	**23,250**	**67,837**	**83,136**
Finance income	17	2,943	3,093	10,465	10,602
Finance costs	18	(1,937)	(1,571)	(5,517)	(5,240)
Disposal of associate		–	–	–	(62)
Share of result of associates		22	44	114	104
Profit before income tax		**25,598**	**24,816**	**72,899**	**88,540**
Income tax expense	11	(4,589)	(5,078)	(14,399)	(18,123)
Profit for the period		**21,009**	**19,738**	**58,500**	**70,417**
Other comprehensive income / (loss)					
Items that will not be reclassified subsequently to profit or loss					
Change in fair value of financial investments	7	6,805	(381)	5,200	4,964
Remeasurements of retirement benefit obligations		234	(867)	253	(762)
Income tax relating to items that will not be reclassified		(889)	4	(692)	(761)
Total items that will not be reclassified to profit or loss		**6,150**	**(1,244)**	**4,761**	**3,441**
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation difference		19	(17)	92	(230)
Total items that may be reclassified to profit or loss		**19**	**(17)**	**92**	**(230)**
Other comprehensive income for the period, net of income tax		**6,169**	**(1,261)**	**4,853**	**3,211**
Total comprehensive income for the period		**27,178**	**18,477**	**63,353**	**73,628**
Proft attributable to:					
Shareholders of FGC UES	19	21,005	19,737	58,500	70,386
Non-controlling interest		4	1	–	31
Total comprehensive income attributable to:					
Shareholders of FGC UES		27,174	18,476	63,353	73,597
Non-controlling interest		4	1	–	31
Earnings per ordinary share for profit attributable to shareholders of FGC UES – basic and diluted (in Russian Rouble)	19	**0.017**	**0.016**	**0.046**	**0.056**

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)
(in millions of Russian Rouble unless otherwise stated)

	Notes	Nine months ended 30 September 2020 (unaudited)	Nine months ended 30 September 2019 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		**72,899**	**88,540**
Adjustments to reconcile profit before income tax to net cash provided by operations			
Depreciation of property, plant and equipment	5,16	28,427	25,865
Depreciation of right-of-use assets		816	657
Loss/(gain) on disposal of property, plant and equipment		88	(710)
Amortisation of intangible assets		1,004	1202
Reversal of impairment of property, plant and equipment, net	5	–	(2,148)
Gain on disposal of assets		–	(10,444)
Share of profit of associates and joint ventures		(114)	(104)
(Reversal)/accrual of allowance for expected credit losses		(527)	780
Accrual of provisions	14	514	623
Disposal of associate		–	62
Finance income	17	(10,465)	(10,602)
Finance costs	18	5,517	5,240
Other non-cash operating income		(180)	(60)
Operating cash flows before working capital changes, income tax paid and other changes in non-current assets and liabilities		**97,979**	**98,901**
Decrease in non-current trade and other accounts receivable		4,266	4,261
Decrease/(increase) in non-current advances given and other non-current assets		31	(624)
Decrease in non-current accounts payable		(736)	(4,429)
(Decrease)/increase in non-current advances received		(920)	6,018
Working capital changes:			
(Increase)/decrease in trade and other accounts receivable		(201)	7,114
(Increase)/decrease in advances given and other current assets		(295)	639
Increase in inventories		(10)	(113)
Decrease in trade and other accounts payable		(4,855)	(4,931)
Utilisation of provisions		(423)	(656)
Increase in advances received		251	2,099
Income tax paid		(7,510)	(6,362)
Net cash generated by operating activities		**87,577**	**101,917**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(46,955)	(54,715)
Proceeds from disposal of property, plant and equipment		33	1,081
Purchase of intangible assets		(969)	(536)
Redemption of promissory notes		16	2
Placement of bank deposits		(26,725)	(15,519)
Redemption of bank deposits		20,508	8,757
Dividends received		1,578	1,463
Loans given		(10,023)	(5)
Repayment of loans given		18	17
Proceeds from sale of financial investments		–	11,913
Interest received		2,379	2,429
Net cash used in investing activities		**(60,140)**	**(45,113)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current and non-current borrowings		20,000	22
Repayment of current and non-current borrowings		(24,466)	(17,692)
Repayment of principal portion of lease liabilites		(880)	(1,430)
Dividends paid		(23,051)	(20,258)
Acquisition of non-controlling interests		–	(74)
Interest paid		(11,439)	(12,553)
Net cash used in financing activities		**(39,836)**	**(51,985)**
Net (decrease)/increase in cash and cash equivalents		**(12,399)**	**4,819**
Cash and cash equivalents at the beginning of the period	9	**37,077**	**37,618**
Cash and cash equivalents at the end of the period	9	**24,678**	**42,437**

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

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
(in millions of Russian Rouble unless otherwise stated)

		Attributable to shareholders of FGC UES							
	Notes	**Share capital**	**Share premium**	**Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
As at 1 January 2020		**637,333**	**10,501**	**(4,719)**	**30,937**	**227,558**	**901,610**	**174**	**901,784**
Comprehensive income for the period									
Profit for the period		–	–	–	–	58,500	**58,500**	–	**58,500**
Other comprehensive income / (loss), net of related income tax									
Change in fair value of financial investments, net of income tax	7	–	–	–	4,516	–	**4,516**	–	**4,516**
Remeasurements of retirement benefit obligations, net of income tax		–	–	–	245	–	**245**	–	**245**
Foreign currency translation difference		–	–	–	92	–	**92**	–	**92**
Total other comprehensive loss		**–**	**–**	**–**	***4,853***	**–**	***4,853***	**–**	***4,853***
Total comprehensive (loss)/income for the period		–	–	–	4,853	58,500	**63,353**	–	**63,353**
Dividends declared	10	–	–	–	–	(11,989)	**(11,989)**	(17)	**(12,006)**
As at 30 September 2020 (unaudited)		**637,333**	**10,501**	**(4,719)**	**35,790**	**274,069**	**952,974**	**157**	**953,131**

