**QUARTERLY REPORT**

***Public joint-stock company “Interregional Distribution Grid Company of the South”***

***Issuer code:*** ***34956-E***

**for the 2nd quarter of 2017**

Issuer address: **344002, Russian Federation, Rostov-on-don, Bolshaya Sadovaya 49**

**The information contained in this quarterly report is subject to disclosure according to the securities laws of the Russian Federation**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
| Director General of PJSC “IDGC in the South”  Date: August 14, 2017 |  | B.B. Ebzeev |
| signature |  |
|  |  |  |
|  |  |  |
| Chief accountant of PJSC “IDGC in the South”  Date: August 14, 2017 |  | G.G. Savin |
| signature |  |
| L.S. |  |

|  |
| --- |
| Contact person: **Tselikova Elena Grigoryevna, Chief specialist of Corporate management department and interaction with shareholders of PJSC “IDGC in the South”** |
| Phone: **(863) 307-0469** |
| Fax: **(863) 238-55-65** |
| e-mail address:[**celikovaeg@mrsk-yuga.ru**](mailto:celikovaeg@mrsk-yuga.ru) |
| The address of the page (s) on the Internet, on which the information contained in this quarterly report is disclosed: [**https://mrsk-yuga.ru/pages/show/ezhekvartal-nyy-otchet-emitenta**](https://mrsk-yuga.ru/pages/show/ezhekvartal-nyy-otchet-emitenta)**;** [**http://www.e-disclosure.ru/port**](http://www.e-disclosure.ru/port) **al/company.aspx?id=11999** |

Contents

[Introduction 5](#_Toc497126146)

[Section I. Information on Bank accounts, on the auditor (auditing organization), the appraiser and the financial consultant and adviser of the Issuer, and the persons who signed the quarterly report 6](#_Toc497126147)

[1.1. Information on the issuer’s bank accounts. 6](#_Toc497126148)

[1.2. Information on issuer’s auditor(s) 10](#_Toc497126149)

[1.3. Information on the appraiser (appraisers) of the issuer 12](#_Toc497126150)

[1.4. Information on the Issuer’s advisors 12](#_Toc497126151)

[1.5. Other persons who signed the present quarterly report. 12](#_Toc497126152)

[Section II. Basic information on the issuer's financial and economic condition 13](#_Toc497126153)

[2.1. Indicators of the issuer's financial and economic performance 13](#_Toc497126154)

[2.2. Issuer’s market capitalization 13](#_Toc497126155)

[2.3. Issuer’s liabilities 14](#_Toc497126156)

[2.3.1. Borrowed funds and accounts payable. 14](#_Toc497126157)

[2.3.2. Issuer’s credit history. 16](#_Toc497126158)

[2.3.3. The Issuer's obligations from provided security 16](#_Toc497126159)

[2.3.4. Other liabilities of the issuer 16](#_Toc497126160)

[2.4. Risks related to acquisition of placed equity securities or those being placed 16](#_Toc497126161)

[2.4.1. Industry risks 17](#_Toc497126162)

[2.4.2. Country and regional risks 20](#_Toc497126163)

[2.4.3. Financial risks 20](#_Toc497126164)

[2.4.4. Legal risks 21](#_Toc497126165)

[2.4.5. Risk of loss of business reputation (reputation risk) 22](#_Toc497126166)

[2.4.6. Strategy risk 23](#_Toc497126167)

[2.4.7. Risks related to the issuer’s operations 23](#_Toc497126168)

[Section III. Detailed information on the issuer 25](#_Toc497126169)

[3.1. Issuer’s history 25](#_Toc497126170)

[3.1.1. Issuer’s corporate name (name): 25](#_Toc497126171)

[3.1.2. State registration of the issuer 25](#_Toc497126172)

[3.1.3. Information on the issuer's establishment and development 25](#_Toc497126173)

[3.1.4. Contact information 25](#_Toc497126174)

[3.1.5. Taxpayer Identification Number 26](#_Toc497126175)

[3.1.6. Branches and representative offices of the issuer 26](#_Toc497126176)

[3.2. Core operations of the issuer 26](#_Toc497126177)

[3.2.1. Principal economic activities of the Issuer 26](#_Toc497126178)

[3.2.2. Core operations of the issuer 26](#_Toc497126179)

[3.2.3. Issuer’s supplies, goods (raw materials), and suppliers 30](#_Toc497126180)

[3.2.4. Marketing outlets for the issuer’s products (work, services) 30](#_Toc497126181)

[3.2.5. Issuer’s permits (licenses) or authorizations for the certain types of works. 31](#_Toc497126182)

[3.2.6. Information on activities of separate categories of issuers 35](#_Toc497126183)

[3.2.7. Additional requirements for issuers whose main activity is mining operations 35](#_Toc497126184)

[3.2.8. Additional requirements to be met by issuers, whose primary activity is telecommunication services provision. 35](#_Toc497126185)

[3.3. Plans for the issuer’s future activity 36](#_Toc497126186)

[3.4. Issuer’s share in banking groups, bank holding companies, holdings and associations 36](#_Toc497126187)

[3.5. Organizations under the issuer’s control which are material to the issuer 36](#_Toc497126188)

[3.6. Constitution, structure, and cost of the issuer’s fixed assets; information on plans to purchase, replace, and dispose of fixed assets, as well as on all facts of encumbrance of the issuer’s fixed assets 36](#_Toc497126189)

[Section IV. Financial and operating activities of the issuer. 44](#_Toc497126190)

[4.1. Results of the issuer’s financial and operating activities. 44](#_Toc497126191)

[4.2. Issuer’s liquidity position, capital and current assets adequacy 45](#_Toc497126192)

[4.3. Issuer’s financial investments 46](#_Toc497126193)

[4.4. Issuer’s intangible assets 49](#_Toc497126194)

[4.5. Data on the issuer’s philosophy and expenditures for scientific­and­technological development, advanced designs, research work, as well as in relation to licenses and patents 50](#_Toc497126195)

[4.6. Oil industry trends analysis 56](#_Toc497126196)

[4.7. Analysis of the factors influencing the issuer’s activity. 56](#_Toc497126197)

[4.8. Issuer’s competitors. 56](#_Toc497126198)

[Section V. Detailed data on members of the issuer’s management bodies, the issuer’s agencies supervising its financial and business activities, and summary on its staff (employees) 57](#_Toc497126199)

[5.1. Structure and terms of reference for the issuer’s management bodies 57](#_Toc497126200)

[5.2. Members of the issuer’s management bodies 57](#_Toc497126201)

[5.2.1. The issuer’s Board of Directors (Supervisory Board):. 57](#_Toc497126202)

[5.2.2. Individual executive body of the issuer 67](#_Toc497126203)

[5.2.3. Issuer’s collegiate executive body 68](#_Toc497126204)

[5.3. Remuneration and/or compensation for expenses for each management body of the issuer 74](#_Toc497126205)

[5.4. Information on the structure and competence of the bodies controlling the issuer's financial and business operations, as well as the organization of a risk management and internal control system 76](#_Toc497126206)

[5.5. Members of the agencies supervising the issuer’s financial and business activities. 81](#_Toc497126207)

[5.6. Information on the amount of remuneration and (or) compensation for expenses for the agency supervising the issuer’s financial and business activity. 86](#_Toc497126208)

[5.7. Number of the issuer’s employees (workers), their categories and changes in their number 88](#_Toc497126209)

[5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer’s charter capital 89](#_Toc497126210)

[Section VI. Issuer’s members (shareholders) and interested party transactions conducted by the issuer 90](#_Toc497126211)

[6.1. Total number of the issuer’s shareholders (members) 90](#_Toc497126212)

[6.2. Information on the participants (shareholders) of the issuer owning not less than five percent of its authorized capital or at least five percent of its ordinary shares, as well as information on those controlling such participants (shareholders), and in the absence of such persons about such participants (shareholders) owning not less than 20 percent of the authorized capital or at least 20 percent of their ordinary shares 90](#_Toc497126213)

[6.3. Information on the state's or a municipal entity's share of the issuer's authorized capital and the existence of a special right ("golden shares") 92](#_Toc497126214)

[6.4. Restrictions on participation in the issuer’s charter capital 92](#_Toc497126215)

[6.5. Information about changes in the composition and size of participation of shareholders (participants) of the Issuer owning at least five percent of its Charter capital or not less than five percent of its ordinary shares 92](#_Toc497126216)

[6.6. Interested party transactions conducted by the issuer. 93](#_Toc497126217)

[6.7. Accounts receivable 94](#_Toc497126218)

[Section VII. Issuer’s accounting (financial) statements and other financial information. 96](#_Toc497126219)

[7.1. Annual accounting (financial) statements of the issuer. 96](#_Toc497126220)

[7.2. Intermediate accounting (financial) statements of the Issuer 96](#_Toc497126221)

[7.3. Consolidated financial statements of the Issuer 96](#_Toc497126222)

[7.4. Accounting policy of the issuer 96](#_Toc497126223)

[7.5. Total export and share of export in total sales . 96](#_Toc497126224)

[7.6. Substantial changes in the issuer’s property after the end of the last completed fiscal year 96](#_Toc497126225)

[7.7. Issuer’s participation in litigations in case such participation may substantially affect financial and business activities of the issuer 96](#_Toc497126226)

[Section VIII. Further information on the issuer and equity securities placed by the issuer 99](#_Toc497126227)

[8.1. Further information on the issuer 99](#_Toc497126228)

[8.1.1. Information on the amount and breakdown of the issuer's authorized capital 99](#_Toc497126229)

[8.1.2. Information about any change in the amount of the issuer's authorized capital 99](#_Toc497126230)

[8.1.3. Convening and holding a meeting (session) of the issuer’s supreme management body. 100](#_Toc497126231)

[8.1.4. Information on commercial organizations where the Issuer owns at least five percent of Charter capital or not less than five percent ordinary shares 104](#_Toc497126232)

[8.1.5. Major transactions conducted by the issuer 105](#_Toc497126233)

[8.1.6. Credit ratings of the issuer. 105](#_Toc497126234)

[8.2. Data on each category (type) of the issuer’s shares 105](#_Toc497126235)

[8.3. Previous issues of the issuer’s equity securities excluding the issuer’s shares 107](#_Toc497126236)

[8.3.1. Issues with all securities redeemed 107](#_Toc497126237)

[8.3.2. Issues with securities that are not redeemed 107](#_Toc497126238)

[8.4. Data on entity (entities) providing (which provided) security for Issuer's bonds with security, and the security provided under the Issuer's bonds with collateral 108](#_Toc497126239)

[8.4.1. Additional information on the mortgage cover under the issuer's mortgage-backed bonds 108](#_Toc497126240)

[8.4.2. Additional information on collateral security of monetary claims on the issuer's bonds with collateral provided by monetary claims 109](#_Toc497126241)

[8.5. Organizations keeping records of rights for the issuer’s equity securities 109](#_Toc497126242)

[8.6. Legislative acts regulating import and export of capital, which may influence the payment of dividends, interests, and other payments to non­residents 109](#_Toc497126243)

[8.7. Declared (accrued) and (or) paid dividends on the issuer’s shares; the issuer’s bond yield 109](#_Toc497126244)

[8.7.1. Dividends declared and paid on the Issuer’s shares: 109](#_Toc497126245)

[8.7.2. Accrued and paid yield on the issuer’s bonds 111](#_Toc497126246)

[8.9. Represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts 114](#_Toc497126247)

Appendix No. 1 to this quarterly report. Intermediate accounting (financial) statements of the Issuer 126

Appendix No. 2 to this quarterly report. Intermediate consolidated financial statements 136

# Introduction

The grounds for arising the issuer's obligation to disclose information in the form of a quarterly report

***Regarding securities of the issuer, the prospectus for securities was registered. State registration of an issue (additional issue) of the issuer’s securities was accompanied by registration of the issue prospectus and such securities were offered publicly or privately to more than 500 persons.***

***Exchange bonds of the Issuer are admitted to organized trading on the stock exchange with a view to the exchange of the prospectus of the exchange bonds for such admission***

***The Issuer is a public joint stock company***

***In accordance with clause 10.1.*** ***Provisions on information disclosure by issuers of equity securities No. 454-P dated 30.12.2014, approved by the Central Bank of the Russian Federation, to the issuers in respect of securities which carried out the registration of at least one of the prospectus, subject to the obligation to disclose information in the form of a quarterly report.***

***In the text of this Quarterly Report the public joint-stock company “Interregional Distribution Grid Company of the South” is also referred to as:***  ***PJSC “IDGC in the South”, Issuer, Company.***

***In accordance with the adopted change in the company name, the issuer in this quarterly report is referred to as the Public joint-stock company “Interregional Distribution Grid Company of the South” (PJSC “IDGC in the South”), however, the text of the report may contain the name of OJSC “IDGC in the South”, with respect to the reference to the events that occurred before the change of the name of the Company, as well as with respect to references to documents approved (adopted) in the Company in the specified period.***

***On June 1, 2017, the Bank of Russia registered an additional issue of securities of PJSC “IDGC in the South” (registration number - 1-01-34956-E).*** ***Type of securities: uncertificated registered ordinary shares.*** ***The number of additional production securities is 13 015185 446 pieces.***

***As of the date of disclosure (publication) of this quarterly report of the issuer of securities, the issuer placed 7,860,917,760 ordinary registered uncertificated shares for additional issue (state registration number:*** ***1-01-34956-E from 01.06.2017 g) acquired by the shareholders of the company within the framework of pre-emption rights.*** ***The total number of the placed shares of the Company as of the date of disclosure of this quarterly report was 69,039,057 1,77 pieces.***

***Due to the fact that as of the date of this quarterly report disclosure, the deadline for submission to the Bank of Russia of the notice of the results of the additional issue of securities has not come yet, the information on the issuer's securities (including the amount of the authorized capital) in clauses 2.2, 6.5., 8.1.1., 8.1.2. and 8.2. of this Quarterly Report are indicated without taking into account the outstanding shares of the additional issue.***

***Due to the fact that as of the date of the disclosure this quarterly report has expired, during which the shareholders of the Issuer were given the opportunity to exercise the pre-emption right to purchase the common shares placed by open subscription in the amount proportional to the number of owned ordinary shares of the Issuer information about the securities of the Issuer in clause 6.1., 6.2. and 6.3. the present Quarterly report are inclusive of the placed shares of the additional issue.***

The present quarterly report contains estimates and forecasts of the issuer’s authorized management bodies as to the forthcoming events and/or actions, prospects of development of the issuer’s main industry and the issuer’s operating results, including the issuer’s plans, probability of certain events and actions. Investors should not entirely rely on the estimates and forecasts of the issuer’s management bodies, since for many reasons the issuer’s future actual operating results may differ from the forecast results. Acquisition of the issuer’s securities may entail risks described in the present quarterly report.

# Section I. Information on Bank accounts, on the auditor (auditing organization), the appraiser and the financial consultant and adviser of the Issuer, and the persons who signed the quarterly report

## 1.1. Information on the issuer’s bank accounts.

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***041203602***

Acc. no: ***40702810105000003326***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041203602***

Acc. no: ***40702810205000003514***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***041203602***

Acc. no: ***40702810805000003516***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041203602***

Acc. no: ***40702810605000003965***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041203602***

Acc. no: ***40702810205000003019***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041203602***

Acc. no: ***40702810605000003020***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***041203602***

Acc. no: ***40702810905000003021***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***041203602***

Acc. no: ***40702810505000003515***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041203602***

Acc. no: ***40702810105000003517***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041203602***

Acc. no: ***40702810405000003518***

Corr. Account: ***30101810500000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***041806647***

Acc. no: ***40702810711100100886***

Corr. Account: ***30101810100000000647***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***040702615***

Acc. no: ***40702810060300102033***

Corr. Account: ***30101810907020000615***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***040702615***

Acc. no: ***40702810360300102034***

Corr. Account: ***30101810907020000615***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***046015602***

Acc. no: ***40702810252000000007***

Corr. Account: ***30101810600000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893*** BIC: ***046015602***

Acc. no: ***40702810552000000011***

Corr. Account: ***30101810600000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***046015602***

Acc. no: ***40702810952000000006***

Corr. Account: ***30101810600000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova St. 19***

TIN: ***7707083893***

BIC: ***046015602***

Acc. no: ***40702810552000000008***

Corr. Account: ***30101810600000000602***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Gazprombank (Joint Stock Company)***

Abbreviated company name: ***Bank “GPB” (JSC)***

Registered address: ***117420, Moscow, Nametkina str., 16, building 1***

TIN: ***7744001497***

BIC: ***040349781***

Acc. no: ***40702810800070000050***

Corr. Account: ***30101810500000000781***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Gazprombank (Joint Stock Company)***

Abbreviated company name: ***Bank “GPB” (JSC)***

Registered address: ***117420, Moscow, Nametkina str., 16, building 1***

TIN: ***7744001497*** BIC: ***040349781***

Acc. no: ***40702810211070305849***

Corr. Account: ***30101810500000000781***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Joint Stock Company Bank "Northern Sea Route"***

Abbreviated company name: ***JSC “SMPBank”***

Registered address: ***115035, Moscow, Sadovnicheskaya Str., 71, building 11***

TIN: ***7750005482***

BIC: ***040349838***

Acc. no: ***40702810108300000131***

Corr. Account: ***30101810000000000838***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB "RUSSIA"***

Registered address: ***191124, Saint-Petersburg, sq.*** ***Rastrelli, 2 letter A***

TIN: ***7831000122*** BIC: ***044030861***

Acc. no: ***40702810200000005510***

Corr. Account: ***30101810800000000861***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB” RUSSIA"***

Registered address: ***191124, Saint-Petersburg, sq.*** ***Rastrelli, 2 liter A***

TIN: ***7831000122***

BIC: ***044525220***

Acc. no: ***40702810360016000419***

Corr. Account: ***30101810800000000861***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB "RUSSIA"***

Registered address: ***191124, Saint-Petersburg, sq.*** ***Rastrelli, 2 letter A***

TIN: ***7831000122*** BIC: ***044525220***

Acc. no: ***40702810260016100419***

Corr. Account: ***30101810800000000861***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Join stock company “Russian Regional Development Bank”***

Abbreviated company name: ***Bank “RRDB” (JSC)***

Registered address: ***350063, Krasnodar, Ordzhonikidze St., 13/1***

TIN: ***7736153344*** BIC: ***040349521***

Acc. no: ***40702810604030000199***

Corr. Account: ***30101810100000000521***

Account category: ***calculated***

Information about a credit organization

Full company name: ***Gazprombank (Joint Stock Company)***

Abbreviated company name: ***Bank “GPB” (JSC)***

Registered address: ***117420, Moscow, Nametkina Str., house 16, bldg. 1***

TIN: ***7744001497*** BIC: ***040349781***

Acc. no: ***40702810600070000548***

Corr. Account: ***30101810500000000781***

Account category: ***calculated***

(This information is disclosed in respect of all settlement and other accounts of the Issuer and in the case that the number is more than 3, in respect of at least 3 settlement and other accounts of the Issuer which it considers to be main)

## 1.2. Information on issuer’s auditor(s)

Information is provided in respect of the Auditor (Audit organization), that carried out independent verification of accounting (financial) statements of the Issuer and of the consolidated financial statements of the Issuer included in the quarterly report and also the auditor (auditing organization) approved (selected) for auditing annual financial (accounting) statements and annual consolidated financial statements of the Issuer for the current and last completed fiscal year.

