

PJSC “FGC UES”

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021

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Report on Review of Interim Financial Information

To the shareholders and Board of Directors of
Public Joint-Stock Company
"Federal Grid Company of Unified Energy System"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint-Stock Company "Federal Grid Company of Unified Energy System" 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 month period then ended, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six month period then ended, and selected explanatory notes (interim financial information). Management of Public Joint-Stock Company "Federal Grid Company of Unified Energy System" 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*.



T.L. Okolotina
Partner
Ernst & Young LLC

26 August 2021

Details of the entity

Name: Public Joint-Stock Company "Federal Grid Company of Unified Energy System"
Record made in the State Register of Legal Entities on 20 August 2002, State Registration Number 1024701893336.
Address: Russia 117630, Moscow, Chelomeya street, 5A.

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 "FGC UES"

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

	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,088,083	1,069,114
Right-of-use assets	6	13,923	14,216
Intangible assets		7,563	7,684
Investments in associates and joint ventures		1,594	1,481
Other non-current financial assets	7	56,079	62,476
Deferred income tax assets		815	781
Trade and other accounts receivable	9	61,798	67,614
Advances given and other non-current assets		2,665	2,361
Total non-current assets		1,232,520	1,225,727
Current assets			
Cash and cash equivalents	10	64,173	30,096
Other financial assets	8	10,383	16,643
Trade and other accounts receivable	9	39,504	39,147
Income tax prepayments		478	1,357
Inventories		19,748	17,526
Advances given and other current assets		9,627	9,349
		143,913	114,118
Assets held for sale		313	313
Total current assets		144,226	114,431
TOTAL ASSETS		1,376,746	1,340,158
EQUITY AND LIABILITIES			
Equity			
Share capital: Ordinary shares	11	637,333	637,333
Treasury shares	11	(4,719)	(4,719)
Share premium		10,501	10,501
Reserves		28,175	32,755
Retained earnings		291,153	274,948
Equity attributable to shareholders of FGC UES		962,443	950,818
Non-controlling interests		165	168
Total equity		962,608	950,986
Non-current liabilities			
Deferred income tax liabilities		62,938	57,339
Non-current debt	13	230,064	219,850
Non-current trade and other accounts payable	14	5,639	5,863
Non-current advances received		13,663	13,612
Government grants		725	753
Retirement benefit obligations		7,365	7,531
Total non-current liabilities		320,394	304,948
Current liabilities			
Dividends payable		20,702	335
Current debt and current portion of non-current debt	13	13,709	23,769
Trade and other accounts payable	14	35,899	42,155
Advances received		13,126	10,099
Taxes, other than on income payable		6,150	4,167
Provisions	15	4,056	3,642
Current income tax payable		102	57
Total current liabilities		93,744	84,224
Total liabilities		414,138	389,172
TOTAL EQUITY AND LIABILITIES		1,376,746	1,340,158

Authorised for issue and signed on behalf of the management 26 August 2021

Director General of PJSC "ROSSETI"
The management company of PJSC "FGC UES"

A.V. Ryumin

Head of Accounting and Financial Reporting –
Chief Accountant

D.V. Nagovitsyn

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

PJSC “FGC UES”

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

	Notes	Three months ended 30 June (unaudited)		Six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Revenues	16	60,976	56,108	122,975	114,814
Other operating income		697	870	1,471	2,029
Operating expenses	17	(42,097)	(36,943)	(81,297)	(73,235)
Accrual of allowance for expected credit losses		(140)	(338)	(197)	(341)
Operating profit		19,436	19,697	42,952	43,267
Finance income	18	4,055	4,493	6,486	7,522
Finance costs	19	(1,592)	(1,725)	(3,213)	(3,580)
Share of profit of associates and joint ventures (net of income tax)		18	31	83	92
Profit before income tax		21,917	22,496	46,308	47,301
Income tax expense	12	(4,918)	(4,671)	(9,735)	(9,810)
Profit for the period		16,999	17,825	36,573	37,491
Other comprehensive income/(loss)					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in fair value of financial investments	7	(4,011)	(88)	(5,676)	(1,605)
Remeasurements of retirement benefit obligations		(402)	(382)	346	19
Income tax		536	(24)	720	197
Total items that will not be reclassified to profit or loss		(3,877)	(494)	(4,610)	(1,389)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation difference		53	(312)	30	73
Total items that are or may be reclassified to profit or loss		53	(312)	30	73
Other comprehensive loss for the period, net of income tax		(3,824)	(806)	(4,580)	(1,316)
Total comprehensive income for the period		13,175	17,019	31,993	36,175
Profit attributable to:					
Shareholders of FGC UES	20	16,998	17,825	36,572	37,495
Non-controlling interests		1	–	1	(4)
Total comprehensive income attributable to:					
Shareholders of FGC UES		13,174	17,019	31,992	36,179
Non-controlling interests		1	–	1	(4)
Earnings per ordinary share for profit attributable to shareholders of FGC UES – basic and diluted (in Russian Rouble)	20	0.013	0.014	0.029	0.030