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
(in millions of Russian Rouble unless otherwise stated)

		Attributable to shareholders of FGC UES							
	Notes	**Share capital**	**Share premium**	**Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
As at 1 January 2019		**637,333**	**10,501**	**(4,719)**	**25,167**	**170,699**	**838,981**	**181**	**839,162**
Comprehensive income for the period									
Profit for the period		–	–	–	–	70,386	**70,386**	31	**70,417**
Other comprehensive income / (loss), net of related income tax									
Change in fair value of financial investments, net of income tax	7	–	–	–	4,244	–	**4,244**	–	**4,244**
Remeasurements of retirement benefit obligations, net of income tax		–	–	–	(803)	–	**(803)**	–	**(803)**
Foreign currency translation difference		–	–	–	(230)	–	**(230)**	–	**(230)**
Total other comprehensive income		–	–	–	***3,211***	–	***3,211***	–	***3,211***
Total comprehensive income for the period		–	–	–	3,211	70,386	**73,597**	31	**73,628**
Transfer of accumulated revaluation reserve at disposal of financial investments		–	–	–	(1,669)	1,669	–	–	–
Dividends declared	10	–	–	–	–	(20,256)	**(20,256)**	(2)	**(20,258)**
Aqusition of non-controlling interests		–	–	–	–	(29)	**(29)**	(45)	**(74)**
As at 30 September 2019 (unaudited)		**637,333**	**10,501**	**(4,719)**	**27,970**	**222,469**	**892,293**	**165**	**892,458**

Note 1. PJSC “FGC UES” and its operations

Public Joint-Stock Company “Federal Grid Company of Unified Energy System” (“FGC UES” or the “Company”) was established in June 2002 for the purpose of operating and managing the electricity transmission grid infrastructure of the Russian Unified National Electric Grid (the “UNEG”).

FGC UES and its subsidiaries (the “Group”) act as the natural monopoly operator for the UNEG. The Group’s principal operating activities consist of providing electricity transmission services, providing connection to the electricity grid, maintaining the electricity grid system, technical supervision of grid facilities and investment activities in the development of the UNEG. The majority of the Group’s revenues are generated via tariffs for electricity transmission, which are approved by the Russian Federal Antimonopoly Service (“FAS”) based on the Regulatory Asset Base (“RAB”) regulation. FGC UES's main customers are distribution grid companies (“IDGCs”), certain large commercial end customers and retail electricity supply companies.

On 14 June 2013 the Government of the Russian Federation (the “RF”) transferred its stake in FGC UES to PJSC “ROSSETI” (former OJSC “IDGC Holding”), the holding company of an electricity distribution group, controlled by the Government of the RF. As at 30 September 2020 FGC UES was 80.13% owned and controlled by PJSC “ROSSETI”. The remaining shares are traded on Moscow Exchange and as Global Depository Receipts on the London Stock Exchange.

On 15 May 2020 the Annual General Shareholders’ Meeting of the Company was taken the decision to transfer the powers of the sole executive body of PJSC “FGC UES” to a management organisation, namely PJSC “ROSSETI” (minutes No. 24 dated May 15, 2020).

The registered office of the Company is located at 5A Akademika Chelomeya Street, Moscow 117630, Russian Federation.

Relationships with the state. The Government of the RF is the ultimate controlling party of FGC UES. The Government directly affects the Group's operations via regulation over tariff by the FAS and its investment program is subject to approval by both the FAS and the Ministry of Energy. Ultimately the Government supports the Group due to its strategic position in the Russian Federation. The Government's economic, social and other policies could have a material impact on the Group’s operations.

Business environment. The Group operates primarily in the Russian Federation and hence is exposed to risks related to the Russian economy and political market environments.

The economy of Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory system is continuing to evolve and is subject to varying interpretations, and changes, which can occur frequently. The ongoing political tension and international sanctions against certain Russian companies and individuals still adversely impact the Russian economy.

The pandemic of coronavirus (COVID-19) in 2020 has caused a financial and economic tension in the world markets, lower consumption expenditure and business activities. A drop in demand on oil, natural gas and crude products together with a higher supply of oil due to cancellation of OPEC+ oil production agreement have caused a fall in hydrocarbon world prices. The stock exchange, currency and commodity markets have shown a significant volatility since March 2020.

Many countries as well as the Russian Federation have imposed quarantine measures. Social distancing and isolation measures have resulted in discontinued operations in retail, transport, travel and tourism, foodservice and many other areas. The impact of the pandemic on economics in countries individually and globally has had no historical analogies ever when governments took measures to save the economy. Various forecasts of changes in the macroeconomic indicators both in the short- and long-term horizon, the extent of impact of the pandemic on businesses including the estimation how long the crisis and recovery from it will last display different views.