Full company name: ***Limited Liability Company “RSM Russia”***

Abbreviated company name: ***LLC “RSM Russia”***

Registered address: ***119285, Moscow, Pudovkin str., 4***

TIN: ***7722020834***

PSRN: ***1027700257540***

Phone: ***(495) 363-2848***

Fax: ***(495) 981-4121***

E-mail address: [***mail@rsmrus.ru***](mailto:mail@rsmrus.ru)

Information about the auditor's membership in self-regulating organizations of auditors

Full name: ***Self-regulatory organization of auditors Non-Profit partnership «Auditor Association Sodruzhestvo» (SRO AAS)***

Location

***119192 Russian Federation, Moscow, Michurinsky Avenue 21 bldg. 4***

Financial year (years) for the period of five last completed financial years and current fiscal year for which the auditor has carried or will carry out independent audit accounting (financial) statements of the issuer

|  |  |
| --- | --- |
| Accounting (financial) statements, Year | Consolidated financial statements, Year |
| 2015 | 2015 |
| 2016 | 2016 |

The periods of five last completed financial years and current fiscal year for which the auditor has carried or will carry out independent interim audit accounting (financial) statements of the issuer

|  |  |
| --- | --- |
| Accounting (financial) statements, Reporting date | Consolidated financial statements, Reporting date |
| 30.09.2015 |  |
| 30.09.2016 |  |

The factors that can influence the independence of the auditor (auditor organization) from the issuer are described, including information on the existence of significant interests connecting the auditor (persons holding positions in management bodies and bodies controlling financial and economic activities of the audit firm) with the issuer (persons holding positions in management bodies and bodies controlling financial and economic activities of the issuer)

***There are no factors that can influence the independence of the auditor (auditor organization) from the issuer, including information on the existence of significant interests connecting the auditor (persons holding positions in management bodies and bodies controlling financial and economic activities of the audit firm) with the issuer (persons holding positions in management bodies and bodies controlling financial and economic activities of the issuer)***

The procedure for selecting the issuer's auditor

Tender procedure for auditor selection, if any, and its basic terms and conditions:

***The selection of the audit company was based on an open competition conducted by the Company in accordance with the Regulation on the procedure for the regulated procurement of goods, works, services for the needs of PJSC “IDGC in the South” (cl. 1.1.1, cl. 7.1.1), or by a Company authorized by the Organization, on the basis of a contract concluded.*** ***The candidacy of the company Auditor shall be approved by the general shareholders' meeting in accordance with clause 11, clause 10.2 of article 10 of the Charter of the Companies.***

***To participate in the competition, audit organizations shall meet the following requirements:***

* ***not to be in the process of winding;***
* ***do not have a decision to suspend activities taken in accordance with the procedure provided for by the Code on Administrative Violations of the Russian Federation as of the date of consideration of the application for participation in the Competition;***
* ***do not have arrears on accrued taxes, levies and other mandatory payments to the budgets of any level or state extra-budgetary funds for the past calendar year, the amount of which exceeds twenty five percent of the balance sheet value of the participant's assets according to the financial statements for the last completed reporting period.*** ***The participant of the order placement is considered to comply with the established requirement in the event that he appeals the presence of the debt in accordance with the legislation of the Russian Federation and the decision on such a complaint on the day of consideration of the application for participation in the Competition is not accepted;***
* ***not be subject to the conditions listed in clause 1 of article 8 of the Federal law "On auditing activities".***

***In accordance with the established procedures, an open tender was announced for the right to conclude agreements for the mandatory annual audit of the reporting of subsidiaries and affiliates of PJSC “ROSSETI” for 2015-2017.*** ***The winner of the open tender was the auditing company LLC “RSM RUSSIA” (the Minutes of the Tender Committee Meeting No. 5/552p dated 20.04.2015).***

Auditor nomination for approval by the shareholders’ (members’) meeting, including the management body adopting such resolution:

***In accordance with cl.*** ***47, 54 and 88 of the Federal Law "On Joint Stock Companies", cl. 11. cl. 10.2 art.*** ***10, cl. 11.1 art.11, cl. 24.9 art. 24 of the Charter of the Company for verification and confirmation of the annual accounting of a company the General Shareholder Meeting annually approves the Company auditor.***

***FZ "On Joint Stock Companies" does not specify the term and procedure for nominating an auditor to be included in the voting list on the issue of approving the Company's auditor, nor does the Federal Law provide shareholders with the right to nominate an auditor.***

***In this regard, the candidacy of the auditor for approval at the annual General Shareholders' Meeting shall be determined by the Board of Directors of the Company within the framework of resolving the issues of preparation and holding of the annual General Shareholders' Meeting.***

***For the inspection of accounting and financial (accounting) statements for the year 2015 the Board of Directors has recommended (Minutes 158/2015 dated 21.05.2015) and approved on 19 June 2015 by the decision of the annual General Shareholders' Meeting (Minutes No. 13 dated 22.06.2015) the Company auditor - LLC “RSM Russia”.*** ***For the inspection of accounting and financial (accounting) statements for the year 2016 the Board of Directors has recommended (Minutes 186/2016 dated 04.05.2016) and approved on 06 June 2016 by the decision of the annual General Shareholders' Meeting (Minutes No. 15 dated 09.06.2016) the Company auditor - LLC “RSM Russia”.*** ***For the inspection of accounting and financial (accounting) statements for the year 2017 the Board of Directors has recommended (Minutes 230/2017 dated 05.05.2017) and approved on 13 June 2017 by the decision of the annual General Shareholders' Meeting (Minutes No. 17 dated 16.06.2017) the Company auditor - LLC “RSM Russia”.***

***The auditor's work, within the framework of special audit assignments, was not conducted***

The procedure for determining the amount of remuneration of the auditor (audit organization) is described, the actual amount of remuneration, paid by the issuer to the auditor (audit organization) following the results of the last complete financial year for which the auditor (audit organization) carried out an independent inspection of annual accounting (financial) reports and (or) the annual consolidated financial statements of the issuer is specified:

***In accordance with clause 24.10. Article 24 of the Company's Charter, the amount of payment for the services of the auditor is determined by the Board of Directors of the Company.***

***The cost of services and the procedure for payment for the services of the auditor are specified in the contract concluded between the Company and the auditor.***

***There are no delayed or late payments for the services provided by the auditor***

## 1.3. Information on the appraiser (appraisers) of the issuer

***With reference to this section, the Company has not engaged any appraisers during 12 months prior to the end of the reporting quarter.***

## 1.4. Information on the Issuer’s advisors

***With reference to this section, the Company has not engaged any financial advisers during 12 months prior to the end of the reporting quarter.***

## 1.5. Other persons who signed the present quarterly report.

Name: ***Ebzeev Boris Borisovich***

Year of Birth: ***1975***

Information on main place of employment:

Organization: ***PJSC “IDGC in the South”***

Position: ***Director General***

Name: ***Savin Grigoriy Grigoryevich***

Year of Birth: ***1952***

Information on main place of employment:

Organization: ***PJSC “IDGC in the South”***

Position: ***Chief Accountant - Head of the Department of tax accounting and reporting***

# Section II. Basic information on the issuer's financial and economic condition

## 2.1. Indicators of the issuer's financial and economic performance

The dynamics of indicators of the issuer's financial and economic activity calculated based on accounting (financial) statements.

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: ***RAS***

The unit of measure for calculating the labor productivity index: ***thousand rubles/person.***

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 6 months. | 2017, 6 months. |
| Labor productivity | 1 099.8 | 1 214.97 |
| Relative debt/equity ratio | 8.85 | 8.19 |
| The ratio of long-term debt to the amount of long-term debt and equity capital | 0.77 | 0.83 |
| Degree of cover for a debt by current income (profit) | 7.87 | 3.82 |
| Level of overdue debt, % | 20.5 | 13.62 |

Analysis of financial and economic activities of the Issuer based on economic analysis of dynamics of the given indicators:

***The labour productivity indicator for 6 months in 2017 amounted to 1214,97 which is 10.5% higher than the same period of the last year*** ***The coefficient of labor productivity is given in the calculation for the half year.*** ***For the 6 months 2017 an average of 1 person amounted to 1214,97 thousand rubles of revenue.*** ***Positive dynamics is characterized by increased productivity, improving the effectiveness of human resource management.***

***The debt-to-equity ratio describes the share of borrowed funds and shows the extent to which they are used in the total amount invested in the organization.*** ***Compared to 6 months of 2016, this figure decreased to 8.19, due to the increase of equity capital during the reporting period.***

***The ratio of long-term debt to the amount of long-term debt and equity for 6 months in 2017 was 0.83, which is higher than the figure for 6 months in 2016.*** ***This fact is explained by the growth of borrowed funds in relation to the same period of the last year.***

***Indicator of the degree of coverage of debts by current income (profit) is a measure of how many rubles of its own sources accounts for ruble obligations subject to redemption in the reporting period.***

***The level of past-due debt reflects the share of outstanding accounts payable in the total amount of the enterprise's liabilities and as of June 30, 2017 it was 13.62%.***

## 2.2. Issuer’s market capitalization

Unit of measure: **thous. roub.**

The method of determining the market price per shares:

***In order to calculate the issuer's market price per shares as of the completion date of the reporting quarter, the Company uses the information of the public joint-stock company, the Moscow Exchange MCSE-RTS (PJSC Moscow Exchange), the sales organizer on the securities market, to which the issuer's shares were admitted.***

|  |  |  |
| --- | --- | --- |
| Indicator name | as of 31.12.2016 | As of 30.06.2017. |
| Market capitalization | 2 550 328.1 | 2 349 240.55 |

Securities market trading organizer who provides data for market capitalization calculation and any other additional information on outstanding securities at the issuer’s discretion:

***As of the completion date of the 2nd quarter of 2017, shares of PJSC "IDGC of the South" were admitted to circulation by the organizer of trading on the securities market of PJSC "Moscow Exchange".***

***Full name:*** ***Public joint stock company "Moscow Exchange MCSE-RTS"***

***Abbreviated name:*** ***PJSC "Moscow Exchange"***

***TIN:*** ***7702077840, PSRN:*** ***1027739387411***

***Location (postal address):*** ***Russian Federation, Moscow, Bolshoy Kislovsky Lane, H. 13***

***Phone: + 7 (495) 363-32-32, site:*** [***http://moex.com/***](http://moex.com/)

***Due to the fact that the present quarterly report is made as of the date of 30.06.2017, i.e. before the expiry date of the period within which shareholders of the Issuer were given the opportunity to exercise the pre-emptive right to purchase the ordinary shares placed by open subscription in the amount proportional to the number of owned ordinary shares of the Issuer, the value of market capitalization in this section is given as of the date of this report, i.e. 30.06.2017, without regard to the number of outstanding shares on a specified date.***

## 2.3. Issuer’s liabilities

### 2.3.1. Borrowed funds and accounts payable.

As of 30.06.2017.

Structure of the borrowed funds

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | Value  of index |
| Long-term borrowings | 20,882,022 |
| including: |  |
| loans | 20,882,022 |
| borrowings, excluding bonded loans |  |
| Loans raised upon bonds | 0 |
| Short-term borrowings | 3,282,852 |
| including: |  |
| loans | 3,282,852 |
| borrowings, excluding bonded loans | 0 |
| Loans raised upon bonds | 0 |
| Total overdue amount of borrowed funds | 0 |
| including: |  |
| loans | 0 |
| borrowings, excluding bonded loans | 0 |
| bonded loans | 0 |

Composition of accounts payable

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | Value of index |
| Total size of account payables | 14,675,215 |
| including those overdue | 5,515,154 |
| including |  |
| аccounts payable to the budget and State non­budget funds | 801,451 |
| including those overdue | 0 |
| to suppliers and contractors | 10,314,525 |
| including those overdue | 4,816,413 |
| to the personnel of the organization | 470,596 |
| including those overdue | 0 |
| other | 2,115,072 |
| including those overdue | 196,434 |

In case of any overdue accounts payable, including those under loan agreements, specify the reasons for non­fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non­fulfillment, including sanctions imposed against the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be or are expected to be paid.

***Overdue debts of PJSC “IDGC in the South” as of 30.06.2017 is 37.58% of the total amount of accounts payable.*** ***The main consequence of non-fulfillment of obligations on the part of the issuer may be the demand for creditors of overdue debts in a legal procedure in accordance with the norms of the Civil Code of the Russian Federation.*** ***However, in order to minimize the risks on the demand for accounts payable through the court, work is done on pre-trial settlement of disputes, and possible restructuring of the existing debt*** ***The repayment of the overdue accounts payable is possible with the implementation of the plan for the mobilization of the receivables in the part of the overdue debt.***

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total long­term and short­term borrowed funds.

Full company name: ***Public joint-stock company “Federal Grid Company of Unified Energy System PJSC”***

Abbreviated company name: ***PJSC FGC UES***

Registered address: ***117630 Moscow, Academician Chelomey str., 5A***

TIN: ***4716016979***

PSRN: ***1024701893336***

Amount outstanding: ***8 182 038 thous. roub.***

The size and terms of the overdue indebtedness (interest rate, penalties, fines): ***The overdue debt to PJSC FGC UES as of June 30, 2013 is 3 510 806 thousand rubles.*** ***The contractual penalty for infringement of terms of payment is 1/365 of the refinancing interest rate for each day of the delay.***

The creditor is an affiliated person of the issuer: ***Yes***

The share of the Issuer in the authorized capital of the commercial organization: ***0.000853%***

The share of the Issuer's common shares of such joint stock company: ***0.000853%***

The share of participation of the individual in the Issuer's authorized capital: %

The share belonging to the person of the Issuer’s ordinary shares: %

Full company name: ***Public joint-stock company “Sberbank of Russia”***

Abbreviated company name: ***PJSC “Savings Bank”***

Registered address: ***117997, Moscow, Vavilova str., 19***

TIN: ***7707083893***

PSRN: ***1027700132195***

Amount outstanding: ***10 867 809 thous. roub.***

The size and terms of the overdue indebtedness (interest rate, penalties, fines): ***There is no past-due debt.***

The creditor is an affiliated person of the issuer: ***No***

Full company name: ***"Gazprombank" (Joint Stock Company)***

Abbreviated company name: ***Bank “GPB” (JSC)***

Registered address: ***117420, Moscow, Nametkina str., 16, building 1.***

TIN: ***7744001497***

PSRN: ***1027700167110***

Amount outstanding: ***4 942 322 thous. roub.***

The size and terms of the overdue indebtedness (interest rate, penalties, fines): ***There is no past-due debt.***

The creditor is an affiliated person of the issuer: ***No***

Full company name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB "RUSSIA"***

Registered address: ***191124, St. Petersburg, sq.*** ***Rastrelli, h. 2 lit A***

TIN: ***7831000122***

PSRN: ***1027800000084***

Amount outstanding: ***6 350 000 thous. roub.***

The size and terms of the overdue indebtedness (interest rate, penalties, fines): ***There is no past-due debt.***

The creditor is an affiliated person of the issuer: ***No***

### 2.3.2. Issuer’s credit history.

The history of the issuer’s obligations fulfilled under credit and/or loan agreements having been in force during the last completed fiscal and current financial years, including those in the form of bonds issued and sold, the principal amount of which equaled to or exceeded 5 percent of the book value of the issuer’s assets as of the last day of the last completed reporting period (quarter, year) preceding the conclusion of such agreement in relation to which the due period for submission of accounting (financial) statements has expired; as well as obligations under other credit and/or loan agreements which the issuer deems significant.

|  |  |
| --- | --- |
| **Type and identification characteristics of liabilities** | |
| **1.** **Bonded loan, 4B02-01-34956-E** | |
| **Terms of obligations and information on its implementation** | |
| Name and location or surname, name, patronymic of the creditor (lender) | Acquirers of securities of the issue, |
| The amount of the principal debt at the moment of arising of the obligation, RUR | 5000000 RUR X 1000 |
| The amount of the principal debt as of the end date of the reporting quarter, RUR | 5000000 RUR X 1000 |
| The term of credit (loan), (years) | 5 |
| The average amount of interests on a loan,% per annum | 13.5 |
| Number of interest (coupon) periods | 20 |
| The presence of delinquencies in the payment of interest on a credit (loan), and in the case of their presence - the total number of specified delinquencies and their size in days | No |
| Planned term (date) of maturity of the credit (loan) | 08.06.2020 |
| Actual term (date) of maturity of the credit (loan) | 13.06.2017 |
| Other data on the obligation, specified by the Issuer at its own discretion | The number of bonds of the issue is 6,000,000 pcs., the number of securities actually placed is 5,000,000 pcs. |

### 2.3.3. The Issuer's obligations from provided security

***There are no such obligations***

### 2.3.4. Other liabilities of the issuer

***There are no other liabilities not shown in the balance sheet which may significantly affect the issuer’s financial position, its liquidity, sources of funds, terms of their use, performance results, and expenses.***

## 2.4. Risks related to acquisition of placed equity securities or those being placed

Issuer's policy in the field of risk management:

***The Company's risk management policy is aimed at reducing the likelihood, the materiality of risks, and ultimately achieving the strategic objectives.*** ***For this, levels of acceptable risk are established for each category of significant risks.***

***The Company's risk management policy takes into account the relationship between the risks of different categories.*** ***To assess their overall impact on its activities, the Company applies a uniform approach to assessing financial, operational and other risks.***

***The key objectives of the Company's risk management policy are:***

* ***ensuring compliance with the requirements of good corporate governance practices, in accordance with which the Company shall pay special attention to the accounting, monitoring, management and proper disclosure of risks in this area;***
* ***preventing the situations threatening the Company's strategic goals and providing appropriate protection;***
* ***ensuring coordination and integration of risk management processes related to various aspects of financial and business activities, with a view to improving overall management efficiency of the Company;***

***The Company's risk management system is interrelated with the process of strategic and operational planning, as well as with the budgeting process, and ensures that the Company's management bodies make the most effective economic decisions.***

***The organizational and legal framework for the operation of the Company's risk management system is the Risk management policy of PJSC “IDGC of the South”, approved by the decision of the Board of Directors dated 01.04.2016 (Minutes No. 182/2016 of 01.04.2016), which defines the main principles for the organization, implementation and monitoring of risk management processes in the PJSC "IDGC of the South".***

***Methodological documents on risk management of PJSC "IDGC of the South" approved by the order of PJSC "IDGC of the South" from 11.08.2015 № 512.*** ***The instruction for planning and implementing risk management measures for PJSC “IDGC in the South”, approved by the order of PJSC “IDGC in the South” dated 11.12.2015 No. 777, determines the procedure for the development of annual action plans in the risk management process.***

***Improvement of the system of the internal control and risk management systems***

***The Company secured the owners of key risks which are responsible for quarterly updating of risk and personal responsibility for the organisation of risk management process.***

***The risk owners identify and assess risks on a quarterly basis, develop and implement risk management activities, and monitor risks; annual planning of risk management activities.*** ***Based on the results of the assessment, the Internal Control and Risk Management Department creates a quarterly report on the key risks, including information on risk classification, risk factors, distribution of integrated risk values ​​for business processes, risk map, data on the most significant risks, their assessment, management activities risks, information on the implementation of risks, conclusions and proposals for further monitoring and control of the risks.***

***The risk management plan of measures is approved by the Management Board of the Company.*** ***The report on key risks is considered quarterly at the meetings of the Board meeting of the Company.*** ***The report on key risks for the six months and a year is considered by the Strategy, Development, Investment and Reform Committee of the Board of Directors of PJSC “IDGC in the South” and the Board of Directors of the Company.*** ***This allows the shareholders and management of the Company to receive information about the most significant risks in the context of the main business processes, control the level of the Company's risks, monitor the risk management activities, integrate information on the Company's key risks with the purpose of further risk management decisions.***

***The Company's operating units in accordance with their functional responsibilities carry out current monitoring through the existing local regulatory documents.***

### 2.4.1. Industry risks

The impact of a possible deterioration of the situation in the industry of the Company on its activities and fulfillment of obligations on securities. The most significant, in the opinion of the Company, possible changes in the industry, as well as the Company's proposed actions in this case:

***The impact of a possible deterioration of the situation in the industry of the Company on its activities and fulfillment of obligations on securities.*** ***The most significant, in the opinion of the Company, possible changes in the industry, as well as the Company's proposed actions in this case:***

***In accordance with the current legislation, the provision of services for the transmission of electrical energy and the technological connection of electricity consumers to electric grids are regulated activities.*** ***Thus, the revenue of PJSC "IDGC of the South" and the fulfillment of obligations relating to securities depend on the rates approved by the regulatory bodies.***

***The main industry (regulatory) risks are:***

* ***the instability of legislation in the electricity sector, which is reflected in frequent changes in the existing regulatory framework, the issuance of new legislation;***
* ***the emergence of a shortage of funds to finance costs and development associated with state policy aimed at curbing the growth of rates for the transmission of electricity through regional networks.***
* ***decrease in the market share of the Company due to the termination of lease contracts for the facilities of the power grid complex of PJSC FGC UES (the "last mile") and the transition of consumers of electricity transmission services to direct settlements with JSC FGC UES.*** ***According to the provisions of the Federal Law No. 35-FZ of March 26, 2003 "On Electric Power Industry", since 01.01.2014 the "last mile" agreements in the Astrakhan Region have been terminated, which had a significant impact on the Issuer's activities.*** ***The effect of the lease contracts for UNPG facilities in the Volgograd and Rostov regions has been extended until 01.07.2017 with simultaneous introduction of an additional voltage level ВН1;***
* ***decrease in market share of PJSC "IDGC of the South" due to the aggressive market strategy of some related network organizations.*** ***The latter create a technological opportunity to connect new consumers to their networks, including networks of PJSC "FGC UES" (UNPG);***
* ***outrunning growth of required gross proceeds of other territorial grid organizations (TGOs), the increase in the number of other TGO, in the conditions of containment of rates leads to regional redistribution of the required gross proceeds;***
* ***outrunning growth of the purchase price rises of electric energy from the wholesale market and sales markups of guaranteeing suppliers in comparison with rates for services in transfer of electric energy;***
* ***incorrect demand forecasting for electricity and new accessions, resulting from the lack of a system for planning the development of territories at the level of municipalities and subjects of the Russian Federation.***
* ***To reduce the resulting risks, the following actions are taken:***
* ***participation of PJSC "IDGC of the South" in the development of new normative acts and amendments to the effective normative legal acts and regulations, having priority value for organization of distribution grid complex;***
* ***interaction with regional regulatory bodies to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***
* ***interaction with regional regulators, the Federal Tariff Service, the Ministry of Energy of the Russian Federation to compensate for the falling income of branches of PJSC “IDGC in the South”, related to the implementation of the provisions of Federal Law No. 35-FZ of March 26, 2003 "On Electric Power Industry" UNPG ("last mile");***
* ***carrying out systematic work to reduce own costs and optimization of the investment program.***

***Operational risks***

***Depreciation of fixed assets may lead to negative changes in the industry, such as reduced energy supply reliability.*** ***The Company, in order to reduce these risks, reconstructs existing and construction of new electric grids, as well as the technical re-equipment of fixed assets.***

***Production and technical risks***

***From this group of risks we can distinguish the following:***

***• risk of switching to the mode of operation with forced (emergency-allowed) overflows;***

***• risk of a one-time sudden increase in the load beyond planned in connection with natural disasters;***

***• technical risks connected with the operation of equipment, which are caused by such factors as the operation of equipment with the maximum deviations from the regulatory and technical requirements, errors of operational personnel, violations of the dispatch schedule and discipline.***

***The Company's actions to reduce these risks:***

* ***analysis of probable risk situations with the aim of predicting the occurrence of risks during the implementation of the production program and taking measures of protection against their influence;***
* ***commercial insurance of property, hazardous production facilities, vehicles, civil liability, insurance of personnel against accidents and diseases;***
* ***carrying out measures to improve the reliability of the energy system, including through the constant replenishment of fuel, spare parts, materials.***

***Expected actions of the Issuer in case of changes in the industry:***

***To reduce the resulting risks, the following actions are taken:***

* ***participation of PJSC "IDGC of the South" in the development of new normative acts and amendments to the effective normative legal acts and regulations, having priority value for organization of distribution grid complex;***
* ***interaction with regional regulatory bodies to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***
* ***interaction with regional regulators, the Federal Tariff Service, the Federal Anti-Monopoly Service of the Russian Federation to compensate for the falling income of branches of PJSC “IDGC in the South”, related to the implementation of the provisions of Federal Law No. 35-FZ of March 26, 2003 "On Electric Power Industry" UNPG ("last mile");***
* ***carrying out systematic work to reduce own costs and optimization of the investment program.***
* ***if necessary, filing applications for pre-trial consideration of disputes with executive authorities of the subjects of the Russian Federation in the field of state regulation of tariffs to the Federal Antimonopoly Service.***

Risks connected with possible change of prices for the raw materials, services used by the Issuer in its activities (separately on the domestic and external markets) and their influence on the Issuer's activities and execution of obligations under securities.

***The main activities of the Issuer include the transportation of electricity through networks that are not related to the Unified national (all-Russian) energy grid (UNPG).***

***The implementation of the specified activities associated with the procurement of material and technical resources and use of outsourced services for repair, maintenance and construction of own electric networks.***

***The probability of price increase is primarily associated with inflation.*** ***Significant increase in prices for material and technical resources and outsourced services will require adjustments to planned expenditures, and changes in plans for the implementation of investment programs.***

***In order to minimize these risks, the Issuer carries out the purchase of material and technical resources and the selection of service providers through the conduct of competitive and regulated procurement of raw materials, production and other services.***

Risks related to possible change of prices for products and/or services of the Issuer (separately at internal and external markets) and their influence on the Issuer's activities and execution of obligations under securities.

***The main income of the issuer is the receipt of funds from the payment for services for the transmission of electrical energy and technological connection.***

***The company's activity as subject of natural monopoly is associated with the risk of incorrect state tariff regulation.*** ***Currently, the executive authorities in the field of tariff regulation (TR) do not take into account or take into account incomplete volume of tariff decisions of PJSC “IDGC in the South”.***

***To minimize these risks, the Issuer conducts permanent work with regional tariff authorities in order to approve a justified level of tariffs and introduce new, progressive tariff-setting methods.*** ***However, the issuer's sphere of influence on decision-making by federal and regional executive authorities is limited and the issuer can not guarantee that actions aimed at overcoming the negative changes that have occurred can lead to a correction of the situation.***

***The influence of a possible deterioration of the situation in the Issuer's industry for the fulfillment of the issuer's obligations on securities is estimated as moderate, the Issuer will take the measures specified in this clause.***

***To reduce the resulting risks, the following actions are taken:***

* ***participation of PJSC "IDGC of the South" in the development of new normative acts and amendments to the effective normative legal acts and regulations, having priority value for organization of distribution grid complex;***
* ***interaction with regional regulatory bodies to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***
* ***interaction with regional regulators, the Federal Tariff Service, the Ministry of Energy of the Russian Federation to compensate for the falling income of branches of PJSC “IDGC in the South”, related to the implementation of the provisions of Federal Law No. 35-FZ of March 26, 2003 "On Electric Power Industry" UNPG ("last mile");***
* ***carrying out systematic work to reduce own costs and optimization of the investment program.***

***There are no risks associated with price changes in external markets, as the issuer does not provide export services.***

***The Issuer operates in the foreign market, in this connection the description of branch risks in a foreign market in this subclause is not provided in their absence.***

### 2.4.2. Country and regional risks

Risks associated with the political and economic situation in the country and region where the Issuer is registered as taxpayer and/or carries out core activities.

***The Company is registered in Rostov-on-Don and carries out its production activities in the territories of the Astrakhan, Volgograd, Rostov regions and the Republic of Kalmykia.***

***These regions are politically stable and the risk of military conflicts and emergency situations in them is insignificant.*** ***However, there is a risk of carrying out terrorist acts, to minimize which the Company takes measures to ensure the safety of production.***

***The social situation in these regions is characterized as stable, with no pronounced ethnic conflicts, religious extremism and allows carrying out economic activities with minimal social and political risks.***

***The supposed actions of the issuer in case of negative impact of changes in the situation in the country (countries) and the region on its activities:***

***In the case of destabilization of political and economic situations in Russia or in a separately taken region which can negatively affect activity of the Issuer, the latter will take a number of actions on crisis management with the aim of maximum reduction of the negative impact of the situation at PJSC "IDGC of the South", including the reduction of production costs and other expenditures, reducing investment plans.***

***Risks associated with possible military conflicts, introduction of state of emergency and strikes in the country and region where the Issuer is registered as taxpayer and/or carries out main activities.***

***The probability of military conflicts and introduction of state of emergency in the country and in the regions of presence of the Issuer is insignificant.*** ***In the event of possible military conflicts, the issuer bears the risks of disabling its fixed assets.***

***Risks related to geographical features of the country and region where the Issuer is registered as taxpayer and/or carries out core activity, including heightened danger of natural disasters, possible interruption of transport communication in connection with remoteness and/or inaccessibility, etc.***

***The risks associated with the geographical characteristics of the areas in which the issuer operates may include the risk of loss due to adverse weather conditions.*** ***Actions of the Issuer aimed at reducing the impact of these risks boil down to the design of transmission lines taking into account characteristics of weather in the region, as well as to insurance related risks.***

***Regions in the territory of which the issuer operates are characterized by a developed transport infrastructure and are not exposed to the risks associated with the termination of transport communication due to remoteness and / or inaccessibility.***

### 2.4.3. Financial risks

Risks connected with changes in interest rates, exchange rate of foreign currencies in connection with the activities of the Issuer, or in connection with hedging undertaken by the Issuer in order to decrease adverse consequences of influence of the above risks.

***Due to the fact that PJSC "IDGC of the South" actively uses borrowed funds in its activities, the Company's activity is subject to the changes of the interest rate risk.*** ***However, only a significant increase in interest rates may limit the pace of development of the Company's activities.***

***Due to the fact that the obligations and assets of the Company are denominated in rubles, JSC "IDGC of the South" is almost not affected by risk of changes of exchange rate of foreign currencies.*** ***In order to minimize the costs of servicing the debt portfolio, the Company selects financial institutions to provide financial services by holding an open one-stage tender or an open auction in accordance with procedures established by the legislation of the Russian Federation, to monitor the debt capital market continuously and, if possible, to restructure the debt.***

***Hedging, as a tool for managing financial risks, is not used in the issuer's activities.***

***Exposure of the issuer's financial condition, its liquidity, sources of financing, performance results, etc. change in the exchange rate (currency risks).***

***Assets and liabilities of the Issuer are expressed in national currency.*** ***In this regard the financial condition of the Issuer, its liquidity, sources of financing, results of activities depend little on the exchange-rate changes.*** ***In addition, the Issuer currently operates only in the domestic market of the Russian Federation and does not plan to carry out activities on the foreign market, therefore the effect of the change of national currency to foreign (US dollar, Euro) on the financial condition of the Issuer is estimated as insignificant.***

***Liquidity risks - the probability of loss due to the lack of funds in the required time and, as a consequence, the inability of the Company to meet its obligations.*** ***The occurrence of such risk event may entail fines, penalties, damage of business reputation of PJSC “IDGC of the South”, etc.***

***The liquidity risk management is carried out by the PJSC "IDGC of the South" by cash flow planning, analysis of planned and actual cash flows in general for PJSC "IDGC of the South" and in the context of branches, availability of credit lines by ensuring the availability of concluded credit agreements in the form of overdrafts.*** ***Emerging problems with absolute liquidity are solved by attracting loans and loans, as well as by prioritizing payments.***

***Supposed actions of the Issuer in case of negative influence of changes in the exchange rate and interest rates on the issuer's activity.***

***The issuer is exposed to the interest rate risks. With the growth of interest rates, interest payments for the use of loans from commercial banks increase, and, accordingly, the Company's profit decreases.***

***In case of significant adverse changes in interest rates, the issuer will be guided by the attraction of short-term borrowings.***

***In the event of a negative impact of changes in the exchange rate on financial and economic activities, the issuer plans to conduct a risk analysis and take an appropriate decision in each case.***

***Influence of the inflation on payments on securities.*** ***Critical, according to the issuer, the values of inflation, as well as the intended actions of the issuer to reduce the specified risk.***

***The current level of inflation does not have a significant impact on the financial situation of the issuer.*** ***In accordance with the predicted values of inflation, it shall not have a significant impact on the solvency of the Issuer, in particular, on payments on securities.***

***The risk of inflation effect may arise in the event that the income received by PJSC "IDGC of the South" is depreciated in terms of real purchasing power faster than nominal growth.*** ***The growth of inflation can lead to an increase in the company's costs (due to the growth of prices for fixed assets, materials, work and services of outside organizations), and as a result, the Company's profit and profitability decrease, as well as the cost of borrowed funds for the Company, which will result in a shortage working capital.***

***In the Issuer's opinion, the critical inflation rate shall be the rate of inflation, significantly exceeding the annual growth of tariffs for services of electricity transmission.***

***In the case of rapid development of inflation, the Company intends to pay special attention to increasing the turnover of current assets, first of all, by reducing inventories, and also to review existing contractual relations with consumers in order to reduce the turnover of receivables.***

***Indicators of the issuer's financial statements that are most susceptible to change as a result of the impact of these financial risks.*** ***Risks, probability of their emergence and nature of changes in the reporting.***

***The greatest effect in the financial statements of the Issuer as a result of occurrence of these risks is subject to a rate of receivables arising from economic failure of counterparties to pay for services of the Issuer.*** ***The probability of occurrence of this risk is low and is associated with the overall situation in the country, inflation, changes in the exchange rate and their impact on the Russian economy as a whole.*** ***The deterioration in the business environment in Russia may also affect the growth of costs for electricity transmission through the electricity networks of the issuer, which, if the tariffs are maintained, will lead to a reduction in profits.***

### 2.4.4. Legal risks

***At present, the issuer takes part in a number of quarrels at law initiated by lawsuits filed by territorial grid organizations on the recovery of unjust enrichment.*** ***Adoption of negative judgments for the Issuer carries the risk of falling income, the amount of which can significantly affect the financial activities of the issuer.***

***In addition, the consolidation of this kind of judicial practice will allow other counterparties of the Company, using similar mechanisms, to make such claims for subsequent periods and epower grid facilities.***

***The Company is involved in quarrels at law with the participation of guaranteeing suppliers of the electric power (by the zones of activity of the Company's branches).*** ***The unfavorable outcome of such processes carries the risk of additional losses incurred by the issuer associated with the need to pay additional amount of electricity consumed for the purpose of compensating losses in power grid facilities.***

***The additional financial burden can be and the negative results of consideration by courts of cases involving the recovery of sums of legal and contractual penalties on executed in violation of the payment terms of the supply agreement, contract, rendering of services.*** ***Legal risks management is based on optimizing the process of legal execution of documents and monitoring of the Сompany's activity.*** ***Any business processes of the company subject to risks pass obligatory legal examination, constant monitoring of changes in current legislation and judicial practice to minimize legal risks.***

***For the Issuer (as well as for all joint stock companies operating on the territory of the Russian Federation) there is the risk of changes in legislation (Federal laws and subordinate legislation) regulating the economic relationship.***

Risks associated with changes in currency legislation.