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

PJSC “FGC UES”

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

		Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		46,308	47,301
<i>Adjustments:</i>			
Depreciation of property, plant and equipment	5,17	20,969	18,795
Depreciation of right-of-use assets	17	574	524
Loss on disposal of property, plant and equipment		(507)	(60)
Amortisation of intangible assets	17	764	689
Share of profit of associates and joint ventures, net of income tax		(83)	(92)
Accrual of allowance for expected credit losses		197	341
Accrual of provisions	15	275	174
Finance income	18	(6,486)	(7,522)
Finance costs	19	3,213	3,580
Other non-cash transactions		–	(149)
Total impact of adjustments		18,916	16,280
Decrease in non-current trade and other accounts receivable		9,013	5,265
Increase in non-current advances given and other non-current assets		(650)	(275)
(Decrease)/increase in non-current trade and other accounts payables		(579)	517
(Decrease)/increase in non-current advances from customers and other long-term liabilities		(10)	1,180
Cash flows from operating activities before changes in working capital and provisions		72,998	70,268
<i>Changes in working capital:</i>			
Decrease/(increase) in trade and other accounts receivable		320	(653)
Increase in advances given and other current assets		(264)	(1,030)
Increase in inventories		(2,089)	(989)
Increase/(decrease) in trade and other payables		228	(2,830)
Use of provisions		(265)	(377)
Increase in advances from customers		5,011	4,226
Cash flow from operating activities before payment of income tax		75,939	68,615
Income tax paid		(2,525)	(4,661)
Net cash flows generated by operating activities		73,414	63,954
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(40,853)	(26,586)
Proceeds from disposal of property, plant and equipment		557	116
Purchase of intangible assets		(308)	(762)
Redemption of promissory notes		88	2
Placement of bank deposits		(9,643)	(17,992)
Redemption of bank deposits		16,812	11,275
Dividends received		1,414	1,528
Loans given		–	(17)
Repayment of loans given		9	11
Interest received		1,704	1,496
Net cash flows used in investing activities		(30,220)	(30,929)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		10,000	20,000
Repayment of borrowings		(10,564)	(9,557)
Repayment of principal portion of lease liabilities		(637)	(565)
Dividends paid		(18)	(13,243)
Interest paid on lease agreements		(789)	(677)
Interest paid		(7,109)	(6,978)
Net cash flows used in financing activities		(9,117)	(11,020)
Net increase in cash and cash equivalents		34,077	22,005
Cash and cash equivalents at the beginning of the period	10	30,096	37,077
Cash and cash equivalents at the end of the period	10	64,173	59,082

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

PJSC “FGC UES”

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

	Notes	Attributable to shareholders of FGC UES					Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings		
As at 1 January 2021		637,333	10,501	(4,719)	32,755	274,948	168	950,986
Total comprehensive income for the period								
Profit for the period		–	–	–	–	36,572	1	36,573
<i>Other comprehensive income/(loss), net of related income tax</i>							–	
Change in fair value of financial investments, net of income tax	7	–	–	–	(4,934)	–	–	(4,934)
Remeasurements of retirement benefit obligations, net of income tax		–	–	–	324	–	–	324
Foreign currency translation difference		–	–	–	30	–	–	30
Total other comprehensive loss		–	–	–	(4,580)	–	–	(4,580)
Total comprehensive income/(loss) for the period		–	–	–	(4,580)	36,572	1	31,993
Dividends	11	–	–	–	–	(20,367)	(4)	(20,371)
As at 30 June 2021 (unaudited)		637,333	10,501	(4,719)	28,175	291,153	165	962,608