The Group considers the influence of the events on the Group's operations as limited taking into consideration the following factors:

- systemic nature and position of the industry where the Group operates to ensure uninterruptible energy and power supply to users;
- state regulation of tariffs on the primary operational activities which allows to make forecasts within the approved tariffs on the Group's services;
- the means and volume of use of the Group's production assets have not changed;
- absence of currency risk (the majority of the Group's revenues and expenditures as well as monetary assets and liabilities are denominated in Russian Ruble (“RR”));

Note 1. PJSC “FGC UES” and its operations (continued)

- absence of direct adverse effect on the main operational activities of the Group from the regulatory changes aimed at preventing the spread of COVID-19.

However the uncertainty about the future operating environment of the Group and of its counterparties remains; another risk is a possible long nature of the pandemic which duration and effect cannot be reliably estimated now.

The Group continues to monitor and assess the situation and take appropriate action such as:

- cooperate with the federal and regional authorities to prevent the spread of coronavirus and take all required measures to ensure safety, health protection of its employees and contractors;
- conduct events to ensure stable electricity supply, realize priority investment projects and financial stability of the Group;
- monitor forward-looking and actual information about the pandemic impact on the economy of the Russian Federation and on the business activities of the Group's main counterparties;
- incorporate such forward-looking and actual information together with estimation of its degree of reliability and representation into the assessment of the possible influence on the changing micro- and macroeconomic conditions on the Group's financial position and performance.

Seasonality of business. The Group’s services are not seasonal.

Note 2. Basis of preparation

Statement of compliance. These Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all the information required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Selected explanatory notes are included to explain events and transactions that are significant for understanding of changes in the Group's financial position and performance since the last annual consolidated financial statements. All information should be read in conjunction with the Group’s audited consolidated financial statements as at and for the year ended 31 December 2019 prepared in accordance with IFRS.

Critical accounting estimates and assumptions. In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019.

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual profit or loss.

Measuring fair values When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised 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 categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised 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 carrying value of short-term payables and receivables less allowance for expected credit losses is assumed to approximate their fair value due to their short-term nature.The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 8– Trade and other accounts receivables;
- Note 12 – Non-current debt;
- Note 13 –Trade and other accounts payable.

Reclassification of comparative data. Some items in the comparative financial statements were reclassified to comply with the current period presentation. All reclassifications are immaterial.

In the interim condensed consolidated statement of financial position, the non-current prepayments received are recognised together with VAT which was earlier presented separately in line Non-current Taxes Payable other than on Income.

Note 3. Summary of significant accounting policies

The key significant accounting policies and measurement procedures applied by the Group are consistent with those as disclosed in the audited consolidated financial statements for the year ended 31 December 2019 except for the summary of standards and interpretations effective for annual periods beginning on 1 January 2020 and applicable to the Group.

Amendments to IFRS 3 Business Combination.
These amendments revise the definition of a business with the aim to make its application less complicated. In addition, they introduce an optional “concentration test” that, if met, eliminates the need for further assessment. Under this concentration test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

Conceptual framework for financial reporting.
The revised Conceptual Framework for Financial Reporting contains a new Chapter on measurement, recommendations for reporting financial results, new definitions and recommendations (in particular – definition of “liabilities”) and explanations on specific issues such as the role of management, prudence, and measurement uncertainty in the preparation of financial statements.

Amendments to IAS 1 and IAS 8, Definition of Material.
These amendments specify the definition of “material” and its application by including recommendations on the definition that were previously presented in other IFRSs and align the definition across the Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The application of these standards and interpretations did not have a material impact on these consolidated interim condensed financial statements of the Group.

(in millions of Russian Rouble unless otherwise stated)

Note 4. Balances and transactions with related parties

Government-related entities. During the three and nine months ended 30 September 2020 and 2019 the Group had the following significant transactions with government-related entities:

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Transmission revenue	43,372	43,485	128,938	131,043
Electricity sales	169	165	522	546
Construction services	926	59	1,303	134
Connection services	3,899	1,713	3,994	2,468
Dividend income	–	21	1,578	1,463
Interest income	679	430	2,439	1,698
Net reversal/(accrual) of allowance for expected credit losses	638	321	457	(131)
Purchased electricity for production needs	(1,765)	(1,622)	(5,541)	(4,885)
Rent	(53)	(434)	(75)	(1,309)

Significant balances with government-related entities are presented below:

	30 September 2020	**31 December 2019**
Non-current assets		
Financial investments in equity instruments	50,911	45,711
Advances to construction companies and suppliers of property, plant and equipment (included in construction in progress)	715	610
Non-current trade and other accounts receivable (net of allowance for expected credit losses of RR 217 million as at 30 September 2020 and RR 160 million as at 31 December 2019)	72,194	69,779
Advances given and other non–current assets	8	8
Current assets		
Cash and cash equivalents	14,976	31,035
Bank deposits	28,905	25,718
Trade and other accounts receivable (net of allowance for expected credit losses of RR 4,899 million as at 30 September 2020 and RR 5,425 million as at 31 December 2019)	34,884	35,552
Advances given and other current assets (net of impairment of RR 0 million as at 30 September 2020 and RR 73 million as at 31 December 2019)	204	75
Non-current liabilities		
Non-current debt	(8,654)	(6,287)
Non-current trade and other accounts payable	(3,214)	(3,015)
Non-current advances from customers	(8,950)	(8,020)
Current liabilities		
Current debt and current portion of non-current debt	(646)	(490)
Accounts payable to the shareholders of FGC UES	(338)	(11,388)
Trade and other accounts payable	(2,154)	(4,341)
Advances from customers	(5,672)	(5,810)

As at 30 September 2020 the Group had long-term undrawn committed financing facilities with government-related banks of RR 60,000 million (31 December 2019: RR 60,000 million) with the interest rates not exceeding Central bank key interest rate + 0.9% and the maturity dates in 2025.