***Risks associated with change of currency legislation, practically shall not affect activity of the Issuer because the Issuer does not and does not intend to carry out their activities outside the Russian Federation.***

Risks associated with changes in tax legislation.

***Tax risks can have a number of manifestations: the probability of introducing new types of taxes and levies; the possibility of increasing the rates of existing taxes; expanding the tax base; change of terms and procedure of taxes payment, and the provision and delivery of tax statements.***

***A change in the tax legislation, in terms of increasing tax rates or changing the procedure and timing of the calculation and payment of taxes (fees), may lead to a decrease in the net profit of the issuer, which in turn may lead to a decrease in the amount of dividends paid.***

***In order to minimize the risk of incorrect calculation and / or payment of taxes due to various interpretations of the legislation, the Company is constantly working to optimize the tax scheme for calculating the tax base in strict accordance with the current legislation of the Russian Federation.***

Risks associated with changes in customs regulations and duties.

***Changing the rules of the customs control and duties is not responsible for the activities of the Issuer are no risks, because the Issuer does not plan to export services outside the Russian Federation.***

Risks connected with change of requirements on licensing the primary activity of the Issuer or licensing of rights to use objects whose presence in circulation is limited (including natural resources).

***Change of the requirements for licensing main activities of the Company may lead to increase in term of preparation of documents necessary for renewal of licenses, as well as the need for compliance with the requirements.*** ***However, in general, this risk shall be considered insignificant unless, in order to prolong the license or carry out activities subject to licensing, there shall be requirements that the Company can not meet, or whose compliance shall be associated with excessive costs, which may lead to termination this type of activity.***

***In the event of a change of rules governing licensing, the Company will be guided by the provisions of the new legislation.***

Risks related to changes in judicial practice on issues related to the Issuer's activities (including licensing issues), which may negatively affect the results of its activities, as well as the results of ongoing litigations involving the issuer.

***Despite the fact that there is no case law in the Russian Federation, judicial practice is of no small importance in the law enforcement system.*** ***Judicial acts, not being sources of the legal system in the literal sense, presume, in certain cases, the compulsion of the interpretation of the legal norm to be applied.*** ***Judicial acts are used to correctly understand and apply the rules of law.***

### 2.4.5. Risk of loss of business reputation (reputation risk)

The risk of the issuer's losses as a result of a decrease in the number of customers (counterparties) due to the formation of a negative view of financial stability, the financial position of the Company, the quality of its products (works, services) or the nature of its activities as a whole. ***The risk of the issuer's losses as a result of a decrease in the number of customers (counterparties) due to the formation of a negative view of financial stability, the financial position of the Company, the quality of its products (works, services) or the nature of its activities as a whole.***

***The reputation risk management is carried out by the Company in order to reduce possible losses, preserve and maintain the company's business reputation before customers and contractors, shareholders, state authorities and local self-government.*** ***The risk of business reputation loss can be caused by the following internal and external factors:***

* ***The failure of Company to comply with the legislation of the Russian Federation, the constituent and internal documents of Company, the customs of business, the principles of professional ethics, and the failure to perform contractual obligations before the parties,***
* ***The appearance of a conflict of interests with contractors and employees, including the occurrence of complaints, lawsuits with counterparties and the application of measures of impact by bodies of regulation and supervision.***
* ***The shortcomings of management of branch risks of the Company leading to a possibility of causing damage of business reputation.*** ***Realization by the Company of risky credit, investment and market policies, high level of operational risk.***
* ***Publication of negative information about the Company or its employees, founders and members of the management bodies in the mass media.***

***In order to minimize reputational risks, the Сompany carried out the following activities:***

* ***the formation of the official positions of the Company, its publication on the official website, in the mass media, organization of press-conferences, briefings with the participation of company management, the placement of information in social networks with the subsequent maintenance issues/discussions in the necessary company line;***
* ***demonstration of openness and willingness to dialogue with the mass media;***
* ***preparation and coordination of responses to mass media queries;***
* ***To prevent reputational risks, the following activities are carried out:***
* ***daily maintenance of the Company's presence in the media space***
* ***constant interaction with editors and leading journalists of key media for timely information, information exchange***
* ***daily media and social networking monitoring***
* ***preparation and coordination of responses to mass media queries***
* ***holding press tours, event-measures***
* ***the publication on the official website of the Company, in the mass media, social networks, information forming a positive background information about the results of activities and plans of the company, including, implementation of programs to prevent third-party injuries at power facilities, reduction of accounts receivable, as well as accessibility and transparency of the technological connection process (informing about the actions for increasing the territorial accessibility of COP/COK/PRP service "consumer's Day", to popularize on-line resources for the receipt of applications for technological connection).***
* ***initiation in the social networks of active discussions / discussions among bloggers / moderators of opinions in the required company on topics related to the activities of the Company.***

### 2.4.6. Strategy risk

The risk that the Issuer of the loss as a result of errors (shortcomings) made while adopting decisions that define the strategy of activities and development of the Issuer (strategic management) and manifesting itself in neglect or insufficient accounting of possible dangers that may threaten the activities of the Issuer, incorrect or insufficiently reasoned definition of perspective directions of activities in which the Issuer may achieve advantages over its competitors, absence or incomplete provision of the required resources (financial, logistical, human) and organisational measures (managerial decisions) that must provide the achievement of strategic objectives of the Issuer.

***In accordance with the Strategy for the Development of the Electric Grid Complex of the Russian Federation (approved by the Decree of the Government of the Russian Federation No. 511-r of April 3, 2013), the main objective (mission) of the electric grid complex is long-term provision of reliable, high-quality and affordable power supply to consumers of the Russian Federation.*** ***Thus, the Company's strategic risks are risks that affect the likelihood of the Company achieving a long-term reliable, high-quality and affordable energy supply to consumers of the Russian Federation.***

***Risk factors are:***

* ***electrical networks wear and tear;***
* ***reduction of the level of technological safety and labor protection;***
* ***threats of a terrorist nature.***

***In order to manage strategic risks and prevent the implementation of this risk, the Company carries out a set of measures, the main ones of which are:***

* ***realization of the investment and repair programs for the purpose of renovation of the power grid complex;***
* ***implementation of programs to improve the management system of labor protection;***
* ***conducting antiterrorist exercises at the Company's facilities and installing, according to the approved IDP, engineering and technical means of protection.***

***The Company estimates the probability of occurrence of these risks as low.***

### 2.4.7. Risks related to the issuer’s operations

Risks peculiar only to the issuer or related to the issuer's main financial and economic activities.

Risks in the field of labor protection.

***Specific activity in the Company assumes the presence of serious professional training of personnel, including in the field of labor protection.***

***Accidents at work threaten the health and life of people, may cause the suspension of work, property damage.***  ***To reduce the risks of personnel injuries, the Company follows the principles of the corporate "Health and Safety Policy" approved by the Board of Directors of PJSC "IDGC of the South".***

***In the Company, work is constantly carried out to train and improve the qualifications of personnel, occupational safety specialists-instructors and employees are trained in safe methods and methods of work, testing knowledge and requirements for labor protection, emergency and fire fighting training, duplication and other forms of work with personnel, regulated current legislation.*** ***Along with the mandatory forms of work with personnel, the study of advanced domestic and foreign experience in improving the system of labor protection and its implementation in the subdivisions of PJSC "IDGC of the South" is being conducted.***

***In order to implement its obligations in the field of labor protection, the Company follows the principles and requirements of the international standard OHSAS-18001-2007 "Management in the field of labor protection", as well as the requirements of local regulations in force at PJSC “IDGC of the South”:***

* + ***Policies in the field of health and safety at work;***
  + ***Standard "Hazard identification and risk assessment in the field of health and safety at work";***
  + ***The standard of the organization "Planning in the field of occupational health and safety".***

***Annually, the Company approves the program for reducing the risks of personnel injuries for the current year, which contains the main activities, incl. cost, aimed at preventing injuries of the personnel of PJSC "IDGC of the South".***

Risks related to current litigation processes in which the issuer participates.

***At present, the issuer takes part in a number of quarrels at law on collection of overdue debts from counterparties.*** ***Adoption of negative judgments for the Issuer carries the risk of falling income, the amount of which can significantly affect the financial activities of the issuer.***

Risks related to the lack of the possibility to extend the validity of the issuer's license for the conduct of a certain type of activity or for the use of objects that are limited in circulation (including natural resources).

***Risks related to the lack of the possibility to extend the validity of the license of the Issuer for the maintenance of a certain type of activity or for the use of objects that are limited in circulation (including natural resources) are not currently seen, except in cases where, for the renewal of a license or for carrying out activities, subject to licensing, there will be requirements that the issuer will not be able to match.***

***Thus, the risks associated with reissuing licenses are estimated as insignificant.***

Risks connected with the possible responsibility of the issuer for the debts of third parties, including the issuer's subsidiaries.

***Currently, the Issuer is not responsible for the debts of third parties.*** ***Responsibility for the debts of subsidiaries may occur if the issuer, by its instructions binding on the subsidiary, leads such a company to losses or bankruptcy.*** ***However, the Issuer makes every effort to prevent the occurrence of such situation, as that would defeat the main goal of Company's activities is profit.***

***Risks associated with possible liability of the Issuer for debts of third persons, are assessed by the management of the Issuer as insignificant.***

The risks associated with the possibility of losing customers, which account for no less than 10 percent of the total proceeds from the sale of products (works, services), ***are estimated by the issuer's management as insignificant.***

# Section III. Detailed information on the issuer

## 3.1. Issuer’s history

### 3.1.1. Issuer’s corporate name (name):

Full company name of the issuer: ***Public joint-stock company “Interregional Distribution Grid Company of the South”***

Date of introduction of current full company name: ***01.07.2015***

Abbreviated company name of the issuer: ***PJSC “IDGC in the South”***

Date of introduction of abbreviated company name: ***01.07.2015***

***The full or abbreviated corporate name of the Issuer (name for a non-profit organisation) is similar to that of another legal entity***

Names of such legal entities:

***Public Joint Stock Company "Interregional Distribution Grid Company of Center and Volga Region" (PJSC "IDGC of Center and Volga Region");***

***Public Joint-Stock Company "Interregional Distribution Grid Company of Volga" (PJSC "IDGC of Volga");***

***Public Joint Stock Company "Interregional Distribution Grid Company of Center" (PJSC "IDGC of Center");***

***Public Joint Stock Company "Interregional Distribution Grid Company of the North Caucasus" (PJSC "IDGC of the North Caucasus");***

***Public Joint Stock Company "Interregional Distribution Grid Company of Siberia" (PJSC "IDGC of Siberia");***

***Public Joint Stock Company "Interregional Distribution Grid Company of the North-West" (PJSC "IDGC of the North-West").***

Explanations necessary to avoid confusion of these names:

***in order to avoid confusion of the indicated names, it is necessary to pay special attention to the component of the full and abbreviated names of these organizations, indicating the regions of their location - the Center, the Center and the Volga Region, the Volga, the North Caucasus, Siberia, the North-West.***

All previous names of the issuer for the period of its existence

Full company name: ***Open Joint-Stock Company “Interregional Distribution Grid Company of the South”***

Abbreviated company name: ***OJSC “IDGC in the South”***

Effective date of the name: ***28.06.2007*** Reason for introduction of the name:

***Directions of OJSC RAO “UES of Russia” dated 22.06.2007 №192р.***

### 3.1.2. State registration of the issuer

The principal state registration number of the legal entity: ***1076164009096***

State registration date: ***28.06.2007***

Name of the registering body: ***Inspectorate of the Federal Tax Service of Russia for the Leninsky district of the city of Rostov-on-Don***

### 3.1.3. Information on the issuer's establishment and development

***There were no changes in the information contained in this section of the Quarterly Report.***

### 3.1.4. Contact information

The location of the Issuer

***Russian Federation, Rostov-on-Don***

The issuer's address specified in the unified state register of legal entities

***344002, Russian Federation, Rostov-on-don, Bolshaya Sadovaya 49***

Phone: ***(863) 238-58-95; (863) 238-54-64***

Fax: ***(863) 238-55-65***

E-mail address: [***office@mrsk-yuga.ru***](mailto:office@mrsk-yuga.ru)

The address of the page (pages) on the Internet where (at which) the available information about the Issuer, issued and/or its securities: ***www.mrsk-yuga.ru,*** [***http://www.e-disclosure***](http://www.e-disclosure)***. ru/portal/company.aspx ?id=11999***

The name of a special unit of the Issuer for work with shareholders and investors of the Issuer: ***The corporate management Department and interaction with shareholders of JSC "IDGC of the South"***

Location address of the unit: ***Russian Federation, Rostov-on-Don, 2-nd Krasnodar str., 147, cab. 325.***

Phone: ***(863)307-08-38*** Fax: ***(863)238-55-65***

E-mail address: [***pavlovaen@mrsk-yuga.ru***](mailto:pavlovaen@mrsk-yuga.ru)

It has not got Addresses on the Internet

### 3.1.5. Taxpayer Identification Number

***6164266561***

### 3.1.6. Branches and representative offices of the issuer

***There were no changes in branches and representative offices of the issuer in the reporting quarter.***

## 3.2. Core operations of the issuer

### 3.2.1. Principal economic activities of the Issuer

Code of economic activity, which is the Issuer's primary

|  |
| --- |
| OKVED codes |
| 35.12 |

|  |
| --- |
| OKVED codes |
| 35.13 |
| 70.22 |
| 70.10.2 |
| 61.10.1 |

### 3.2.2. Core operations of the issuer

Types of business activities (types of activities, types of products (works, services)), providing not less than 10 percent of the proceeds (income) of the Issuer for the reporting period

Unit of measure: **thous. roub.**

Type of economic activity: ***electric power transmission***

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 6 months. | 2017, 6 months. |
| The revenue volume from sales (sales volume) for this type of economic activity, thous. roub. | 14,863,094 | 15,686,311 |
| Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, ***%*** | 98.9 | 94.5 |

Changes in the issuer’s sales revenue (sales volume) derived from the core business operations that are equal to or exceeding 10 percent as compared with the corresponding reporting period of the previous year and the reasons for such changes: no such changes.

***There have not been specified changes.***

**Indicators of electricity transmission through the Company's electric grids**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of the branches of PJSC "IDGC of the South" | Grid output | Net supply | Electricity losses | |
| mln. kWh | mln. kWh | mln. kWh | % |
| 2nd quarter of 2017 | | | | |
| “Astrakhanenergo” | 708.6 | 636.7 | 71.8 | 10.14% |
| “Volgogradenergo” | 2,266.1 | 2,162.8 | 103.3 | 4.56% |
| “Kalmenergo” | 130.5 | 103.5 | 27.1 | 20.73% |
| “Rostovenergo” | 3,228.0 | 3,003.9 | 224.1 | 6.94% |
| TOTAL PJSC “IDGC in the South” | 6,333.2 | 5,906.9 | 426.3 | 6.73% |

***Reference:*** ***Grid output is the amount of electrical energy delivered to the electric grid of the grid company from other networks or from electricity producers; net supply is electric power volume consumed by power-receiving facilities of the consumer connected to the network and transmitted to other grid organizations; power losses is a difference between a release to the network and useful electricity.***

***According to the results of the activity of JSC IDGC of the South, in the second quarter of 2017, when the network was supplied to the network, 6,333.2 million kWh, the useful supply was 5,906.9 million kWh.*** ***Actual losses in the second quarter of 2017 amounted to 426.3 million kWh or 6.73% in relation to the release in the network.***

**Amount of services rendered**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Index | Unit of measurement | Plan | | Actual | | Deviation, % |
| 2nd quarter of 2017 | | | | | | |
| The volume of services provided, including: | mln. kWh | 5,695.0 | | 5,811.2 | | 2.0% |
| “Astrakhanenergo” | mln. kWh | 664.3 | | 627.1 | | -5.6% |
| “Volgogradenergo” | mln. kWh | 2,072.4 | | 2,150.5 | | 3.8% |
| “Kalmenergo” | mln. kWh | 58.2 | | 70.0 | | 20.4% |
| “Rostovenergo” | mln. kWh | 2,900.1 | 2,963.7 | | 2.2% | |
| Revenue, | Mln. rubles | 7,258.4 | 7,347.2 | | 1.2% | |
| *including:* |  |  |  | |  | |
| “Astrakhanenergo” | Mln. rubles | 1,203.1 | 1,085.0 | | -9.8% | |
| “Volgogradenergo” | Mln. rubles | 2,302.9 | 2,350.3 | | 2.1% | |
| “Kalmenergo” | Mln. rubles | 130.6 | 143.4 | | 9.8% | |
| “Rostovenergo” | Mln. rubles | 3,621.9 | 3,768.5 | | 4.0% | |

***In the second quarter of 2017, the actual volume of electricity transmission services provided amounted to 5,811.2 million kWh, which is higher than the target figure by 116 million. kWh or 2.0%.*** ***Revenues from the sale of electricity transmission services - 7,347.2 million rubles. without VAT.*** ***The revenue growth in the second quarter of 2017 amounted to 88.83 million rubles. or 1.2% of the target.***

General structure of the issuer's cost price

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 6 months. | 2017, 6 months. |
| Raw materials and other materials, % | 1.71 | 1.78 |
| Acquired components, semi-finished products,% | 0 | 0 |
| Production, maintenance and delivery services executed by third-party organizations, % | 32.84 | 34.39 |
| Fuel, % | 0.84 | 0.85 |
| Energy, % | 25.71 | 25.84 |
| Labour costs, % | 18.4 | 17.66 |
| Interests on borrowings, % | 0 | 0 |
| Rental payment, % | 0.42 | 0.3 |
| Deductions for social needs, % | 5.58 | 5.37 |
| Depreciation of fixed assets, % | 10.02 | 9.07 |
| Taxes included in production costs, % | 1.3 | 1.31 |
| Miscellaneous expenses, % | 3.19 | 3.43 |
| amortization of intangible assets, % | 0.03 | 0.02 |
| remuneration for innovation proposals, % | 0 | 0 |
| compulsory insurance payments, % | 0.36 | 0.33 |
| entertainment expenses, % 0 | 0.004 | 0.001 |
| other (explain), % | 2.8 | 3.08 |
| - business trips and entertainment expenses | 0.21 | 0.23 |
| - leasing | 0 | 0 |
| - outsourced services | 2.59 | 2.85 |
| - other costs | 0.002 | 0 |
| Total: costs of production and sale of goods (works, services) (production costs), % | 100 | 100 |
| Reference: Revenue from sale of goods (works, services), % to cost of production | 115.9 | 118.79 |

Essential new types of products (works, services) offered by the issuer on its core market, to the extent that corresponds to publicly available information about such products (works, services). Please specify the development status of such types of products (works, services). Specify the development status of such types of products (works, services).