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

PJSC “FGC UES”
Interim Condensed Consolidated Statement of Changes in Equity

(in millions of Russian Roubles unless otherwise stated)

	Notes	Attributable to shareholders of FGC UES					Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings		
As at 1 January 2020		637,333	10,501	(4,719)	30,937	227,558	174	901,784
Total comprehensive income for the period								
Profit/(loss) for the period		—	—	—	—	37,495	(4)	37,491
<i>Other comprehensive income/(loss), net of related income tax</i>								
Change in fair value of financial investments, net of income tax	7	—	—	—	(1,404)	—	—	(1,404)
Remeasurements of retirement benefit obligations, net of income tax		—	—	—	15	—	—	15
Foreign currency translation difference		—	—	—	73	—	—	73
Total other comprehensive loss		—	—	—	(1,316)	—	—	(1,316)
Total comprehensive income/(loss) for the period		—	—	—	(1,316)	37,495	(4)	36,175
Dividends		—	—	—	—	(11,989)	(6)	(11,995)
As at 30 June 2020 (unaudited)		637,333	10,501	(4,719)	29,621	253,064	164	925,964

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

PJSC “FGC UES”

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

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.

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 June 2021, FGC UES was 80.13% owned and controlled by PJSC “ROSSETI”. The remaining shares are traded on the Moscow Stock Exchange and as Global Depository Receipts on the London Stock Exchange.

On 15 May 2020 the Annual General Shareholders’ Meeting of FGC UES was taken the decision to transfer the powers of the sole executive body of FGC UES to a management organisation, namely PJSC “ROSSETI”.

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. The Government's economic, social and other policies could have a material impact on the Group’s operations.

The Group’s 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 the 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 world economy was negatively impacted by the pandemic of coronavirus (COVID-19) in 2020. 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. Social distancing and isolation measures aimed at containing the spread of COVID-19 in different countries, have caused a significant decrease in the level of consumer spending and business activity of companies in the field of retail, transport, travel and tourism, catering, entertainment and many other areas.

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

The Group does not expect a significant adverse impact of the pandemic of coronavirus (COVID-19) on the financial position, operating results and economic aspects.

The Group continues to monitor and assess the situation and takes appropriate action:

- 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 investment projects;
- monitor forecasted and actual information about the pandemic impact on the economy of the Russian Federation and on the business activities of the Group and its main counterparties;
- adjust the Group’s operations to fit the new market opportunities, take actions to counteract the adverse effect 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.

Note 2. Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements for the three and six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. 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.

These interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS).

Use of professional judgements and estimates

The significant judgements regarding accounting policy of the Group and key sources of uncertainty in estimations applied by the management in preparation current interim condensed consolidated financial statements were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

New standards and amendments

The Group has applied all new standards and amendments, 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).

When effective, these amendments are not expected to have significant impact on the Group's consolidated financial statements.

Changes in presentation. Reclassification of comparative data

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

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 2020.

Measurement of fair values

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

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

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

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

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

The Group recognises transfers between levels of the fair value hierarchy during the reporting period when the change has occurred.

The Group considers the point of time when transfers between and for certain levels are recognised when an event or change in circumstances occurs.

PJSC “FGC UES”

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

Note 4. Balances and transactions with related parties

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 main related parties of the Group for the three and six months ended 30 June 2021 and 30 June 2020, as well as as at 30 June 2021 and 31 December 2020, were the parent company, its subsidiaries, key management personnel, as well as government-related entities.

Government-related entities. As part of its day-to-day business the Group enters into transactions with other government-related companies. These transactions are carried out at regulated tariffs or at market prices, market interest rates.

Taxes are charged and paid in accordance with Russian tax legislation.

During the three and six months ended 30 June 2021 and 2020 the Group had the following significant transactions with government-related entities:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Transmission revenue	44,951	42,044	90,774	85,566
Electricity sales	201	155	438	353
Construction services	1,175	73	1,822	377
Connection services	14	83	105	95
Dividend income	1,423	1,578	1,423	1,578
Interest income	919	994	1,645	1,760
Net (accrual)/reversal of allowance for expected credit losses	53	(195)	27	(181)
Purchased electricity for production needs	(1,879)	(1,780)	(4,093)	(3,776)
Rent	(108)	(61)	(172)	(87)

Significant balances with government-related entities are presented below:

	30 June 2021	31 December 2020
Non-current assets		
Other non-current financial assets	55,472	61,807
Advances to construction companies and suppliers of property, plant and equipment (included in construction in progress)	599	539
Trade and other accounts receivable (net of allowance for expected credit losses of RR 177 million as at 30 June 2021 and RR 177 million as at 31 December 2020)	61,264	67,017
Advances given and other non-current assets	15	26
Current assets		
Cash and cash equivalents	56,439	25,075
Other financial assets	264	6,528
Trade and other accounts receivable (net of allowance for expected credit losses of RR 4,860 million as at 30 June 2021 and RR 4,886 million as at 31 December 2020)	32,619	30,963
Advances given and other current assets (net of impairment of RR 0 million as at 30 June 2021 and RR 0 million as at 31 December 2020)	219	153
Non-current liabilities		
Non-current debt	(9,914)	(9,462)
Trade and other accounts payable	(3,367)	(3,227)
Advances from customers	(10,051)	(10,131)
Current liabilities		
Current debt and current portion of non-current debt	(610)	(596)
Trade and other accounts payable	(2,202)	(1,836)
Advances from customers	(10,081)	(7,312)

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements

(in millions of Russian Roubles unless otherwise stated)

As at 30 June 2021 the Group had long-term undrawn committed financing facilities with government-related banks of RR 60,021 million (31 December 2020: RR 60,021 million).

Parent company. During the three and six months ended 30 June 2021 and 2020 the Group had the following significant transactions with the parent company of FGC UES - PJSC “ROSSETI”:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Revenues	150	139	271	218
Operating expenses	(233)	(380)	(463)	(380)

Significant balances with the parent company are presented below:

	30 June 2021	31 December 2020
Short-term trade and other receivables	42	32
Financial investments into shares	607	669
Bonds	10,096	10,084
Short-term trade and other payables	(139)	(139)
Dividends payable	(16,477)	–

For the six months ended 30 June 2021 the Group accrued a remuneration in the amount of RR 461 million in accordance with agreement on the transfer of authority of the sole executive body PJSC “FGC UES” to PJSC “ROSSETI” (for the six months ended 30 June 2020: RR 119 million)

Directors’ compensation. Key management personnel (management) include members of the Board of Directors (for the six months ended 30 June 2020 – members of the Board of Directors and the Management Board).

Fees, compensation or allowances to the members of the Board of Directors for their services in that capacity and for attending Board meetings are paid depending on results for the year. Fees, compensation or allowances, are not paid to the members of the Board of Directors who are government employees. For the six months ended 30 June 2021 no remuneration was paid to the members of the Board of Directors (remuneration provided to the members of the Board of Directors for the six months ended 30 June 2020 amounted to RR 8 million).

For six months ended 30 June 2020, the members of the Management Board were paid with remuneration of RR 230 million (social security contributions are not included) in the form of salary, non-cash short-term benefits and bonuses, and RR 5 million in the form of post-employment benefits and other long-term benefits.

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Roubles 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 2021	36,284	722,174	806,736	241,080	99,519	1,905,793
Additions	468	23	125	37,850	1,660	40,126
Transfers	1,245	2,048	3,428	(8,698)	1,977	–
Disposals	(60)	(16)	(741)	(94)	(338)	(1,249)
Balance as at 30 June 2021	37,937	724,229	809,548	270,138	102,818	1,944,670
Accumulated depreciation and impairment						
Balance as at 1 January 2021	(8,935)	(318,747)	(409,231)	(41,331)	(58,435)	(836,679)
Depreciation charge	(245)	(6,240)	(11,203)	–	(3,281)	(20,969)
Transfers	2	150	(19)	70	(203)	–
Disposals	19	10	713	–	319	1,061
Balance as at 30 June 2021	(9,159)	(324,827)	(419,740)	(41,261)	(61,600)	(856,587)
Net book value as at 1 January 2021	27,349	403,427	397,505	199,749	41,084	1,069,114
Net book value as at 30 June 2021	28,778	399,402	389,808	228,877	41,218	1,088,083