Tax balances and charges are disclosed in Notes 11 and 16. Tax transactions are disclosed in the Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.

(in millions of Russian Rouble unless otherwise stated)

Note 4. Balances and transactions with related parties (continued)

Parent company. During the three and nine months ended 30 September 2020 and 30 September 2019 the Group had the following significant transactions with the parent company of FGC UES – PJSC “ROSSETI”:

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Revenues and other income	180	98	398	261
Operating expenses	–	–	(380)	(1)

Significant balances with the parent company are presented below:

	30 September 2020	31 December 2019
Financial investments in equity instruments	614	495
Current trade and other payables	(144)	(408)
Dividends payable	–	(8,999)

For the nine months ended 30 September 2020 the Group accrued a remuneration in the amount of RR 119 million in accordance with agreement on the transfer of authority of the sole executive body PJSC “FGC UES” to PJSC “ROSSETI”.

Directors’ compensation. Total remuneration in the form of salary, bonuses and non-cash benefits (social security contributions are not included) provided to the members of the Management Board for the three and nine months ended 30 September 2020 and 2019 was as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Short-term compensation, including salary and bonuses	–	59	187	177
Termination benefits	–	–	43	9
Post-employment benefits and other long-term benefits	–	26	5	(29)
Total	**–**	**85**	**235**	**157**

The amount of the short-term compensation to members of the Management Board represents remuneration accrued during the respective period. Remuneration provided to the members of the Board of Directors for the three and nine months ended 30 September 2020 amounted to RR 8 million (30 September 2019: RR 9 million), including social security contributions.

(in millions of Russian Rouble unless otherwise stated)

Note 5. Property, plant and equipment

	Land and Buildings	Power trans-mission grids	Substations	Construction in progress	Other	Total
Cost						
Balance as at 1 January 2020	34,155	661,862	765,911	258,654	93,979	1,814,561
Additions	1	1	69	50,427	1,430	51,928
Transfers	822	36,691	20,197	(59,640)	1,930	–
Disposals	(16)	–	(649)	(473)	(850)	(1,988)
Balance as at 30 September 2020	34,962	698,554	785,528	248,968	96,489	1,864,501
Accumulated depreciation and impairment						
Balance as at 1 January 2020	(8,210)	(300,492)	(382,871)	(43,951)	(54,136)	(789,660)
Depreciation charge	(347)	(8,452)	(15,604)	–	(4,024)	(28,427)
Transfers	(33)	(1,663)	(448)	2,212	(68)	–
Disposals	–	–	580	–	827	1,407
Balance as at 30 September 2020	(8,590)	(310,607)	(398,343)	(41,739)	(57,401)	(816,680)
Net book value as at 1 January 2020	25,945	361,370	383,040	214,703	39,843	1,024,901
Net book value as at 30 September 2020	26,372	387,947	387,185	207,229	39,088	1,047,821

	Land and Buildings	Power trans–mission grids	Substations	Construction in progress	Other	Total
Cost						
Balance as at 1 January 2019	31,809	604,748	725,527	248,566	81,873	1,692,523
Additions	6	27,313	7,236	55,143	1,431	91,129
Transfers	1,220	8,399	2,000	(15,048)	3,429	–
Disposals	(31)	(438)	(686)	(270)	(807)	(2,232)
Balance as at 30 September 2019	33,004	640,022	734,077	288,391	85,926	1,781,420
Accumulated depreciation and impairment						
Balance as at 1 January 2019	(7,617)	(285,998)	(355,758)	(56,434)	(49,918)	(755,725)
Depreciation charge	(334)	(7,750)	(14,694)	–	(3,087)	(25,865)
Reversal of impairment	–	–	–	2,148	–	2,148
Transfers	(1)	(315)	(448)	793	(29)	–
Disposals	6	357	665	53	781	1,862
Balance as at 30 September 2019	(7,946)	(293,706)	(370,235)	(53,440)	(52,253)	(777,580)
Net book value as at 1 January 2019	24,192	318,750	369,769	192,132	31,955	936,798
Net book value as at 30 September 2019	25,058	346,316	363,842	234,951	33,673	1,003,840

Borrowing costs of RR 6,341 million for the nine months ended 30 September 2020 were capitalised within additions (for the nine months ended 30 September 2019: RR 8,390 million). A capitalisation rate of 4.48% was used for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: 5.68%).

(in millions of Russian Rouble unless otherwise stated)

Note 6. Right-of use assets

	Land and buildings	Power trans-mission grids	Substations	Other	Total	Lease liabilities
Balance as at 1 January 2020	**9,379**	**768**	**1,229**	**1,343**	**12,719**	**12,824**
Additions	1,850	–	–	67	1,917	**1,917**
Depreciation charged to profit or loss	(537)	(13)	(157)	(109)	(816)	**–**
Depreciation charged to construction in progress	(212)	–	–	–	(212)	**–**
Interest expense	–	–	–	–	–	**1,032**
Payments	–	–	–	–	–	**(1,904)**
Balance as at 30 September 2020	**10,480**	**755**	**1,072**	**1,301**	**13,608**	**13,869**

	Land and duildings	Power trans-mission grids	Substations	Other	Total	Lease liabilities
Balance as at 1 January 2019	**8,347**	**783**	**1,428**	**1,063**	**11,621**	**11,350**
Additions	1,176	–	19	109	1,304	**1,304**
Depreciation charged to profit or loss	(444)	(12)	(164)	(37)	(657)	–
Depreciation charged to construction in progress	(191)	–	–	–	(191)	–
Interest expense	–	–	–	–	–	**902**
Payments	–	–	–	–	–	**(1,430)**
Balance as at 30 September 2019	**8,888**	**771**	**1,283**	**1,135**	**12,077**	**12,126**