***There are no essential new types of products (works, services)***

Standards (rules) in accordance with which the prepared financial (accounting) statements of the Issuer performed calculations reflected in this subclause:

* ***Federal Law No. 402-FZ dd 06.12.2011 "Concerning Accounting";***
* ***Order of the Russian Finance Ministry No 66n dated 02.07.2010 "On forms of Accounting in Organizations."***
* ***The order of the Ministry of Finance dated 05.10.2011 № 124н "About modification of forms of accounting statements of organizations, approved by the Ministry of Finance of the Russian Federation dated 2 July 2010 No. 66n";***
* ***Order of the Ministry of Finance of Russia dated 29.07.1998 No. 34n "On approval of the Regulations on Accounting and Accounting in the Russian Federation";***
* ***Order of the Ministry of Finance of Russia dated October 31, 2000 No. 94n "On Approval of the Plan of Accounts for the Accounting of Financial and Economic Activities of Organizations and Instructions for its Application";***
* ***accounting regulations:***
* PBU 1/2008 "Accounting policy of the organization", approved by Order of the Ministry of Finance of Russia dated 06.10.2008 № 106n;
* ***PBU 2/2008 "Accounting for construction contracts", approved by Order of the Ministry of Finance of Russia dd 24.10.2008 № 116n;***
* ***PBU 3/2006 "Accounting for assets and liabilities whose value is denominated in foreign currency", approved by Order of the Ministry of Finance of Russia No. 154n dd November 27, 2006;***
* ***PBU 4/99 "Accounting statements of the organization", approved by the order of the Ministry of Finance of Russia dd 06.07.1999 No. 43n;***
* ***PBU 5/01 "Accounting of inventories", approved by Order of the Ministry of Finance of Russia dd 09.06.2001 No. 44n;***
* ***PBU 6/01 "Accounting for fixed assets", approved by Order of the Ministry of Finance of Russia dated 30.03.2001 No. 26n;***
* ***PBU 7/98 "Events after the balance sheet date", approved by Order of the Ministry of Finance of Russia No. 56n dd November 25, 1998;***
* ***PBU 8/2010 "Estimated liabilities, contingent liabilities and contingent assets", approved by Order of the Ministry of Finance of Russia dd 13.12.2010 No. 167n ";***
* ***PBU 9/99 "Income of the organization", approved by Order of the Ministry of Finance of Russia dd 06.05.1999 No. 32n;***
* ***PBU 10/99 “Expenses of the organization", approved by Order of the Ministry of Finance of Russia dd 06.05.1999 No. 32n;***
* ***PBU 11/2008 "Information on related parties", approved by Order of the Ministry of Finance of Russia No. 48n dated April 29, 2008;***
* ***PBU 12/2010 "Information on Segments", approved by Order of the Ministry of Finance of Russia dated 08.11.2010 No. 143n;***
* ***PBU 13/2000 "Accounting of state aid", approved by Order of the Ministry of Finance of Russia No. 92n dd October 16, 2000;***
* ***PBU 14/2007 "Accounting of intangible assets", approved by Order of the Ministry of Finance of Russia No. 153n dd 27.12.2007;***
* ***PBU15 / 2008 "Accounting for borrowing costs and loans, approved by Order of the Ministry of Finance of Russia dated 06.10.2008 No. 107n;***
* ***PBU 16/02 "Information on discontinued operations", approved by Order of the Ministry of Finance of Russia dated 02.07.2002 No. 66n;***
* ***PBU 17/02 "Accounting of expenses for research, development and technological work", approved by Order of the Ministry of Finance of Russia dd November 19, 2002 No. 115n;***
* ***PBU 18/02 "Accounting of the calculation of tax on the profit of organizations", approved by Order of the Ministry of Finance of Russia dd November 19, 2002 No. 114n;***
* ***PBU 19/02 "Accounting of financial investments", approved by Order of the Ministry of Finance of Russia No. 126n dd December 10, 2002;***
* ***PBU 20/03 "Information on participation in joint activities", approved by Order of the Ministry of Finance of Russia dd 24.11.2003 No. 105n;***
* ***PBU 21/2008 "Change of estimates", approved by order of the Ministry of Finance of Russia dd 06.10.2008 № 106н;***
* ***PBU 22/2010 "Correction of errors in accounting and reporting", approved by Order of the Ministry of Finance of Russia dd 28.06.2010 № 63n;***
* ***PBU 23/2011 “Cash flow statement" approved by Order of the Ministry of Finance of Russia dated 02.02.2011 No. 11 n;***
* ***PBU 24/2011 "Accounting for the costs of developing natural resources", approved by Order of the Ministry of Finance of Russia dated 06.10.2011 No. 125n;***
* ***Order of the Ministry of Finance of Russia dd 06.04.2015 No. 57n "On Amendments to Regulatory Legal Acts on Accounting";***
* ***Order of the Ministry of Finance of Russia dd August 28, 2014 No. 84n "On Approval of the Procedure for Determining the Value of Net Assets";***
* ***Order of the Ministry of Finance of the Russian Federation dd March 21, 2000 No. 29н "On approval of the Methodological recommendations on disclosure of information on profits attributable to one share";***
* ***Federal law dated November 23, 2009 N 261-FZ “On energy conservation and energy efficiency and on amendments to certain legislative acts of the Russian Federation"***

### 3.2.3. Issuer’s supplies, goods (raw materials), and suppliers

For 6 months 2017

The issuer's suppliers, accounting for at least 10 percent of all supplies of materials and goods (raw materials)

Full company name: ***JOINT-STOCK COMPANY "FPE ENERGIECONTRACT"***

Registered address: ***117036, Moscow, Profsoyuznaya str. 3***

TIN: ***7703268269***

PSRN: ***1027739479404***

Share in total scope of supplies, %: ***0.15***

Change in prices by more than 10% for basic materials and goods (raw materials) during the reporting period against the corresponding reporting period of the previous year

|  |  |  |  |
| --- | --- | --- | --- |
| NO. | Name | Change in value (%) | Notes |
| 1 | Wooden stand 9.5 m | 14.08 | Improved |
| 2 | Cable VVGng 2x2.5 | -6.21 | Reduction |
| 3 | Cable KVGng 2x2.5 | -7.12 | Reduction |
| 4 | Electric motor AIR71V4 0,75 kW 1500 rpm IM 2081 | 22.64 | Improved |
| 5 | Input GKTSh-60-126/800 01 IVUE.686352.103 | -14.13 | Reduction |
| 6 | Transformer oil | 10.69 | Improved |
| 7 | Antifreeze | 18.59 | Improved |
| 8 | Isolator IO-1-2.5 U3 | 24.18 | Improved |
| 9 | Isolator IO-10-7,5 I U3 | 12.28 | Improved |
| 10 | Oil indicator 8КА.441.032 | -17 | Reduction |

The share of imports in the supply of materials and goods in total supplies, expected availability of import sources in the future, and possible alternative sources.

***The total share of supplied imported equipment and materials is 6.98%***

### 3.2.4. Marketing outlets for the issuer’s products (work, services)

Key markets where the issuer operates:

***The main activity of the Issuer is provision of services for electric power transmission and services on technological connection of power receiving devices (power installations devices) legal and physical persons to electric networks.***

***PJSC "IDGC of the South" unites distribution network complexes of 4 subjects of the Russian Federation:*** ***Republic of Kalmykia, Astrakhan, Volgograd and Rostov regions.***

***Its core activities the Issuer carries out in conditions of natural monopoly regulated by the state in terms of establishment of tariffs for services on electric power transmission and services on technological connection of consumers to electric networks.*** ***Taking into account the growing demand for electricity in the regions where the company is present, the issuer pays considerable attention to the development, reconstruction and increase of the transmission capacity of electric grid facilities, studies issues related to the consolidation of the electric grid assets of other TGO, expecting in the future to increase the volume of services for electricity transmission.***

***Consumers of power transmission services of branches of IDGC of the South, JSC are subjects of wholesale and retail electricity markets.*** ***According to the accounting data of the 2nd quarter of 2017, the Company has previously concluded contracts for the provision of electricity transmission services - 6 with Guaranteeing suppliers, 42 - with independent energy sales companies, 912 - with direct contracts with consumers, and 6 with territorial grid organizations.***  ***94.61% of the total number of IDGC of the South, concluded contracts are income-producing contracts.***

**The share of market of services on electric power transmission in the 2nd quarter of 2017 to the end consumers of electricity in the territory of presence of PJSC "IDGC of the South"**

|  |  |
| --- | --- |
| Branch Name | Market share, % |
| PJSC “IDGC in the South” |
| “Astrakhanenergo” | 93.13% |
| “Volgogradenergo” | 47.02% |
| “Kalmenergo” | 100.00% |
| “Rostovenergo” | 23.66% |
| **Market penetration in the territory of presense**  **PJSC “IDGC in the South”** | 41.51% |

Factors that can adversely affect the issuer’s sales of goods (works, services) and steps that may be taken by the issuer to mitigate such impact

***In terms of the services rendered by the issuer for electric power transmission, the volume of services can be reduced as a result of the reduction of electricity consumption by existing enterprises (recession of production).***

### 3.2.5. Issuer’s permits (licenses) or authorizations for the certain types of works.

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region:***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01548 BE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground sanitary water abstraction***

The date of issue of the authorization (license) or admission to separate kinds of work: ***26.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2032***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region:***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01550 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Extraction of groundwater for domestic and industrial needs, watering of green plantations at the substation "Danilovna"***

The date of issue of the authorization (license) or admission to separate kinds of work: ***26.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2034***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region:***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01540 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Extraction of groundwater for domestic and industrial needs, watering of green plantations***

The date of issue of the authorization (license) or admission to separate kinds of work: ***16.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region:***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01549 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction for domestic and drinking needs***

The date of issue of the authorization (license) or admission to separate kinds of work: ***26.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2034***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region:***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 02041 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction for technical needs***

The date of issue of the authorization (license) or admission to separate kinds of work: ***06.03.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***24.01.2018***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02227 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at Zavetninsky 2 site for technological supply of water to the industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***05.10.2010***

The term of validity of authorization (license) or admission to separate kinds of work: ***04.10.2030***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02228 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction in the Volgodonsk 10 site for the technological facility of industry***

The date of issue of the authorization (license) or admission to separate kinds of work: ***05.10.2010***

The term of validity of authorization (license) or admission to separate kinds of work: ***04.10.2030***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02327 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Bolshoyartynovsky 2 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***21.01.2011***

The term of validity of authorization (license) or admission to separate kinds of work: ***20.01.2031***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02414 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at Klyuchnikovsky 1 site for technological supply of water to the industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***21.04.2011***

The term of validity of authorization (license) or admission to separate kinds of work: ***20.04.2031***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02024 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Exploration and underground water abstraction for process water supply to industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***01.07.2009***

The term of validity of authorization (license) or admission to separate kinds of work: ***30.06.2029***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02925 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Starostanichny 3 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02920 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Milyutinskiy 5 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***PCT 02921ВЭ***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Tatsinskiy 8 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02923 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Kolushkinsky section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02922 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Golubinsky 4 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02924 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Kalitvensky 1 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 03017 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at Volgodonsk 4 site for technological supply of water to the industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.12.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.12.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Federal Environmental, Technical and Nuclear Inspection Service***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VP-29-001130***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Operation of explosion and fire hazardous production facilities***

The date of issue of the authorization (license) or admission to separate kinds of work: ***15.01.2010***

The term of validity of authorization (license) or admission to separate kinds of work: ***Termless***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***No 20752***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Provision of local telephony services, except for local telephone services using coin-box telephones and sharing capabilities***

The date of issue of the authorization (license) or admission to separate kinds of work: ***06.08.2014***

The term of validity of authorization (license) or admission to separate kinds of work: ***06.08.2019***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Self regulating organization NP "ENERGOSTROY"***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***0265.04-2015-6164266561-С-060***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Admission to a certain type of operations or type of operations affecting the capital project safety***

The date of issue of the authorization (license) or admission to separate kinds of work: ***07.09.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***Termless***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Self regulating organization "ENERGOPROEKT"***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***P-0251-04-2010-0262***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Admission to a certain type of operations or type of operations affecting the capital project safety***

The date of issue of the authorization (license) or admission to separate kinds of work: ***02.09.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***Termless***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Rostov region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3665 (GT No. 0073358) dd 13.07.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification as being classified as the information of "Top Secret" of the executive apparatus of PJSC "IDGC of the South".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***13.07.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Rostov region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3724 (GT No. 0073413) dd 16.10.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification authorized for use the information of "Top Secret" of the subsidiary PJSC "IDGC of the South” - "Astrahanjenergo".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***03.11.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3665/1204-LZ (GTNo 0076599) dd 17.11.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification authorized for use the information of "Top Secret" of the subsidiary PJSC "IDGC of the South” - "Volgogradenergo".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***17.11.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Republic of Kalmykia***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3665/171 (GT No. 0010852) dd 17.11.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification authorized for use the information of "Top Secret" of the subsidiary PJSC "IDGC of the South” - "Kalmenergo".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***17.11.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

### 3.2.6. Information on activities of separate categories of issuers

***The issuer is not a stock investment fund, insurance or lending institution, or mortgage agent.***

### 3.2.7. Additional requirements for issuers whose main activity is mining operations

***The main activity of the Issuer is not mining operations***

### 3.2.8. Additional requirements to be met by issuers, whose primary activity is telecommunication services provision.

***The main activity of the Issuer is not rendering the communication services***

## 3.3. Plans for the issuer’s future activity

***There were no changes in the information contained in this section of the Quarterly Report.***

## 3.4. Issuer’s share in banking groups, bank holding companies, holdings and associations

***There were no changes in the information contained in this section of the Quarterly Report.***

## 3.5. Organizations under the issuer’s control which are material to the issuer

***There were no changes in the information contained in this section of the Quarterly Report.***

## 3.6. Constitution, structure, and cost of the issuer’s fixed assets; information on plans to purchase, replace, and dispose of fixed assets, as well as on all facts of encumbrance of the issuer’s fixed assets

As of 30.06.2017.

Unit of measure: **thous. roub.**

|  |  |  |
| --- | --- | --- |
| Name of fixed assets group | Initial (replacement cost | Depreciation sum |
| Land lots | 30,511 | 0 |
| Buildings | 4,388,686 | 1,061,753 |
| Constructions, except power lines | 1,383,658 | 637,284 |
| Electric power lines and devices to them | 22,647,903 | 9,978,378 |
| Machinery and equipment | 18,485,821 | 10,006,029 |
| Vehicles | 845,059 | 682,887 |
| and other fixed assets | 97,158 | 86,709 |
|  |  |  |
| total | 47,878,796 | 22,453,040 |

Information on depreciation methods for different groups of fixed assets:

***Depreciation on fixed assets is made by linear way, proceeding from terms of useful use of these objects.*** ***Accrual of depreciation of property received by the Company under leasing contracts and recorded on its balance sheet is calculated using the method provided for in the contract.***

Reporting date: ***30.06.2017***

The results of the last revaluation of fixed assets and long­ term leased fixed assets for the last completed fiscal year, specifying the date of revaluation, full and residual (net of depreciation) of book value of fixed assets before revaluation and of full and residual (net of depreciation) replacement cost of fixed assets with regard to this revaluation. The information is provided for groups of fixed assets. Information on depreciation methods for different groups of fixed assets.