	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	6	26,238	716	26,962
Transfers	132	15,152	5,436	(21,675)	955	–
Disposals	(4)	(18)	(341)	(534)	(680)	(1,577)
Balance as at 30 June 2020	34,284	676,997	771,012	262,683	94,970	1,839,946
Accumulated depreciation and impairment						
Balance as at 1 January 2020	(8,210)	(300,492)	(382,871)	(43,951)	(54,136)	(789,660)
Depreciation charge	(235)	(5,579)	(10,325)	–	(2,656)	(18,795)
Transfers	(1)	(879)	(200)	1,108	(28)	–
Disposals	–	15	336	–	645	996
Balance as at 30 June 2020	(8,446)	(306,935)	(393,060)	(42,843)	(56,175)	(807,459)
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 June 2020	25,838	370,062	377,952	219,840	38,795	1,032,487

Capitalized interest on loans for the six months ended 30 June 2021 amounted to RR 5,733 million (for the six months ended 30 June 2020: RR 4,291 million), the capitalization rate was 5.98 % (for the six months ended 30 June 2020: 4.39%).

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Note 6. Right-of-use assets

	Land and buildings	Power trans- mission grids	Substations	Other	Total	Lease liabilities
Balance as at 1 January 2021	11,175	753	1,020	1,268	14,216	14,526
Additions	918	–	–	16	934	934
Depreciation charged to profit or loss	(394)	(8)	(104)	(68)	(574)	–
Depreciation charged to construction in progress	(174)	–	–	–	(174)	–
Interest expense	–	–	–	–	–	789
Payments	–	–	–	–	–	(1,426)
Transfer to property, plant and equipment	–	–	–	(479)	(479)	–
Balance as at 30 June 2021	11,525	745	916	737	13,923	14,823

	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	968	–	–	64	1,032	1,032
Depreciation charged to profit or loss	(338)	(9)	(105)	(72)	(524)	–
Depreciation charged to construction in progress	(142)	–	–	–	(142)	–
Interest expense	–	–	–	–	–	677
Payments	–	–	–	–	–	(1,236)
Balance as at 30 June 2020	9,867	759	1,124	1,335	13,085	13,297

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Note 7. Other non-current financial assets

	30 June 2021	31 December 2020
Financial assets measured at fair value through other comprehensive income		
Investments in quoted equity instruments	42,629	48,305
Financial assets measured at amortised cost		
Bank deposits	9,236	10,020
Federal loan bonds (OFZ) of the Russian Federation	4,214	4,151
Total	56,079	62,476

Investments in quoted equity instruments include shares of Russian companies with a fair value calculated on the basis of published market quotations (initial data of the 1st level of the fair value hierarchy).

The fair value of financial investments measured at amortised cost is approximately equal to their carrying amount.

Note 8. Other financial assets

	30 June 2021	31 December 2020
Financial assets measured at amortised cost		
Bank deposits	182	6 446
Bonds of PJSC “ROSSETI”	10,096	10,084
Loans given	105	113
Total other financial assets	10,383	16,643

The fair value of financial assets measured at amortised cost is approximately equal to their carrying amount.

Note 9. Trade and other accounts receivable

	30 June 2021	31 December 2020
Non-current trade and other receivables		
Trade receivables (net of allowance for expected credit losses of RR 18 million as at 30 June 2021 and RR 18 million as at 31 December 2020)	59,065	64,943
Other receivables (net of allowance for expected credit losses of RR 223 million as at 30 June 2021 and RR 223 million as at 31 December 2020)	2,567	2,514
Promissory notes	166	157
Total non-current trade and other receivables	61,798	67,614
	30 June 2021	31 December 2020
Current trade and other receivables		
Trade receivables (net of allowance for expected credit losses of RR 7,273 million as at 30 June 2021 and RR 7,350 million as at 31 December 2020)	37,192	36,138
Other receivables (net of allowance for expected credit losses of RR 6,008 million as at 30 June 2021 and RR 5,988 million as at 31 December 2020)	2,296	2,908
Promissory notes	16	101
Total current trade and other receivables	39,504	39,147

Non-current trade receivables mainly relate to the contracts of technological connection services that imply payment deferral and 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 June 2021 non-current trade receivables in the amount of RR 57,068 million (as at 31 December 2020: RR 61,293 million) relate to the contracts of technological connection, 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 using present value technique based on estimated future cash flows and the discount rates of 6.91–9.63%.

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As at 30 June 2021 the fair value of non-current trade and other receivables amounted to RR 64,486 million (as at 31 December 2020: RR 73,380 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 7.17–7.63% (as at 31 December 2020: 6.08–6.53%).