Note 7. Financial investments in equity instruments

	1 January 2020	Change in fair value	30 September 2020
PJSC “INTER RAO”	45,105	5,081	50,186
PJSC “ROSSETI”	495	119	614
Other	111	–	111
Total	**45,711**	**5,200**	**50,911**

	1 January 2019	Change in fair value	Disposals	30 September 2019
PJSC “INTER RAO”	37,419	4,909	(2,166)	40,162
PJSC “ROSSETI”	426	55	–	481
Other	111	–	–	111
Total	**37,956**	**4,964**	**(2,166)**	**40,754**

(in millions of Russian Rouble unless otherwise stated)

Note 8. Trade and other accounts receivable

	30 September 2020	31 December 2019
Non-current trade and other receivables		
Trade receivables (net of allowance for expected credit losses of RR 243 million as at 30 September 2020 and RR 207 million as at 31 December 2019)	72,718	71,685
Other receivables (net of allowance for expected credit losses of RR 30 million as at 30 September 2020 and RR 77 million as at 31 December 2019)	229	170
Promissory notes	153	229
Total non-current trade and other receivables	**73,100**	**72,084**
Current trade and other receivables		
Trade receivables (net of allowance for expected credit losses of RR 7,168 million as at 30 September 2020 and RR 7,836 million as at 31 December 2019)	39,209	38,393
Other receivables (net of allowance for expected credit losses of RR 6,076 million as at 30 September 2020 and RR 5,937 million as at 31 December 2019)	3,241	3,254
Loans given	10,208	114
Promissory notes	148	62
Total current trade and other receivables	**52,806**	**41,823**

Non-current trade receivables mainly relate to the contracts of technological connection services provided that imply deferred inflow of cash and to restructured receivable balances for transmission services that are expected to be settled within the period exceeding 12 months from the period end.

As at 30 September 2020 non-current trade receivables in the amount of RR 66,720 million (as at 31 December 2019: RR 69,166 million) relating to the contracts of technological connection are being paid in equal semi-annual installments with an interest accrued on the actual outstanding balances at the rate of 6% per annum. Fair value of consideration receivable for these contracts at the date of initial recognition has been determined determined using present value technique based on estimated future cash flows and the discount rates of 6.91–9.63%.

As at 30 September 2020 non-current trade receivables in the amount of RR 3,375 million (as at 31 December 2019: RR 733 million) represent restructured balances for transmission services from related parties for which debt restructuring agreements were signed in 2016–2020 with a payment terms of 2021–2023 years and an interest rate varying from Central bank key interest rate to 11%.

As at 30 September 2020 fair value of non-current trade and other receivables amounted to RR 75,145 million as at 31 December 2019: RR 71,860 million). The fair value (Level 3) of non-current trade and other receivables has been determined using present value technique based on estimated future cash flows and the discount rates of 6.14–8.33% (as at 31 December 2019: 6.91–9.17%).

Note 9. Cash and cash equivalents and bank deposits

	30 September 2020	31 December 2019
Cash at bank and in hand	16,423	15,531
Cash equivalents	8,255	21,546
Total cash and cash equivalents	**24,678**	**37,077**

Cash equivalents include short-term investments in deposits with original maturities of three months or less and contractual interest rate of 2.06–4.36% as at 30 September 2020 and 3.69–8.05% as at 31 December 2019.

(in millions of Russian Rouble unless otherwise stated)

Note 9. Cash and cash equivalents and bank deposits (continued)

Bank deposits

	Interest rate	Rating	Rating agency	30 September 2020	31 December 2019
JSC "Rosselkhozbank"	6.50-7.20%	BBB-	FitchRatings	15,769	15,228
JSC “Gazprombank”	4.32-4.48%	BB+	Standard&Poor's	8,541	–
PJSC “ROSBANK”	6.03%	Baa3/P-3	Moody’s	3,969	–
PJSC “VTB”	5.82-7.35%	BBB-	Standard&Poor's	3,119	10,490
PJSC “Promsvyazbank”	6.25%	BB-	Standard&Poor's	1,476	–
JSC “Alfa-Bank”	5.85%	BB+	Standard&Poor's	1	71
Total bank deposits				**32,875**	**25,789**

The carrying amount of bank deposits approximates their fair value.

Note 10. Equity

Share capital

	Number of shares issued and fully paid, pcs		Share Capital	
	30 September 2020	**31 December 2019**	**30 September 2020**	**31 December 2019**
Ordinary shares	1,274,665,323,063	1,274,665,323,063	637,333	637,333

As at 30 September 2020 the authorised share capital comprised 1,346,805,824 thousand ordinary shares with a nominal value of RR 0.5 per share.

Treasury shares. As at 30 September 2020 the Group through a subsidiary holds 13,727,165 thousand ordinary shares in treasury at a total cost of RR 4,719 million (as at 31 December 2019: 4,719 million).

Dividends. At the Annual General Meeting in May 2020 shareholders approved the decision to distribute dividends for the year 2019 in the total amount of RR 12,102 million, dividends per ordinary share amounted to RR 0,009494338212. The total amount of the declared dividends for the year 2019 is RR 23,331 million.

At the Annual General Meeting in June 2019 shareholders approved the decision to distribute dividends for the year 2018 in the total amount of RR 20,449 million. Dividends per ordinary share amounted to RR 0.016042926012.