***Revaluation of fixed assets for the specified period was not carried out*** Specify any plans to purchase, replace, and dispose of fixed assets, the value of which is 10 and more percent of the value of the issuer’s fixed assets and other fixed assets at the issuer’s discretion. Specify all facts of encumbrance of the issuer’s fixed assets (stating the nature of encumbrance, the date when such encumbrance occurred, its duration and other conditions at the issuer’s discretion):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Information about encumbrance of fixed assets of PJSC "IDGC of the South" as of June 30, 2012.*** | | | | | | | | |
| **Property, plant and equipment, leased** | | | | | | | | |
| Item No. | Brief characteristic of the property | | Grounds for arising the encumbrances (number, date of lease agreement) | | The Lessee | Start and end time of encumbrance | | |
| Name, address | Area, sq.m. | Initial lease term under the contract | The presence of prolongation of the contract | |
| 1 | 2 | 3 | 4 | | 5 | 6 | 7 | |
| **Branch of PJSC "IDGC of the South" - "Astrakhanenergo"** | | | | | | | | |
| 1. | Non-residential premises (Ikryaninsky RPG, Zhitnoye SB, Zhitnoye v.) | 6.0 | № 080-14-72 dd 30.12.14 | | PJSC “Megafon” | from 29.12.15. to 24.12.16. | yes | |
| 2. | Non-residential premises (Ikryaninsky RPG, Ikryanoe village, Chapaev str., Ikryanoye SS) | 6.0 | № 080-14-73 dd 23.11.15 | | PJSC “Megafon” | from 29.12.15. to 24.12.16. | yes | |
| 3. | Non-residential premises (Astrakhan Region, Privolzhsky district, Energetikov st., 1, RPB-2, letter A) | 6.5 | № 080-14-80 dd 11.12.15 | | PJSC “Megafon” | dd 29.12.15. to 24.12.16. | yes | |
| 4. | Place for the placement of a container with the equipment of Sovetskaya SS | 140.0 | No. 080-14-43 dd 31.12.2014, ad agr. No. 4 dd 23.12.2016 | | PJSC “Megafon” | from 31.12.2014 to 29.12.2015, 25.12.2016 and is valid till 20.12.2017 | no | |
| 5. | Place for placing the container and a place on the metal lighting tower for the placement of antenna-feeder devices (Volodarsky RPG, Astrakhan Region, Volodarsky District, Volodarsky st., Michurin Str., 39) | 10.81 | № 080-14-78 from 27.11.2015 | | PJSC “Megafon” | dd 29.12.15. to 24.12.16. | yes | |
| 6. | Place for installation of the container and a place on the reinforced concrete support for the installation of antenna-feeder devices (Ikryaninsky RPG) Ilinka st., Zarechnaya str., 132 | 2.3х3.5 | № 080-14-74 dd 27.12.15 | | PJSC “Megafon” | dd 29.12.15. to 24.12.16. | yes | |
| 7. | Non-residential premises, Astrakhan, B. Khmelnytsky str., 1, Tsarevskaya SS, letter C, SCH Building | 15.85 | № 080-14-76 dd 27.11.15 | | PJSC “Megafon” | dd 29.12.15. to 24.12.16. | yes | |
| 8.. | Place for the placement of a container with the equipment (Pervomayskaya SS) | 10.4 | 080-14-75 dd 27.11.2015 | | PJSC “Megafon” | from 29.12.2015 to 24.12.2016 | yes | |
| 9.. | Place (part of the land plot) for placement and operation of the equipment of the base station of cellular communication in Astrakhan town, Sovetskiy district, 1st Boiler House str., 89 SS 110/6 kV Sydostroitelnay | 40.5 | 080-14-79 dd 09.12.2015 | | PJSC "MegaFon" | from 31.12.2015 to 24.12.2016 | yes | |
| 10. | Non-residential premises Enotaevsky RPG, Zamyany v., Sadovaya str., 33 | 3.2 | № 080-14-64 from 12.11.2015 | | PJSC “VimpelCom” | from 26.12.15. to 24.12.16. | yes | |
| 11. | Non-residential premises (Akhtubinsk distribution zone, Akhtubinsk, Franko, 18) | 26.1 | № 080-14-63 from 12.11.2015 | | PJSC “VimpelCom” | from 26.12.15. to 24.12.16. | yes | |
| 12. | Place for installation of the container and a place on the reinforced concrete support for the installation of antenna-feeder devices (Ikryaninsky RPG) Ikryanoe v., Chapaev str., 46 | 7.0 | № 080-14-71 from 20.11.2015 | | JSC "Natsionalnaya  Bashennaya Company" | from 26.12.15. to 24.12.2016. | yes | |
| 13. | Place for installation of antenna-feeder devices. Oktyabrskaya SS, Astrakhan town, Trusovsky District, Gorny Lane, 3) | 6.0 | № 080-14-66 from 13.11.2015 | | PJSC “VimpelCom” | from 26.12.15. to 24.12.2016. | yes | |
| 14. | Non-residential premises Astrakhan town, Energetikov st., 1, RPB-2, part of the premise. 48 | 6.0 | № 080-14-68 from 20.11.2015 | | PJSC “VimpelCom” | from 26.12.15. to 24.12.2016. | yes | |
| 15. | Place for placing equipment and a place on the antenna-mast construction (Neftobaza st.) | 15.0 | № 080-14-67 from 20.11.2015 | | JSC "Natsionalnaya Bashennaya Company" | from 26.12.2015 to 24.12.2016 | yes | |
| 16. | The place (part of the land plot) for placing the equipment at the address: Astrakhan region, Akhtubinskiy district, Sovetskaya SB | 20.0 | № 080-14-69 from 20.11.2015 | | JSC "Natsionalnaya Bashennaya Company" | from 26.12.2015 to 24.12.2016 | yes | |
| 17. | Place (part of the land plot) for equipment placement at the address: Astrakhan town, 1st Kotelnay str., 89 | 15.0 | № 080-14-70 from 20.11.2015 | | PJSC “VimpelCom” | from 30.12.2015 to 24.12.2016 | yes | |
| 18. | Part of the land plot at the address: Astrakhan, Kramatorskaya str., 204 | 9.2 | № 080-14-65 from 12.11.2015 | | PJSC “VimpelCom” | from 26.12.2015 to 24.12.2016 | yes | |
| 19. | Non-residential premises (Akhtubinsk distribution zone, Akhtubinsk, Franco str.,18, office building, room 8) | 10.1 | № 080-14-83 from 14.12.2015 | | OJSC «Mobile Tele-Systems» | from 30.12.2015 to 24.12.2016 | yes | |
| 20. | Non-residential premises Astrakhan town, Energetikov r., 1, RPB-2, room 71 | 6.0 | № 080-14-81 from 14.12.2015 | | OJSC «Mobile Tele-Systems» | from 30.12.2015 to 24.12.2016 | yes | |
| 21. | Space for the placement of communication equipment (r/c support SK-26 and the container with the base station equipment of cellular communication) Astrakhan town, Sovetskiy district, 1st Boiler House str., 89 | 32.0 | № 080-14-82 from 14.12.2015 | | OJSC «Mobile Tele-Systems» | from 31.12.2015 to 24.12.2016 | yes | |
| 22. | Part of the land plot at the address: Astrakhan, Kramatorskaya str., 204 | 15.2 | № 080-14-84 from 14.12.2015 | | OJSC «Mobile Tele-Systems» | from 30.12.2015 to 24.12.2016 | yes | |
| 23. | Place for placing equipment and a place on the antenna-mast construction (Astrakhan town, Sovetskiy district, 1st Boiler House str., 89) | 4.5 | № 080-14-88 from 21.12.2015 | | OJSC “Osnova-Telecom” | from 30.12.2015 to 24.12.2016 | yes | |
| 24. | Place for placing equipment and a place on the antenna-mast construction (Astrakhan town, Staroverova str., 189) | 4.5 | № 080-14-86 from 21.12.2015 | | OJSC “Osnova-Telecom” | from 30.12.2015 to 24.12.2016 | yes | |
| 25. | Place for placing equipment and a place on the antenna-mast construction (Astrakhan town, B. Khmelnitskogo str., 1) | 3.0 | № 080-14-89 from 21.12.2015 | | OJSC “Osnova-Telecom” | from 28.12.2015 to 24.12.2016 | yes | |
| 26. | Part of non-residential premises No. 44,0 sq. m, located at the address: Astrakhan region, Privolzhsky district, Kulakovsky industrial hub, Energetikov h. | 1.0 | № 080-14-87 from 21.12.2015 | | OJSC “Osnova-Telecom” | from 30.12.2015 to 24.12.2016 | yes | |
| 27. | A place for location a closed container (0.4 x 0.6 m) with telecommunications equipment for basic cellular radiotelephone communication inside and place on an antenna-mast construction for the installation of a three-section antenna Astrakhan town, Trusovsky District, Gorny lane, 3 | 1.0 | № 080-14-90 from 21.12.2015 | | OJSC “Osnova-Telecom” | from 30.12.2015 to 24.12.2016 | yes | |
| 28. | Non-residential premises (Astrakhan, Sun-Yat-Sen / Kulikova str., 75/69) | 11.9 | № 080-14-92 dd 29.12.15 | | OJSC “Osnova-Telecom” | from 31.12.15. to 24.12.16 | yes | |
| 29. | Non-residential premises of JSC "Astrakhanenergo" Energetikov h., 1, personal service room № 1 | 189.1 | № 080-14-91 from 26.11.2009 | | Mikhailova Aleksandra Vladimirovna (entrepreneur) | from 31.12.15 to 24.12.16 | yes | |
| **Branch of PJSC "IDGC of the South" - "Volgogradenergo"** | | | | | | | | |
| 30 | Administrative building (canteen), Volgograd town, Lenin av., 15 | 133.5 | Contract No. 7/34001701 002663 dated 24.02.2017. | | LLC “Lotos” | from 24.02.2017. | Yes | |
| 31 | Administrative building (office), Volgograd town, Lenin av., 15 | 6.4 | Contract dated April 25, 2017 No. 34001701004209 | | LLC Agency of the air communication "Airport Service" | from 14.04.2017. | yes | |
| 32 | Administrative building (hall), Volgograd town, Lenin av., 15 | 1 | Contract No. 3400170100 3350 dated 15.03.2017 | | JSC "Gazprombank" | from 01.03.2017. | Yes | |
| 33 | Administrative building (attic), Volgograd town, Lenin av., 15 | 5.2 | Contract No. 877 dated 16.10.2006 | | LLC "T2-Mobile" | from 01.10.2006. | Yes | |
| 34 | Radio engineering tower, Volgograd region, Uryupinsk town, Lenin av., 139 | 11.0 | Contract No. 877 dated 16.10.2006 | | LLC "T2-Mobile" | from 01.10.2006. | Yes | |
| 35 | Radio engineering tower, Volgograd region, | 18.5 | Contract No. 877 dated 16.10.2006 | | LLC "T2-Mobile" | from 01.10.2006. | Yes | |
|  | Mikhailovka town, Archedinskaya st., PS "Archedinskaya" |  |  | |  |  |  | |
| 36 | Radio engineering tower, Volgograd region, Samofalovka st., "Kotluban” SS | 18.5 | Contract No. 877 dated 16.10.2006 | | LLC "T2-Mobile" | from 01.10.2006. | Yes | |
| 37 | Radio engineering tower, Volgograd region, Pallasovsky district, "Zolotari” SS | 18.0 | Contract No. 877 dated 16.10.2006 | | LLC "T2-Mobile" | from 01.10.2006. | Yes | |
| 38 | Radio engineering tower, Volgograd city, Gorkovsky st., “Named after Maxim Gorky” SS | 18.0 | Contract No. 877 dated 16.10.2006 | | LLC "T2-Mobile" | from 01.10.2006. | Yes | |
| 39 | Part of non-residential premises in the administrative building (letter A), Volgograd Region, Nikolaevsk town, 13-a Gvardeiskaya str., 52 | 74.1 | Contract No. 3400150100 3972 dated 01.04.2015 | | LLC “Gazprom Mezhregiongaz of Volgograd” | from 01.04.2015. | Yes | |
| 40 | Area for placing a container on a metal tower, Volgograd Region, Petrov Val town, Podstantiay str. h. 220, bild. 8 | 11 | Contract No. 130 dated 11.07.2007 | | LLC "T2-Mobile" | from 01.09.2014. | Yes | |
| 41 | The dining room in building cultural and sports complex, Volgograd region, Mikhailovka town, Lenin str., 205 B | 224.7 | Contract No. 3400160100 8995 dated 24.08.2016 | | IE Dyukova I.A. | from 24.08.2016 to 23.07.2017. | Yes | |
| Branch of PJSC "IDGC of the South" - "Kalmenergo" | | | | | | | | |
| 42 | Non-residential premises Type (group) OS: buildings:  1) Ketchenerovsky RPG;  2) Yashkulsky RPG;  3) Priyutnenskiy RPG;  4) Gorodovikovskoy PG;  5) Sarpinsky TES;  6) Elista (parking lots for motor vehicles, garages);  Personal assets  1) Type (group) OS: machinery and equipment:  refrigerator, fax, switchboard, etc. (total 12 units)  2) Type (group) OS: prod. and households. accessories:  safe, office wall, etc. (only 10 units) | 72.26  57.3  66.5  79.9  157.4  172 | The lease relations continue. | | OJSC "Kalmenergosbyt" | Lease contract No. 230 dd 01.01.2012.  Valid from 01.01.2012 to 01.11.2012 Supplementary agreement dd 01.06.2015 No. 08001501001432 | yes | |
| **Branch of PJSC "IDGC of the South" - "Rostovenergo"** | | | | | | | | |
| 43 | Non-residential premises located on-site AT Rostovenergo (TSES, VES, SVES, USEC). The list of premises is specified in Appendix 1 to the contract. | 120.6 | 194/01/12/155 505/25/12 dd 01.03.2012 | | PJSC "TNS Energo Rostov-on-Don" | 01.03.2012-01.02.2013 | Prolongation is provided | |
| 44 | Parts of the non-residential properties №19, №21-22-23-24-25, №1013-14, №10, №45, located on the 1,2 floors and below stairs of the building RC «Energetik» to the address: Rostov-on-Don town, Semashko per., 48. Parts of the premises are granted for for dance lessons according to schedule. | 238.6 | 136732/25/11 from 12.10.2011 | | Radchenko V. M. | 12.10.2011 - 12.09.2012 | Prolongation is provided | |
| 45 | Non-residential properties №10-1314, located on the 2 floors of the building RC «Energetik» to the address: Rostov-on-Don town, Semashko per., 48. The room is granted for dances according to schedule. | 54.3 | 61200130000588 dd 26.06.2013 | | Bardian S.V. | 26.06.2013-26.05.2014 | Prolongation is provided | |
| 46 | Non-residential properties №43, in area of 17.9 sq. m and №46 in area 18.7 located in the building RC «Energetik» to the address: Rostov-on-Don town, Semashko per., 48. Premises are provided for the implementation of the statutory activities of the contracting party. | 36.6 | 163130/25/12 from 01.07.2012 | | LLC "Success Plus" | 01.07.2012-01.06.2013 | Prolongation is provided | |
| 47 | Non-residential properties №19, located below stairs of the building RC «Energetik» to the address: Rostov-on-Don town, Semashko per., 48. The room is granted for dances according to schedule. | 78.7 | 141058/25/11 from 01.11.2011 | | IE Krivosheina M.S. | 01.11.2011 - 01.10.2012 | Prolongation is provided | |
| 48 | Part of the non-residential properties №10-11, located on the 1 floors of the building RC «Energetik» to the address: Rostov-on-Don town, Semashko per., 48. The room is provided on schedule for English lessons. | 34.1 | 111260/11 dd 03.02.2011 | | Ankudinova N.V. | 01.01.2011 - 30.11.2011 | Prolongation is not provided | |
| 49 | Non-residential premises, located at: Rostov-on-don, Bolshaya Sadovaya str., 49, on the ground floor for ATM | 12.12 | 68895/08 dd 12.12.2008. | | PJSC CB "Center-invest" | 01.01.2009-30.11.2009 | Unlimited prolongation | |
| 50 | non-residential premises, room №-№ 2-15-16-17-18-19-20-2223-24-25-26-27-28-29-30-33-3536-37-39-40-41-42-43-44-45-4647-48-49-50, №21, №32, №38, №12Б, located on the 1st floor of the non-residential building of letters: "A", located at: Rostov-on-Don, 2-nd Krasnodar ыекю, № 1476. | 544.1 | 612014010005 12 from 31.01.2014. | | LLC “Don-Restoranservice” | 15 years from the date of the conclusion of the contract | Prolongation is absent | |
| 51 | Apartment. Area: total is 83 sq.m. Floor: 3. Litter: A. Rostov-on-Don, Kirovsky district, Krepostnoy Lane, house No. 35, apt. 1. | 83.0 | 295 dd 05.01.2004 158918/25/12 dd 08.06.2012 | | Lapteva A.V. Nichaev AA | Not determined 5 years from the moment of conclusion of the contract | Prolongation is not provided. Ownership and use of the property by an individual is carried out with payment for hiring of premises and utility bills. Residents are sent the proposals to redeem the apartments in which they live, in accordance with the internal regulatory acts of the Company. | |
| 52 | 31/100 shares in the right to an apartment. Area: total is 68.5 sq.m. Floor: 3. Litter: A. Russia, Rostov region, Rostov-on-Don, Kirovsky district, Krepostnoy Lane, house No. 35, apt. 2. | 68.5 | 296 dd 05.01.2004 | | Starchenko N. Yu. | Indefinite. | Prolongation is not provided. Ownership and use of the property by an individual is carried out with payment for hiring of premises and utility bills. Residents are sent the proposals to redeem the apartments in which they live, in accordance with the internal regulatory acts of the Company. | |
| **ENP** | | | | | | | | |
| 53 | Non-residential premises of 15 sq. m. and the area on the tower at a height of 50 m from ground level located at the address: Novocherkassk town, Narodnaya str., 54 | 15.0 | 63635/9/08/А Р-12-Н/97 dd 28.10.1997. | | CJSC "Rostov cellular communications" | 28.10.1997 - 31.12.2012 | On the indefinite period, in the absence of refusal of the parties | |
| **SVES** | | | | | | | | |
| 54 | Non-residential premises, with an area of ​​46.9 square meters, Rostov Region, Kamensk-Shakhtinsky town, Geroev Pioneers str., 26, for the catering of employees of PO SVES Rostovenergo | 46.9 | 135392/25/11 from 27.09.2011 | | IE Galaktionov G.K. | 27.09.2011-27.07.2012 | Unlimited prolongation | |
| 55 | Part of the premises with a total area of ​​39.1 sq.m. in the facility: Fitter station at Substation "Chebotovskaya". Area: total is 100.7 sq.m. Inventory number: 5722. Liter: A. Number of stories: 1 Rostov region, Tarasovsky district, h. Chebotova, Central str., h. 3. | 39.1 | - | | Here Baidakova N.I. lives since 1978, a pensioner. | In accordance with the registry of non-core assets approved by the Board of Directors 29.10.2010., the strategy for “Selling” has approved in the specified part of the object area of 39,1 sq. m. | | |
| 56 | Premises with area of 48.7 sq. m in the object: The building of the fitter post at PS "Alifanovskaya". Area: total is 115.9 sq.m. Inventory number: 8/580. Litter: А,а,а1. Number of stories: 1. Rostov region, Tatsinskiy district, h. Alifanov, Lenin str., house № 12. | 48.7 | - | | Here lives a family of a pensioner Bezrodnaya N. M. | In accordance with the registry of non-core assets approved by the Board of Directors 29.10.2010., the strategy for “Selling” has approved in the specified part of the object area of 48,7 sq. m. | | |
| 57 | Fitter point. Area: total is 105.3 sq.m. Inventory number: 5102. Litter: А,а,а1. Number of stories: 1. Rostov Region, Oblivsky District, Kashtanovsky st., Vostochnaya str., house No. 13. | 105.3 | - | | Here lives in the family of an electrician Tkachenko NV - 4 persons since 1990 | In accordance with the Register of the non-core asset approved by the Board of directors, a “Sales” strategy has been approved for the entire object. | | |
| 58 | The room with a total area of 122 sq.m. in an object:  Fitter point. Area: total 144 sq. m. Inventory number: 5102. Litter: А,а,а1. Number of stories: 1.  Rostov Region, Oblivsky District, Sosnovy st., Dachnaya str., house No. 6. | 122.0 | - | | The family of the electrician Motorkin F.A. lived here since 1981 | In accordance with the register of non-core assets approved by the Board of Directors on April 9, 2009, the strategy "Sale" was approved for the whole object (144 sq. M.). | | |
| **UES** | | | | | | | | |
| 59 | Residential house, Azov town, Cooperative str., 24a. | 54.1 | | 171763/12/12 from 13.12.2012 | Peshkov A. I., an employee of "Southern Electric Networks of Rostovenergo" | Up to 13.12.2017 | | Cl.1.3. Prolongation is provided for the same period, if none of the parties for 3 months before the end of the period does not declare the termination of the contract |
| 60 | Residential house, Azov town, Cooperative str., 24a. | 54.5 | | 171764/12/12/ 612000000276 27 dd 25.07.2013 | Anferov A.V., an employee of "Southern Electric Networks of Rostovenergo" | Up to 25.07.2018 | | Cl.1.3. Prolongation is provided for the same period, if none of the parties for 3 months before the end of the period does not declare the termination of the contract |
| **WPS** | | | | | | | | |
| 61 | Part of non-residential premises with an area of 3 sq. m, located to the address: Russia, Tsimlyansk town, Grishina str., 22 | 3 | | 2-Ц/55079/07 from 29.12.2006 | PJSC CB "Center-invest" | 29.12.2006-31.10.2007. | | Unlim. prolongation |
| 62 | Non-residential premises №1 - area of 2.3 sq. m; №2 - area of 18,3 sq. m.; No. 6 - an area of 48,1 sq. m. total area of 68,7 sq. m, located to the address: Volgodonskoy district, Progress st., Sovetskaya str., 39 | 68.7 | | 389/08/64660/ 08 from 01.01.2008 | PJSC "Southern Telecommunications Company" | 01.01.2008. - 30.11.2008. | | Unlim. prolongation |
| 63 | Non-residential premises №2 area of 10.7 sq. m; №3 - the area of 21.6 square meters, with a total area of 32.2 sq. m., located at the address: Rostov Region, Tsimlyansk town, Grishina str., 22 | 32.2 | | 109440/11/10 from 01.12.2010 | IE Cherednikova | 01.12.2010 - 31.10.2011 | | Unlim. prolongation |
| 64 | The premise, with a total area of ​​31.9 sq. m, located at the address: Tsimlyansk town, Grishina str., h. 22, room 13 | 31.9 | | 0-11/73619 dd 01.04.2006 | Mengel V. T. | 01.04.2006-30.04.2007 | | Unlim. prolongation |
| 65 | The total area of 22.9 sq. m., located to the address: Tsimlyansk town, Grishina str., h.22, r.3 | 22.9 | | 0-10/73618 dd 01.04.2006. | Turichenko A.A. | 01.04.2006-30.04.2007 | | Unlim. prolongation |
| 66 | The total area of 30.3 sq. m., located to the address: Tsimlyansk town, Grishina str., h.22, r.6 | 30.3 | | 0-6/73613 dd 01.04.2006 | Shlyakhtin O. N. | 01.04.2006-30.04.2007 | | Unlim. prolongation |
| 67 | The premise, with a total area of ​​30.5 sq. m, located at the address: Tsimlyansk town, Grishina str., h. 22, room 10 | 30.5 | | 0-3/73611 dd 01.04.2006 | *Bezverkhova M. A.* | 01.04.2006-30.04.2007 | | Unlim. prolongation |
| 68 | The total area of 31.5 sq. m., located to the address: Tsimlyansk town, Grishina str., h.22, r.8 | 31.5 | | 0-2/73610 dd 01.04.2006 | Kalmykov S. I. | 01.04.2006-30.04.2007 | | Unlim. prolongation |
| 69 | The premise, with a total area of ​​37.0 sq. m, located at the address: Tsimlyansk town, Grishina str., h. 22, room 17 | 37.0 | | 0-9/73616 dd 05.05.2006. | Ladygin S.V. | 05.05.2006-31.05.2007 | | Unlim. prolongation |
| 70 | The total area of 23.0 sq. m., located to the address: Tsimlyansk town, Grishina str., h.22, r.7 | 23.0 | | 0-1/73576 dd 01.04.2006 | Veresova E. G. | 01.04.2006-30.04.2007 | | Terminated 01.10.2015 |
| 71 | Premises No. 4 - in area of 16.5 sq. m; №3 - in area of 12,5 sq. m.; No. 5 - in area of 3.4 sq. m.; No. 6 - in area of 1.5 sq. m. total area of 33,9 sq. m, located on the 2nd floor of SBC building at the address: Tsimlyansk town, Grishina str., h. 22 | 33.9 | | 612014010009 452 from 01.07.2014 | Ulyanov N.S. | 01.07.2014-31.05.2015 | | Unlim. prolongation |
| 72 | Premises No. 7 - in area of 1.8 sq. m; №8 - in area of 3,9 sq. m.; No. 10 - in area of 9.1 sq. m.; No. 11 - in area of 10.7 sq. m. total area of 25,5 sq. m, located on the 3d floor of SBC building at the address: Tsimlyansk town, Grishina str., h. 22 | 22.5 | | 612014010094 58 from 01.07.2014 | Kustovsky S.A. | 01.07.2014-31.05.2015 | | Unlim. prolongation |
| **PSS** | | | | | | | | |
| 73 | The room, with the area 11.8 sqm, is located at the address: Russia, Rostov region, Millerovo town, Artillery str., 34, | 11.8 | | 612014010042 83 from 05.06.2014 | LLC "Insurance company "Soglasie" | 01.06.2014-30.04.2015 | | Prolongation is not provided |
| 74 | The room, with the area 49.67 sqm, is located at the address: Russia, Rostov region, Millerovo town, Artillery str., 34, | 49.67 | | 612014010021 03 from 27.03.2014 | IE Ilminskaya T.N. | 11.03.2014-11.02.2015 | | Prolongation is not provided |
| 75 | The room, with the area 49.67 sqm, is located at the address: Russia, Rostov region, Millerovo town, Artillery str., 34, | 49.67 | | 612015010065 74 from 19.06.2015 | IE Scherbakova L. N. | 08.06.2015-07.05.2016 | | Prolongation is not provided |
| **UzES** | | | | | | | | |
| 76 | The cafeteria building, Taganrog, Dzerzhinskiy str., h. 44 | 179.6 | | 142617 dd 09.12.2011 | LLC "Salen" | 09.12.2011-09.11.2012 | | Prolongation is provided |
| 77 | Administrative building of RPB -3 of type SO UES Liter A, Taganrog town, Dzerzhinsky str., h 44 (ATM) | 8 | | 142874 dd 01.07.2011 | PJSC CB "Center-invest" | 01.07.2011-01.06.2012 | | Prolongation is provided |
| 78 | The checkpoint building, Taganrog, Dzerzhinskiy str., h. 44 | 24.8 | | 142874 dd 01.07.2011 | PJSC CB "Center-invest" | 01.07.2011-01.06.2012 | | Prolongation is provided |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed assets which has been placed under the operational management** | | | | |
| Item № | Brief characteristic of the property | | Grounds for arising the encumbrances | Start and end time of encumbrance |
| Name | Area, sq.m. |
| 1 | 2 | 3 | 4 | 5 |
| 1 | The building of the production base UKK, liter of the structure 65, address (location): Astrakhan region, Privolzhsky district, industrial hub at TPP-2 to the amount of 12052190,08 rubles. | 1158,5 sq. m | Basis: Decision of the Board of Directors of Astrakhanenergo dated April 29, 2003, Minutes No. 100 (on the agenda item "On the Participation of Astrakhanenergo in the Non-State Non-Profit Educational Institution Astrakhan Training Factory on Transfer of Property to Operational Management), the Operational Operational Agreement Property Management No. 01-25-24 / 37 of 05.01.2004, Supplementary agreement No. 1 dd 24.03.2008 to the contract No. 01-25-24 / 37 dd 05.01.2004, Certificate of state registration of law 30 RE No. 009,108 dated May 12, 2004. | 12.05.2004  termless |
| 2 | Personal assets in a quantity of 100 units to the amount of 36500,47 rub. |  | Basis: Decision of the Board of Directors of Astrakhanenergo dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo" in the Non-state Non-Profit Educational institution "Astrakhan Training Center" on transfer of property to operational management), the Operational Operational Agreement Property Management No. 01-25-24 / 35 dated January 5, 2004, Supplementary Agreement as of 20.12.2006 to the Contract No. 01-25-24 / 35 as of 05.01.2004, Supplementary Agreement No. 2 as of 24.03.2008 to the Contract No. 01-25-24 / 35 of 05.01.2004. | 05.01.2004.  termless |
| 3 | Personal assets in a quantity of 4 units to the amount of 12988,10 rub. |  | Basis: Decision of the Board of Directors of Astrakhanenergo dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo" in the Non-state Non-Profit Educational institution "Astrakhan Training Center" on transfer of property to operational management), the Operational Operational Agreement Property Management No. 01-11 / 03-D117-1R dated June 29, 2004, Addendum No. 3 dd 24.03.2008 to the Contract No. 01-11 / 03-D117-1R dd 29.06.2004. | 29.06.2004  termless |
| 4 | Personal assets in a quantity of 2 units to the amount of 21310,43 rub. |  | Basis: Decision of the Board of Directors of Astrakhanenergo dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo" in the Non-state Non-Profit Educational institution "Astrakhan Training Center" on transfer of property to operational management), the Operational Operational Agreement Property Management No. 01-11 / 03-D111-1R dated June 13.08.2004, Addendum No. 4 dd 24.03.2008 to the Contract No. 01-11 / 03-D111-1R dd 13.08.2004. | 13.08.2004  termless |
| 5 | Part of the basement premises, 1 and 2 floors of the immovable property object “Construction, function: non-residential. Area: total is 7001 sq.m. Inventory number of the building: 22069. Cadastral number of the building: 61:44:0072704:3706. Letter A. Number of stories: 5. Underground number of stories: 1. Address (location): Russia, Rostov region., Rostov-on-Don, Sovetskiy district, 2nd Krasnodar str., h. №147 | 2894.6 | Basis: Extract from the minutes of the meeting of the Board of PJSC "IDGC of the South" №164 dd 28.08.2015, the transfer and acceptance act of part of non-residential buildings dd 01.09.2015 | From 01.09.2015 - without any time limitations |
| 6 | Build Liter A, address (location): Rostov Region, Rostov-on-Don, Sovetskiy District, 2-nd Krasnodaraya str., 147/2 | 4789.1 | Basis: Decision of the Board of Directors of JSC "Rostovenergo" dd 26.04.2004, Minutes No. 22 (on the agenda item No. 14 "On Assigning Property to a Non-State Non-Profit Educational Institution" Training Center "Energetik" on the basis of day-to-day management) registration of law 61 AG No. 981623 dated August 26, 2008 | From 26.08.2008 - without any time limitations |
| 7 | Personal assets in a quantity of 9 203 units to the amount of 2 046 570,69 rub. | - | Basis: Decision of the Board of Directors of JSC "Rostovenergo" dd 26.04.2004, Minutes No. 22 (on the agenda item No. 14 "On Assigning Property to a Non-State Non-Profit Educational Institution" Training Center "Energetik" on the basis of day-to-day management) | From 01.07.2004 - without any time limitations |