Note 10. Cash and cash equivalents

	30 June 2021	31 December 2020
Cash at bank and in hand	20,242	24,761
Cash equivalents	43,931	5,335
Total cash and cash equivalents	64,173	30,096

Cash equivalents as at 30 June 2021 and 31 December 2020 mainly include short-term investments in bank deposits. The deposits are placed at interest rates of 2.25–5.82%.

As at 30 June 2021 cash and cash equivalents include amounts nominated in foreign currency totalling RR 90 million (as at 31 December 2020: RR 97 million).

Note 11. Equity

Share capital

	Number of shares issued and fully paid, psc.		Share capital	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Ordinary shares	1,274,665,323,063	1,274,665,323,063	637,333	637,333

As at 30 June 2021 the number of ordinary shares of the PJSC “FGC UES” is entitled to issue widely placed is 72,140,500,768 shares with a nominal value of RR 0.5 per share.

Treasury shares. As at 30 June 2021 the Group held through a subsidiary 13,727,165,278 ordinary shares in treasury at the total cost of RR 4,719 million (as at 31 December 2020: RR 4,719 million).

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 June 2021	31 December 2020
Revaluation reserve for financial investments	31,288	36,222
Remeasurement reserve for retirement benefit obligations	(3,459)	(3,783)
Foreign currency translation reserve	346	316
Total reserves	28,175	32,755

Dividends. The basis for dividends distribution is the net profit of the PJSC “FGC UES” defined in accordance with the current Russian legislation.

At the Annual General Meeting on 29 June 2021 shareholders approved the decision to distribute dividends for the year 2020 in the total amount of RR 20,564 million. Dividends per ordinary share amounted to RR 0.016132865449.

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Note 12. Income tax

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

For the three and six months ended as at 30 June 2021 and 2020 the taxable profit of the majority of the Group's companies was subject of 20% income tax rate.

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

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Profit before income tax	21,917	22,496	46,308	47,301
Theoretical income tax charge at the statutory tax rate of 20 percent	(4,383)	(4,499)	(9,262)	(9,460)
Tax effect of items which are not deductible for taxation purposes	(545)	(285)	(355)	(651)
Movement in unrecognised deferred tax assets	10	113	(118)	301
Total income tax expense	(4,918)	(4,671)	(9,735)	(9,810)

Note 13. Non-current debt

	Effective interest rate	Due	30 June 2021	31 December 2020
Interest-bearing non-convertible bonds:				
with fixed rates	6.50–9.35%	2021–2030	77,266	77,762
with variable rates	CPI+1–2.5%	2022–2048	151,598	151,171
Non-bank borrowings	0.1–3%	2025–2026	86	160
Lease liabilities	4.7–10.38%	2021–2071	14,823	14,526
Total debt			243,773	243,619
Less: current portion of non-current bonds			(12,444)	(22,514)
Less: current portion of non-bank borrowings			(3)	(5)
Less: current portion of lease liabilities			(1,262)	(1,250)
Total non-current debt			230,064	219,850

All debt instruments are denominated in RR.

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

	Level	30 June 2021		31 December 2020	
		Fair value	Carrying value	Fair value	Carrying value
Non-convertible bonds with fixed rates (including current portion)	1	76,879	77,266	79,365	77,762
Non-convertible bonds with variable rates	1	10,002	10,292	10,005	10,234
Total debt classified into fair value hierarchy level 1		86,881	87,558	89,370	87,996

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

The amount of free limit on open but unused credit lines of the Group was RR 100,021 million at 30 June 2021 (31 December 2020: RR 100,021 million). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of short-term liabilities.

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Note 14. Trade and other payables

	30 June 2021	31 December 2020
Non-current trade and other accounts payable		
Accounts payable to construction companies and suppliers of property, plant and equipment	5,325	5,160
Trade payables	314	703
Total long-term trade and other payables	5,639	5,863
Current trade and other accounts payable		
Accounts payable to construction companies and suppliers of property, plant and equipment	19,998	27,897
Trade payables	10,213	9,539
Accounts payable to employees	3,218	3,189
Other creditors	2,470	1,530
Total	35,899	42,155

As at 30 June 2021 non-current accounts payable to construction companies and suppliers of property, plant and equipment includes RR 197 million (as at 31 December 2020: RR 161 million) of guarantee deposits made to suppliers of property, plant and equipment refundable in 2022–2037. 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 4.95–5.94%.