Reserves. Reserves included Revaluation reserve for financial investments, foreign currency translation reserve and remeasurement reserve for retirement benefit obligations. The Foreign currency translation reserve relates to the exchange differences arising on translation of net assets of a foreign associate.

Reserves comprised the following:

	30 September 2020	31 December 2019
Revaluation reserve for financial investments, net of tax (Note 7)	38,494	33,978
Remeasurement reserve for retirement benefit obligations	(3,069)	(3,314)
Foreign currency translation reserve	365	273
Total reserves	**35,790**	**30,937**

Note 11. Income tax

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

During the nine months ended 30 September 2020 and 2019 the Company and its principal subsidiaries were subject to tax rates of 20 percent on taxable profit.

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Profit before income tax	**25,598**	**24,816**	**72,899**	**88,540**
Theoretical income tax charge at the statutory tax rate of 20 percent	(5,120)	(4,963)	(14,580)	(17,708)
Tax effect of items which are not deductible for taxation purposes	547	(112)	(104)	(414)
Movement in unrecognised deferred tax assets	(16)	(3)	285	(1)
Total income tax expense	**(4,589)**	**(5,078)**	**(14,399)**	**(18,123)**

(in millions of Russian Rouble unless otherwise stated)

Note 12. Non-current debt

	Effective interest rate	Due	30 September 2020	31 December 2019
Certified interest-bearing non-convertible bearer bonds:				
with fixed rates	0.1-9.35%	2020-2052	70,841	75,476
with variable rates	CPI+1-2.5%	2027-2050	150,912	151,278
Non-bank loans	0.1-3%	2025-2026	158	209
Lease liabilities	4.75-10.38%	2020-2069	13,869	12,824
Total debt			**235,780**	**239,787**
Less: current portion of non-current bonds			(15,333)	(30,335)
Less: current portion of non-bank loans			(5)	(6)
Less: current portion of lease liabilities			(1,280)	(1,103)
Total non-current debt			**219,162**	**208,343**

All debt instruments are denominated in Russian Rouble.

Reconciliation between carrying and fair values of financial liabilities is presented bellow. Fair value of level 1 bonds are determined based on quoted market prices at Moscow Exchange.

		30 September 2020		31 December 2019	
	Level	Fair value	Carrying value	Fair value	Carrying value
Non-convertible bearer bonds with fixed rates	1	72,674	85,842	76,284	75,476
Non-convertible bearer bonds with variable rates	1	9,980	10,252	9,930	10,319
Total debt		**82,654**	**96,094**	**86,214**	**85,795**

Certified interest-bearing non-convertible bearer bonds with floating rates classified into fair value hierarchy level 3 represent non-quoted non-convertible bearer bonds with floating rate aligned to inflation with a premium of 1–2.5%, which is a unique instrument with specific market. Hence, the management believes carrying amount of these instruments approximates its fair value.

As at 30 September 2020 the Group had long-term undrawn committed financing facilities of RR 100,000 million (as at 31 December 2019: RR 100,000 million) which could be used for the general purposes of the Group.

Note 13. Trade and other payables

	30 September 2020	31 December 2019
Non-current trade and other payables		
Accounts payable to construction companies and suppliers of property, plant and equipment	12,413	13,077
Trade payables	805	1,044
Total non-current trade and other payables	**13,218**	**14,121**
Current trade and other payables		
Accounts payable to construction companies and suppliers of property, plant and equipment	22,321	23,585
Trade payables	9,202	12,375
Accounts payable to employees	2,599	2,982
Other creditors	1,537	2,638
Total current trade and other payables	**35,659**	**41,580**

(in millions of Russian Rouble unless otherwise stated)

Note 13. Trade and other payables (continued)

As at 30 September 2020 non-current accounts payable to construction companies and suppliers of property, plant and equipment includes RR 1,298 million (as at 31 December 2019: RR 2,132 million) of guarantee deposits made by suppliers of property, plant and equipment refundable in 2021–2037. Fair value of consideration payable for these deposits at the date of initial recognition has been determined using present value technique based on estimated future cash flows and the discount rates of 4.95–5.68%.

As at 30 September 2020 non-current accounts payable to construction companies and suppliers of property, plant and equipment includes RR 7,958 million (as at 31 December 2019: RR 7,988 million) related to contracts of purchase of property, plant and equipment. Amounts are payable in instalments in 2020–2025. Fair value of consideration payable for these accounts payable at the date of initial recognition has been determined using present value technique based on estimated future cash flows and the discount rate of 8.75%.

As at 30 September 2020 fair value of non-current trade and other payables amounted to RR 13,663 million (as at 31 December 2019: RR 14,569 million). The fair value (Level 3) of non-current trade and other payables has been determined using using present value technique based on estimated future cash flows and the discount rate of 5.12% (31 December 2019: 5.48%).