# Section IV. Financial and operating activities of the issuer.

## 4.1. Results of the issuer’s financial and operating activities.

The dynamics of the indicators characterizing the results of the issuer's financial and economic activities, including its profitability and unprofitability, calculated on the basis of accounting (financial) reporting

Standard (rules) according to which is composed of the accounting (financial) statements,

on the basis of which the indicators are calculated: ***RAS***

The unit of measure for amount of uncovered loss: ***thous. roub.***

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 6 months. | 2017, 6 months. |
| Net profit margin, % | -5 | 0.2 |
| Asset turnover labor, factor | 0.35 | 0.37 |
| Return on assets, % | -1.74 | 0.06 |
| Return on Equity, % | -15.15 | -3.14 | |
| Total uncovered loss on the reporting date | 15,437,109 | 15,971,189 | |
| Ratio of uncovered loss at the reporting date and balance sheet assets, % | 35.8 | 35.15 | |

***All the above indicators are based on the recommended accounting practices***

Economic analysis of profit/loss of the issuer based on the dynamics of these indicators as well as reasons which (according to the management bodies) led to the loss/profit of the issuer as shown in the accounting (financial) statements:

***Economic analysis of profit/loss of the issuer based on the dynamics of these indicators as well as reasons which (according to the management bodies) led to the loss/profit of the issuer as shown in the accounting (financial) statements:*** ***The indicator "Net profit margin" shows the share of the net profit remaining at the disposal of the Company from the total amount of proceeds from sales.*** ***Compared to 6 months of 2016, the net profit margin for 6 months of 2017 is increased from -5.0% to 0.2% due to the increase in net profit margin.***

***The asset turnover ratio characterizes the effectiveness of the Company's use of all available resources, regardless of the sources of their formation, that is, shows how many times a complete cycle of production and circulation takes place during the analyzed period.*** ***This indicator in the electric power industry reflects the features of the production process.*** ***The indicator of asset turnover for the 6 months 2017 in comparison to the same period last year is increased by 5.71% due to the increase in revenue and an increase in currency of balance.***

***Return on average assets characterizes the effectiveness of using funds owned by the Company, that is, the effectiveness of managing the issuer's assets through the return of each ruble invested in assets, and characterizes the generation of the Company's revenues.*** ***The value of the indicator increased compared to the same period of the last year and amounted to 0.06%, which is associated with an increase in net profit and an increase in the book value of assets.***

***Return on equity reflects the ratio of the Company's net profit to its own capital and characterizes the efficiency of using its own funds invested in the organization.*** ***Compared to the same period last year, the value of the indicator increased from -15.15% to -3.14% due to the increase in the net profit.***

***Revenues for 6 months of 2017 amounted to 16,593,186 thousand rubles, which is 10.5% more compared to the 6 months of 2016.*** ***The main reason for the increase in revenue is a change in the structure of the productive supply of electricity and an increase in tariffs.***

***The cost of production for 6 months of 2017 was 13 969 024 thousand rubles., That is more in comparison with the indicator for the similar period of the previous year by 7.8%.*** ***The main reason for the increase in cost is inflationary developments.***

***Gross profit for 6 months of 2017 increased compared to the same period last year to a value of 2,624,162 thousand rubles.***

***The net profit (loss) for 6 months of 2017 was 26,320 thousand rubles, which is higher than in the same period of the previous year.***

***The return on sales revenue characterizes the efficiency of production and commercial activities, estimates the share of cost in sales, shows the amount of operating profit in the volume of sales of the issuer.*** ***This is the main and most frequently mentioned indicator of profitability.*** ***In other words, this coefficient shows how much profit the Company has after covering the cost of production.*** ***For 6 months of 2017, it was 13.7%, which is higher than the corresponding indicator for the same period last year.*** ***The reason is increase in net profit and increase revenue.***

***The ratio of capital turnover reflects the issuer's ratio of capital turnover and at the reporting date is 0.4, which is higher than the same period last year.***

***Factors influencing any change in the issuer's earnings from sale of commodities, products, work and services, and the issuer's profit (loss) from its core operations, thous. roub.***

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 6 months | 2017, 6 months. |
| Revenue (net) from sales of products (services), total | 15,021,030 | 16,593,186 |
| Cost of products (services), total, thous. roub. | 12,960,012 | 13,969,024 |
| Gross margin, total | 2,061,018 | 2,624,162 |
| Net Income (Loss) | - 751,331 | 26,320 |
| ROE (Return on equity, on an accrual basis), % | -15.15 | -3.14 |
| Return on sales, % | 11.7 | 13.7 |
| Ratio of capital turnover | 0.3 | 0.4 |

***Revenue structure of the Issuer in the reporting period was as follows:***

* + ***revenue from transfer and transit of electricity -15 686 311 thousand rubles. or 94,6%;***
  + ***revenue from technological connection of consumers - 219 430 thousand rubles., or 1.3%;***
  + ***revenues for resale of electric power and capacity - 383 517 thousand. rub. or 2.3%;***
  + ***revenue from other activities - 303 928 thousand rubles. or 1.8%.***

***In comparison with the same period last year, the revenues for all activities increased by 10.5%, including growth in revenue from electricity transmission amounted to 5.5%.***

The opinions of the issuer's management bodies regarding the reasons or the degree of their influence on the results of the issuer's financial and economic activities do not coincide: ***No***

A member of the issuer’s Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and operating results of the issuer, which is recorded in the minutes of the meeting (session) of the issuer’s Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: ***No***

## 4.2. Issuer’s liquidity position, capital and current assets adequacy

The dynamics of indicators characterizing the issuer's liquidity, calculated on the basis of data of accounting (financial) statements

Standard (rules) according to which is composed of the accounting (financial) statements,

on the basis of which the indicators are calculated: ***RAS***

Unit of measure for the indicator 'net working capital': ***thousand rubles***

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 6 months. | 2017, 6 months. |
| Net working capital | -9,713,144 | 350,579 |
| Current liquidity ratio | 0.6 | 1.02 |
| Quick liquidity ratio | 0.56 | 0.97 |

At the issuer’s discretion, the dynamics of indicators of the issuer's liquidity position based on the issuer’s consolidated accounting (financial) statements incorporated in the quarterly report: ***No***

All the above indicators are based on the recommended accounting practices: ***Yes***

Economic analysis of the issuer’s liquidity and solvency, as well as adequacy of the issuer’s equity to fulfill short­term liabilities and cover operating costs based on the economic analysis of the above performance, which (in the opinion of the issuer’s management bodies) have the most considerable influence on the issuer’s liquidity and solvency:

***Net working capital is the difference between the value of current assets and current liabilities.*** ***This indicator characterizes the amount of working capital free of short-term (current) liabilities, i.e. the share of current assets of the company, which is financed from long-term sources and which should not be used to pay off current debt.***

***The value of the net working capital of the issuer as of June 30, 2017. amounted to 350 579 thousand rubles. The increase in net working capital relative to the same period in 2016 is associated with a decrease in short-term liabilities and an increase in current assets.*** ***The current liquidity ratio shows the extent to which current assets cover the short-term liabilities of the organization, and allows you to estimate how much current assets account for one ruble of current liabilities.*** ***As of June 30, 2017 this ratio is 1.02.***  ***The recommended value of the current liquidity ratio is not less than 0.84.***

***The quick liquidity ratio shows how the most liquid assets cover short-term liabilities of the organization.*** ***As of June 30, 2017. the coefficient was 0.97.*** ***The recommended value of the quick ratio liquidity is not less than 0.5.***

The opinions of the issuer's management bodies regarding the reasons or the degree of their influence on the results of the issuer's financial and economic activities do not coincide: ***No***

A member of the issuer’s Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and operating results of the issuer, which is recorded in the minutes of the meeting (session) of the issuer’s Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: ***No***

## 4.3. Issuer’s financial investments

As of 30.06.2017.