As at 30 June 2021 non-current accounts payable to construction companies and suppliers of property, plant and equipment includes RR 1,763 million (as at 31 December 2020: RR 1,773 million) related to purchase of property, plant and equipment. Amounts are payable in installments in 2022–2025. Fair value of consideration 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 June 2021 fair value of non-current trade and other payables amounted to RR 5,904 million (as at 31 December 2020: RR 6,262 million). The fair value (Level 3) of non-current trade and other payables has been determined using present value technique based on estimated future cash flows and the discount rate of 5.94% (31 December 2020: 5.22%).

Note 15. Provisions

	Six months ended 30 June 2021	Six months ended 30 June 2020
Carrying amount at 1 January	3,642	1,202
Charge (increase) for the year	946	199
Unused (decrease) amounts reversed	(267)	(25)
Use of provision	(265)	(377)
Carrying amount at 30 June	4,056	999

Provisions relate mainly to legal proceedings and claims against the Group in the ordinary course of business.

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Note 16. Revenues

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Transmission fee	58,401	54,196	118,013	110,306
Construction services	1,176	72	1,823	1,052
Electricity sales	454	377	997	835
Technological connection services	73	361	529	689
Other revenues	706	853	1,267	1,435
Total revenue from contracts with customers	60,810	55,859	122,629	114,317
Rental income	166	249	346	497
Total revenue	60,976	56,108	122,975	114,814

Note 17. Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Purchased electricity for production needs	9,253	7,697	21,051	17,763
Depreciation of property, plant and equipment	10,562	9,331	20,969	18,795
Employee benefit expenses and payroll taxes	7,991	8,506	14,979	15,989
Taxes, other than on income	3,650	3,391	7,329	6,843
Subcontract works for construction contracts	1,152	326	1,763	759
Materials for construction contracts	1,192	1,126	1,751	1,828
Electricity grids usage fee	730	888	1,472	1,437
Business trips and transportation expenses	608	506	1,038	972
Repairs and maintenance	772	834	965	1,350
Electricity transit	578	683	845	1,082
Amortisation of intangible assets	374	333	764	689
Depreciation of right-of-use assets	267	264	574	524
Fuel for mobile gas-turbine electricity plants	179	6	382	9
Rent	181	4	295	99
Other expenses	4,608	3,048	7,120	5,096
Total	42,097	36,943	81,297	73,235

Note 18. Finance income

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Unwinding of discount on financial assets	1,610	1,828	3,200	3,634
Interest income on bank deposits and cash on bank accounts	973	1,082	1,801	2,182
Dividend income	1,430	1,578	1,430	1,578
Foreign currency exchange differences	4	5	7	24
Other finance income	38	—	48	104
Total finance income	4,055	4,493	6,486	7,522

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Note 19. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Interest expenses on financial liabilities measured at amortized cost	3,968	2,968	7,507	6,501
Interest expense on lease contracts	403	344	789	677
Net interest expense on defined benefit liability	118	110	241	222
Foreign currency exchange differences	69	80	136	136
Other finance costs	128	135	273	335
Total finance costs	4,686	3,637	8,946	7,871
Less capitalised interest expenses on borrowings related to qualifying assets (Note 5)	(3,094)	(1,912)	(5,733)	(4,291)
Total finance costs recognised in profit or loss	1,592	1,725	3,213	3,580

Note 20. Earnings per share

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
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)	16,998	17,825	36,572	37,495
Earnings per share – basic and diluted (in RR)	0.013	0.014	0.029	0.030

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

Note 21. Contingencies and commitments

Insurance. The Group has unified requirements in respect of the volume of insurance coverage, reliability of insurance companies and procedures of insurance protection organization. The Group maintains insurance of assets, civil liability and other insurable risks. The main business assets of the Group have insurance coverage, including coverage in case of damage or loss of assets. However, there are risks of negative impact on the operations and the financial position of the Group in case of damage caused to third parties, and also as a result of damage or loss of assets, insurance protection of which is non-existent or not fully implemented.

Legal proceedings. In the normal course of business, the Group entities may be a party to certain legal proceedings. As at 30 June 2021 claims made by suppliers of property, plant and equipment and other counterparties to the Group amounted to RR 4,299 million.