Note 14. Provisions

Movement in provisions:

	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Carrying amount at 1 January	**1,202**	**683**
Addition for the period	672	771
Reversal for the period	(158)	(148)
Utilisation of provisions	(423)	(655)
Carrying amount at 30 September	**1,293**	**651**

Note 15. Revenues

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Transmission fee	55,107	55,579	165,413	166,892
Connection services	3,926	1,732	4,615	2,504
Construction services	1,029	123	2,081	258
Electricity sales	406	388	1,241	1,226
Other revenues	614	421	2,049	1,937
Total revenues from contracts with customers	**61,082**	**58,243**	**175,399**	**172,817**
Rental income	266	230	763	652
Total revenues	**61,348**	**58,473**	**176,162**	**173,469**

Note 16. Operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Depreciation of property, plant and equipment	9,632	8,956	28,427	25,865
Purchased electricity	8,738	8,606	26,501	27,583
Employee benefit expenses and payroll taxes	7,362	7,637	23,351	22,233
Taxes, other than on income	3,412	3,158	10,255	10,152
Repairs and maintenance of equipment	1,425	1,379	2,775	2,803
Electricity grids usage fee	766	372	2,404	1,227
Materials for repair	1,019	1,053	2,113	1,987
Electricity transit	662	402	1,744	1,220
Business trips and transportation expenses	599	662	1,571	1,685
Subcontract works for construction contracts	1,269	82	1,394	269
Amortisation of intangible assets	315	386	1,004	1,202
Depreciation of right-of-use assets	292	220	816	657
Rent	115	551	283	1,814
Materials for construction contracts	12	33	225	33
Fuel for mobile gas-turbine electricity plants	10	11	19	61
Other expenses	3,301	2,848	9,282	8,190
Total operating expenses	**38,929**	**36,356**	**112,164**	**106,981**

(in millions of Russian Rouble unless otherwise stated)

Note 17. Finance income

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Unwinding of discount of accounts receivable	1,750	2,147	5,384	6,538
Interest income	1,178	861	3,360	2,417
Dividend income	–	21	1,578	1,463
Foreign currency exchange differences	11	1	35	20
Other finance income	4	63	108	164
Total finance income	**2,943**	**3,093**	**10,465**	**10,602**

Note 18. Finance costs

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Interest expense (excluding lease contracts)	3,303	4,070	9,804	11,993
Interest expense on lease contracts	355	303	1,032	902
Net interest on the defined benefit obligations	104	151	326	369
Foreign currency exchange differences	85	28	221	83
Other finance costs	140	87	475	283
Total finance cost	**3,987**	**4,639**	**11,858**	**13,630**
Less capitalised interest expenses on borrowings related to qualifying assets	(2,050)	(3,068)	(6,341)	(8,390)
Total finance cost recognised in profit or loss	**1,937**	**1,571**	**5,517**	**5,240**

Note 19. Earnings per ordinary share for profit attributable to shareholders of FGC UES

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Weighted average number of ordinary shares (millions of shares)	1,260,938	1,260,938	1,260,938	1,260,938
Profit attributable to shareholders of FGC UES (millions of RR)	21,005	19,737	58,500	70,386
Earning per share – basic and diluted (in RR)	**0.017**	**0.016**	**0.046**	**0.056**

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share.

Note 20. Contingencies, commitments, operating and financial risks

There have been no significant changes in political environment, insurance policies and environmental matters during the nine months ended 30 September 2020 in comparison with those described in the Group's consolidated financial statements for the year ended 31 December 2019 as well as there have been no changes in operating and financial risk management policies since year end.

The Group management is taking operational measures to ensure sufficient cash (liquidity) from operational activities in order to finance primary investment projects and to serve the current and non-current borrowings due as at the reporting date. The management of the Group is carrying out activities aimed to ensure sufficient available credit limits, adequate liquidity such as balances in bank accounts and bank deposits, quality control of financial security (banking guarantees) when accepted.

Legal proceedings. In the normal course of business, the Group entities may be a party to certain legal proceedings. As at 30 September 2020 claims made by suppliers of property, plant and equipment and other counterparties to the Group amounted to RR 4,216 million. Management belives the likelyhood of negative outcome for the Group and the respecive outflow of financial resources to settle such claims, if any, is not probable and, consequently, no provision has been made in these financial statements. Management believes that it has made adequate provision (Note 14). In the opinion of management, currently there are no other existing legal proceedings or claims outstanding, which, upon final disposition, will have a material adverse effect on the financial position of the Group.

(in millions of Russian Rouble unless otherwise stated)

Note 20. **Contingencies, commitments, operating and financial risks (continued)**

Tax contingency. Russian tax 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 incompliant 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

The Russian tax authorities are entitled to charge additional tax and penalty in accordance with procedures set forth by transfer pricing regulations (TPR) in case prices/return in controlled transactions differ from the those on the market. The list of controlled transactions comprises mainly transactions between related parties.

Since 1 January 2019, control over transfer prices for the major domestic Russian transactions has been cancelled. However, exemption from control over prices can be applied to certain domestic transactions only. At this, in case of additional tax charge, a correlative adjustment mechanism can be used to tax liabilities if certain legal requirements are met. Intra-group transactions that have been beyond the control of TPR since 2019 may, however, can be subject to inspection from territorial tax authorities with regard to unjustified tax income and the TRP principles can be applied to determine the additional tax payable. The federal executive body responsible for control and supervision over taxes and charges can inspect prices/return in controlled transactions and, if disagreeing with the Group's prices applied in the transactions, can charge additional tax unless the Group can justify the marketing nature of pricing in the transaction with documents on transfer pricing that are in compliance with the legal regulations.

Depending on the further practice of applying the property tax rules by the tax authorities and courts the classification of moveable and immoveable property set by the Group could be argued. The Goup's management does not exclude the risk of resources outflow and its impact can not be sufficiently estimated.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained.

Capital commitments related to construction of property, plant and equipment. Future capital expenditures for which contracts have been signed amount to RR 144,513 million as at 30 September 2020 (as at 31 December 2019: RR 120,227 million) including VAT.

Note 21. Segment information

The Group operates wihin one operating segment. The Group's primary activity is provision of electricity transmission services within the Russian Federation which is represented as Transmission segment. There are no differences from the last annual consolidated financial statements in the basis of segmentation.

The Board of Directors of the Company has been determined as chief operating decision maker (the "CODM") of the Group which generally analyses information relating to Transmission segment. The Board of Directors does not evaluate financial information of other components of the Group to allocate resources or assess performance and does not determine these components as segments. The key indicator of the transmissions segment performance is return on equity ratio (ROE). It is calculated based on the statutory financial statements prepared according to RAR as net profit divided by net assets. Accordingly, the measure of transmission segment profit or loss analysed by the CODM is net profit of segment based on the statutory financial statements prepared according to RAR. The other information provided to the CODM is also based on statutory financial statements prepared according to RAR.

	Transmission segment – based on statutory financial statements prepared according to RAR			
	Three months ended 30 September		**Nine months ended 30 September**	
	2020	**2019**	**2020**	**2019**
Revenue from external customers	60,298	57,737	172,645	171,295
Intercompany revenue	91	92	278	272
Total revenue	**60,389**	**57,829**	**172,923**	**171,567**
Segment profit for the period	18,236	9,197	40,024	38,020

(in millions of Russian Rouble unless otherwise stated)

Note 21. Segment information (continued)

	30 September 2020	31 December 2019
Total reportable segment assets (RAR)	1,551,447	1,543,924
Total reportable segment liabilities (RAR)	420,123	421,167

A reconciliation of the reportable segment’s revenue to the Condensed Consolidated Interim Financial Statements for the three and nine months ended 30 September 2020 and 2019 is presented below:

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Total revenue from segment (RAR)	**60,389**	**57,829**	**172,923**	**171,567**
Reclassification between revenue and other income	(645)	(302)	(813)	(727)
Non-segmental revenue	1,739	1,105	4,010	3,167
Elimination of intercompany revenue	(91)	(92)	(278)	(272)
Non-recognised revenue	(44)	(67)	320	(266)
Total revenue (IFRS)	**61,348**	**58,473**	**176,162**	**173,469**

A reconciliation of the reportable segment’s profit to the Condensed Consolidated Interim Financial Statements for the three and nine months ended 30 September 2020 and 2019 is presented below:

	Three months ended 30 September		Nine months ended 30 September	
	2020	**2019**	**2020**	**2019**
Profit for the period (RAR)	**18,236**	**9,197**	**40,024**	**38,020**
Property, plant and equipment				
Adjustment to the carrying value of property, plant and equipment	9,397	10,828	29,702	33,060
Gain on disposal of assets	–	–	–	10,444
Reversal of impairment of property, plant and equipment	–	31	–	2,148
Financial instruments				
Re-measurement of financial investments through other comprehensive income	(7,034)	741	(5,617)	(5,282)
Discounting of non-current trade and other accounts receivables	433	842	1,319	2,547
Discounting of non-current trade and other accounts payable	(88)	(37)	(347)	(164)
Discounting of promissory notes	9	9	26	24
Consolidation				
Impairment of investments in subsidiaries	–	–	–	(11)
Other				
Adjustment to allowance for expected credit losses	148	452	(414)	(92)
Right–of–use assets	(184)	(359)	(393)	(603)
Accrual of retirement benefit obligations	(32)	(199)	(105)	(168)
Non-recognised revenue and other income	(450)	(512)	–	(2,073)
Write-off of research and development to expenses	35	(24)	55	7
Share of profit of associates and joint ventures	22	44	114	104
Adjustment to provision	–	362	–	63
Deferred tax adjustment	(374)	(1,590)	(4,827)	(6,749)
Other adjustments	844	263	446	82
Non-segmental other operating loss	47	(248)	(1,483)	(878)
Profit for the period (IFRS)	**21,009**	**19,738**	**58,500**	**70,417**

Information on revenue for separate services and products of the Group is presented in Note 15. The Group performs most of its activities in the Russian Federation and does not have any significant revenue from foreign customers or any non-current assets located in foreign countries.
The major customers of the Group are government-related entities. The amounts of revenue from such entities are disclosed in Note 4. The Group has no other major customers with turnover over 10 percent of the Group revenue.

Note 22. Gain on disposal of assets

On 26 December 2018, as a part of UNEG asset consolidation process the Group has concluded the exchange contract with JSC "Far Eastern Energy Management Company" (goverment-controlled entity). The Group exchanges property, plant and equipment, accounts receivable, and promise to pay cash by instalments up to 2024 for UNEG property plant and equipment. The exchange has been completed on 1 January 2019.

As at 1 January 2019 the Group has recognised disposal of property, plant and equipement with the carrying value of RR 16,045 million and accounts receivable with the carrying value of RR 5,372 million, and at the same time recognised additions to property, plant and equipment at fair value of RR 34,564 million, non-current accounts payable at fair value of RR 2,713 million and current accounts payable at fair value of RR 2,384 million at initial recognition. The Group also recognised VAT recoverable amounted to RR 2,394 million.

Fair value of non-current accounts payable has been determined using present value technique based on estimated future cash flows at the discount rate of 9%. Gain on disposal of assets disposal amounted to RR 10,444 million hase been recognised in profit and loss.

Note 23. Subsequent events

In October the Group issued uncertified interest-bearing non - convertible bonds 001P-02R at the total amount of RUB 10,000 million at a fixed interest rate of 6.60% with offer date in October 2027 and maturity in October 2035. The coupon period is 91 days.