For the year ended 31 December 2019, as pursuant to the court rulings of the Moscow Arbitration Court for case No A40-45189/2018 and for case No A40-173223/2018 which have entered into legal force, the Group recognised income from settlement of the liabilities of suppliers with means of cash received under the guarantees provided by PJSC “Bank Otkritie Financial Corporation” (as a reversal of the earlier recognised impairment loss on certain items of the property, plant and equipment and construction in progress). On 13 January 2021, the Moscow Arbitration Court made a decision to case No A40-108510/20-90-785 on dismissal of an action from PJSC “Bank Otkritie Financial Corporation” against the Company on cost recovery of RR 2,258 million since the Claimant has failed to prove the Company's actions as wrongful. Therefore, there are no grounds to allow the claim of the Claimant. The case was sent to the appeals court on 18 February 2021. On 19 April 2021, the Ninth Arbitration Court of Appeal dismissed the complaint of PJSC “Bank Otkritie Financial Corporation” and upheld the decision of the Moscow Arbitration Court. On 18 August 2021, by the decision of the Arbitration Court of the Moscow District, the cassation appeal of PJSC “Bank Otkritie Financial Corporation” was rejected, the decision of the Moscow Arbitration Court dated 13 January 2021 and the Resolution of the Ninth Arbitration Court of Appeal dated 19 April 2021, on the dismissal of claims requirements of PJSC “Bank Otkritie Financial Corporation”. In the management's opinion, the probability of unfavourable final decision of the litigation for the Group is not high.

Management believes that there are currently no other outstanding claims or claims that could have a material effect on the results of operations or financial position.

Note 21. Contingencies, commitments and operating 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 noncompliant 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 Group'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.

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

Capital commitments related to construction of property, plant and equipment. Future capital expenditures for which contracts have been signed amount to RR 150,084 million as at 30 June 2021 (as at 31 December 2020: RR 139,314 million) including VAT.

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Note 22. Segment information

The Group operates within one operating segment. The Group’s primary activity is provision of electricity transmission services within the Russian Federation which is represented as Transmission segment.

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 transmission segment performance is return on equity ratio (ROE). 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 RAS. The other information provided to the CODM is also based on statutory financial statements prepared according to RAS.

	Transmission segment – based on statutory financial statements prepared according to RAS			
	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Revenue from external customers	59,665	54,629	120,183	112,347
Intercompany revenue	–	95	96	187
Total revenue	59,665	54,724	120,279	112,534
Net profit for period	6,613	11,203	16,851	21,788

	30 June 2021	31 December 2020
Total reportable segment assets	1,595,793	1,578,076
Total reportable segment liabilities	454,074	432,631

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Total revenue from segment (RAS)	59,665	54,724	120,279	112,534
Reclassification between revenue and other operating income	(707)	37	(707)	(168)
Non-segmental revenue	2,042	1,051	3,574	2,271
Elimination of intercompany revenue	–	(95)	(96)	(187)
Revenue adjustments	(24)	391	(75)	364
Total revenue (IFRS)	60,976	56,108	122,975	114,814

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Note 22. Segment information (continued)

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Profit for the year (RAS)	6,613	11,203	16,851	21,788
Property, plant and equipment				
Adjustment to the carrying value of property, plant and equipment	9,369	9,908	18,841	20,305
Financial instruments				
Re-measurement of financial investments through other comprehensive income	3,635	(215)	5,771	1,417
Discounting of long-term trade and other receivables	424	427	812	886
Discounting of long-term trade and other payables	(49)	(169)	(121)	(259)
Discounting of promissory notes	5	9	12	17
Other				
Adjustment to allowance for expected credit losses	(76)	(591)	(346)	(562)
Right-of-use assets	(169)	(74)	(417)	(209)
Accrual of retirement benefit obligations	(117)	(18)	(251)	(73)
Non-recognised revenue and other income	10	457	218	450
Write-off of research and development costs to expenses	(47)	(5)	1	20
Share of profit of associates and joint ventures	18	31	83	92
Adjustment to provisions	(27)	–	–	–
Deferred income tax adjustment	(2,476)	(2,156)	(4,527)	(4,453)
Other adjustments	200	86	(39)	(398)
Non-segmental other operating loss	(314)	(1,068)	(315)	(1,530)
Profit for the year (IFRS)	16,999	17,825	36,573	37,491

Note 23. Subsequent events

In July 2021 PJSC “ROSSETI” bonds in amount of RR 10,000 million were redeemed.