Financial investments of the Issuer constituting five and more percent of its total financial investments as of as of the last day of the reporting day:

Investment in the issuance securities

Type of securities: ***shares***

Full company name of the issuer: ***Joint Stock Company "Agricultural Enterprise Sokolovskoye"***

Abbreviated company name of the issuer: ***JSC "PSK Sokolovskoye"***

Issuer's location: ***346930, Russian Federation, Novoshakhtinsk town, Sokolovo - Kundryuchenskiy st., Kurskaya str., 32***

TIN: ***6151011887***

PSRN: ***1036151002667***

|  |  |  |
| --- | --- | --- |
| Date of state registration of the issue (issues) | Registration number | Registering Authority |
| 15.01.2004 | 1-01-33839-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |
| 14.12.2012 | 1-02-33839-Е | Regional branch of the Federal Service for Financial Markets in the Southern Federal District |
| 01.09.2016 | 1-03-33839-Е | Regional branch of the Federal Service for Financial Markets in the Southern Federal District |

Number of securities owned by the Issuer: ***161 713 447***

Total nominal value of securities owned by the issuer: ***90 559 530,32 RUR x 1***

Total book value of securities owned by the issuer: ***178 640 453.77***

Unit of measure: ***rub.***

***The Issuer of securities is affiliated and (or) dependent company in relation to the Issuer, who has compiled this quarterly report***

The amount of a fixed interest or other bond yield and other issue-grade securities or the procedure for determining it, the date for payment;

***Bonds and other issuance securities do not exist***

the rate of the preferred dividend or procedure of its defining in the case when

it is defined in the Charter of the joint-stock company - issuer, date for payment;

***There are no preferred shares***

The rate of the declared ordinary dividend (in the absence of data on the amount of the announced dividend on ordinary shares in the current year, the rate of the declared ordinary dividend in the previous year is indicated), the date for payment

***In 2013, the Company accrued dividends in the amount of 7 thousand rubles, the dividends were paid in full in 2014.***

***For 2014, 2015 and 2016 the dividends have not been declared.***

No additional information

Type of securities: ***shares***

Full company name of the issuer: ***Open joint stock company “Agriculture enterprise named after A. A. Grechko"***

Abbreviated company name of the issuer: ***OJSC "PSKh named after A. A. Grechko"***

Issuer's location: ***Russia, Rostov region, Kuybyshevo v., Kuybyshev district, Teatralnaya str., 21***

TIN: ***6117010611***

PSRN: ***1036117000798***

|  |  |  |
| --- | --- | --- |
| Date of state registration of the issue (issues) | Registration number | Registering Authority |
| 15.01.2004 | 1-01-33837-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |

Number of securities owned by the Issuer: ***77 686 000***

Total nominal value of securities owned by the issuer: ***77 686 000 RUR x 1***

Total book value of securities owned by the issuer: ***79 972 216.44***

Unit of measure: ***rub.***

***The Issuer of securities is affiliated and (or) dependent company in relation to the Issuer, who has compiled this quarterly report***

The amount of a fixed interest or other bond yield and other issue-grade securities or the procedure for determining it, the date for payment;

***Bonds and other issuance securities do not exist***

the rate of the preferred dividend or procedure of its defining in the case when

it is defined in the Charter of the joint-stock company - issuer, date for payment;

***There are no preferred shares***

The rate of the declared ordinary dividend (in the absence of data on the amount of the announced dividend on ordinary shares in the current year, the rate of the declared ordinary dividend in the previous year is indicated), the date for payment

***The dividends have not been declared for 2014, 2015 and 2016***

More information:

***By a decision of the Arbitration Court of the Rostov Region dated 24.12.2015, a bankruptcy proceedings were instituted against OJSC "Farm named after A.A. Grechko", the Company was declared bankrupt.***

Type of securities: ***shares***

Full company name of the issuer: ***Join stock company "Recreation center" Energetik "***

Abbreviated company name of the issuer: ***JSC "Recreation center" Energetik "***

Issuer's location: ***352815, Russian Federation, Krasnodar Territory, Tuapse District, Shepsi v., Shkolnay str., 3***

TIN: ***2355016847***

PSRN: ***1032330762463***

|  |  |  |
| --- | --- | --- |
| Date of state registration of the issue (issues) | Registration number | Registering Authority |
| 15.01.2004 | 1-01-33856-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |
| 26.05.2011 | 1-02-33856-Е | Regional branch of the Federal Service for Financial Markets in the Southern Federal District |
| 17.01.2013 | 1-03-33856-Е | Regional branch of the Federal Service for Financial Markets in the Southern Federal District |
| 06.10.2016 | 1-04-33856-Е | Regional branch of the Federal Service for Financial Markets in the Southern Federal District |

Number of securities owned by the Issuer: ***111 279 355***

Total nominal value of securities owned by the issuer: ***44 511 742 RUR x 1***

Total book value of securities owned by the issuer: ***65 417 247.18***

Unit of measure: ***rub.***

***The Issuer of securities is affiliated and (or) dependent company in relation to the Issuer, who has compiled this quarterly report***

The amount of a fixed interest or other bond yield and other issue-grade securities or the procedure for determining it, the date for payment;

***Bonds and other issuance securities do not exist***

the rate of the preferred dividend or procedure of its defining in the case when

it is defined in the Charter of the joint-stock company - issuer, date for payment;

***There are no preferred shares***

The rate of the declared ordinary dividend (in the absence of data on the amount of the announced dividend on ordinary shares in the current year, the rate of the declared ordinary dividend in the previous year is indicated), the date for payment

***The dividends have not been declared for 2014, 2015 and 2016***

No additional information

Investment in the non-equity securities

***There are no investments in the Issuer’s non­equity securities constituting 5 and more percent of all financial investments.***

***The Issuer has formed a reserve for devaluation of financial investments in equity securities.*** The amount of provision for depreciation of securities at the beginning and end of the last completed fiscal year before the end date of the last reporting quarter:

***The amount of provision for depreciation of securities at the beginning and end of the last completed fiscal year before the end date of the last reporting quarter:***

***As of 01.01.2016, the provision for impairment of financial investments was formed for the amount of 234,082,854.71 rubles including on contributions to the authorized capitals of subsidiaries -185,819,622.02 rubles.***

As of 31.12.2016 the provision for impairment of financial investments is 233 713103,02 rubles including:

* for contributions to the authorized capitals of subsidiaries -185,449,870.33 rubles.
* ***on contributions to joint activities - 48,263,232.69 rubles.***

***As of June 30, 2017, the reserve for depreciation of financial investments is 233 713103,02 rubles. including:***

* ***on contributions to the charter capital of the subsidiaries -185,449,870.33 rubles.***
* ***on contributions to joint activities - 48,263,232.69 rubles.***

Other financial investments

Financial investment object: ***The construction and operation of Elistinskaya combined cycle electric generating plant***

Amount of investment in monetary terms: ***40 425 376.53***

Unit of measure: ***rub.***

the amount of income from object of financial investment or procedure of its determining, date for payment: ***The construction is not completed, therefore the profit is not obtained.***

No additional information

Financial investment object: ***Construction and operation of the Kalmyk WPS***

Amount of investment in monetary terms: ***7 837 856.16***

Unit of measure: ***rub.***

the amount of income from object of financial investment or procedure of its determining, date for payment: ***The construction is not completed, therefore the profit is not obtained.***

No additional information

Amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: ***By a decision of the Arbitration Court of the Rostov Region dated 24.12.2015, a bankruptcy proceedings were instituted against OJSC "Farm named after A.A. Grechko", the Company was declared bankrupt.*** ***The potential losses of PJSC "IDGC of the South" may amount to more than 90 million rubles.***

Losses are included in the issuer’s assessment of financial investments shown in the issuer’s accounting statements for the period from the beginning of the reporting year till the last day of the last reporting quarter.

Reporting standards (rules) used by the issuer to make calculations shown in this section of the quarterly Report:

* ***Federal Law "On Accounting" dated December 6, 2011 No. 402-FZ.***
* ***The provision on accounting "Accounting statements of organizations" PBU 4/99, approved by order of the Ministry of Finance of the Russian Federation dated 06.07.1999, No. 43n.***
* ***Regulations on Accounting "Expenses of the organization" PBU 10/99, approved by the order of the Ministry of Finance of the Russian Federation dd 06.05.1999 № 33n.***
* ***Regulations on accounting "Accounting policy of the organization" PBU 1/2008, approved by the order of the Ministry of Finance of the Russian Federation dd 06.10.2008 № 106n.***
* ***Regulations on accounting "Revenues of the organization" PBU 9/99, approved by the order of the Ministry of Finance of the Russian Federation dd 06.05.1999 № 32n.***
* ***Regulations on Accounting "Accounting for Financial Investments" PBU 19/02, approved by Order of the Ministry of Finance of the Russian Federation of December dd 10.12.2002 No. 126n.***

## 4.4. Issuer’s intangible assets

As of 30.06.2017.

Unit of measure: **thous. roub.**

|  |  |  |
| --- | --- | --- |
| Name of intangible fixed assets group | Initial (replacement cost | Depreciation sum |
| Trademark | 24 | 22 |
| The arrangement of the electromagnetic blocking switching devices | 2,905 | 1,360 |
| TOTAL | 2,929 | 1,382 |

Standards (rules) of accounting, in accordance with which the issuer provides information about its intangible assets:

***The accounting for intangible assets of the Company is conducted in accordance with the Accounting Regulations "Accounting for intangible assets" (PBU 14/2007), approved by Order of the Ministry of Finance of the Russian Federation dd 27.12.07 №153n.*** ***Revaluation of intangible assets is not performed.*** ***Amortization deductions for all types of intangible assets are made in a linear way.***

Reporting date: ***30.06.2017***

## 4.5. Data on the issuer’s philosophy and expenditures for scientific­and­technological development, advanced designs, research work, as well as in relation to licenses and patents

***"The innovative development program of JSC "IDGC of the South" for the period 2016-2020 with a vision to 2025" (hereinafter referred to as - IDP) developed in PJSC "IDGC of the South" in early 2016 based on the requirements of the order of JSC "ROSSETI" dd 07 Feb 2017 №24 "About the plans for the implementation of the innovative development Program of JSC rosseti in the first quarter of 2017 PJSC "IDGC of the South" for the purpose of transition of the PJSC "IDGC of the South" to the electrical distribution networks of the new technological system with qualitatively new characteristics of reliability, efficiency, availability, manageability and client distribution grid complex.***

***IDP was agreed upon in PJSC “ROSSETI” and was approved at the meeting of the Board of Directors of PJSC “IDGC in the South”on June 02, 2017 (statement from the minutes of the meeting of 05 June 2017, No. 234/2017).***

***In accordance with the IDP, the main directions of innovative development of JSC "IDGC of the South" are:***

* ***The transition to digital active-adaptive networks, distributed intelligent automation and control;***
* ***The transition to comprehensive efficiency of business processes and automation management systems;***
* ***Application of new technologies and materials in the electric power industry;***
* ***Development of charging infrastructure for electric transport;***
* ***developmental and technological works (hereinafter referred to as - R&D);***
* ***Human resources development and partnership in the sphere of education;***

***As of June 30, 2017, 12 agreements listed below under the text were concluded between IDGC of the South, IDGC of the South, and counterparties, with a total cost of 160,994 million rubles, of which 10 contracts are completed and 2 contracts are in force, while actual payment by PJSC " IDGC of the South "for the stages of R&D performed by contractors amounts to 126.87 million rubles due to the cost of electricity, at the same planned value (actual performance by 100%).***

***The actual payment on the part of PJSC “IDGC in the South” for the completed R&D stages by the contracting parties in the second quarter of 2017 (with an accrual for 6 months of 2017) is 10,478 million rubles.***

***Completed contracts for R&D include:***

***1. The contract dated September 19, 2011 No. 743 on R&D performance on “Pilot operation of the device short-circuit the neutral network of 10 kV on the basis of reclosers for the needs of the branch of PJSC "IDGC of the South" - "Volgogradenergo", signed with CJSC "Group of companies "Tavrida electric" and calling for the implementation of 3 phases of R&D, with total cost of 3,142 million rubles (including VAT).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual result of R&D activities was the development and installation on the support №310 between 10 kV overhead line No. 17 of Substation "Lebyazhye" and 10 kV overhead line No. 4 of Substation "Umet" of the production department "Kamyshinsky Electrical Networks" Volgogradenergo "of the prototype industrial short-circuit neutral 10 kV network based on reclosers, as well as its commissioning.***

***2. The contract No. 2-476 / 11y / 742 dated September 19, 2011 for R&D on the topic "Research and development of a methodology for determining indicators of the efficiency of electric energy transport in conjunction with reactive power flows and indicators of the quality of electrical energy in 110 kV electric networks ", Concluded with the FSBEI HPO" National Research Tomsk Polytechnic University "and providing for the implementation of 3 stages of R&D, a total cost of 9.0 million rubles (including VAT).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual results of R&D were the acquisition of fundamental knowledge and the development of "Methods for determining the indicators of the efficiency of transport of electrical energy in conjunction with the flow of reactive power and indicators of the quality of electrical energy in electrical networks 110 kV" and "Guidelines for calculating the main and additional losses of electrical energy from asymmetry and current sinusoidal distortions in 110 kV networks ", as well as their implementation in the branches of IDGC of the South, JSC -" Rostovenergo "and" Volgograd " Radenergo "based on the requirements of the order of PJSC" IDGC of the South "dated June 11, 2013 No. 253" On commissioning of completed research and development work ".***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 9.0 million rubles due to the cost of electricity.***

***3. The contract No. 706 dated September 16, 2011 for the implementation of R&D on the topic" Development of technical requirements and characteristics of the sources of permanent operational current installed in the RP 6-10 kV, 35-110 kV substations, made on a modern element base, re-application projects ", concluded with CJSC" Interregional Production Association of Technical Acquisition "Technocomplekt" and providing for the implementation of 5 stages of R&D, a total cost of 3.15 million rubles (including VAT).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual result of R&D was the development of the "Re-application Project 706-001-TM.011 "Development of technical requirements and characteristics of sources of DC control power installed in RP 6-10 kV, and 35-110 kV, performed on a modern element base, development of projects re-use" and its approval and introduction in the branches of the PJSC "IDGC of the South" on the basis of requirements of orders of PJSC "IDGC of the South" dated June 11, 2013 №253 "On commissioning of completed research and development work" and on 07 March 2013 №101 "On approval and introduction of re-use, developed by JSC "Interregional industrial Association of technical recruitment “Tekhnokomplekt" in order to maximize its use in the implementation of measures "development Investment programs of the branches of the PJSC "IDGC of the South" for 2013 and the coming years" with the obligatory reference to a particular electricity distribution grid facilities, subject to reconstruction and technical re-equipment.***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 3.15 million rubles due to the cost of electricity.***

***4.*** ***Contract dated September 19, 2011 No. 745 for R&D on the theme "Introduction of a modern system for early detection of ice formation at 35-110 kV overhead lines" (for the branches of PJSC “IDGC in the South” - Volgogradenergo, Rostovenergo), concluded with LLC "Scientific and Technical Center Tool-Micro" and providing for the implementation of 5 stages of R&D, a total cost of 18.78 million rubles (including VAT).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual results of R&D were the development and installation of equipment for a modern early detection system for ice formation at control posts on poles, phase wires and lightning protection cables of 35-110 kV overhead lines of IDGC of the South, Rostovenergo and Volgogradenergo branches, as well as in operational control rooms services of their production departments and dispatching services of the control centers of management networks, as well as its commissioning for trial operation on the basis of the requirements of the orders of PJSC "IDGC of the South" dated June 25, 201 3, No. 287 "On commissioning of equipment for early detection of ice formation on phase conductors and lightning protection cables of 35-110 kV overhead lines," dated August 12, 2013, No. 405 "On Amendments to the Order of PJSC "IDGC of the South" dated June 25 2013 No. 287 "On commissioning of equipment for early detection of ice formation on the phase conductors and lightning protection cables of 35-110 kV overhead lines" and from January 14, 2014 No. 5 "On the pilot operation of the equipment for early detection of ice formation established on phase wires and lightning protection 35-110 kV overhead lines of the branches of PJSC "IDGC of the South" - Rostovenergo and Volgogradenergo, in order to improve the quality and reliability of its operation, providing for a drastic reduction in the material costs of PJSC "IDGC of the South" for its maintenance and maintenance, preventive measures to combat the glaze formation on the above elements of 35-110 kV overhead lines, as well as to reduce the under-supply of electricity to consumers.***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 18.78 million rubles due to the cost of electricity.***

***5.*** ***Contract No. 2-475 / 11y / 741 dated September 19, 2011 for execution of R&D on the subject of "Investigation of the impact of traction and other non-linear loads of 110 kV electric networks on the quality and level of electric energy losses" concluded with the Federal State Educational Establishment of Higher Professional Education "National Research Tomsk Polytechnic university "and providing for the implementation of 3 stages of R&D, a total cost of 12.0 million r***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual results of R&D were the obtaining of fundamental knowledge and the development of "Methods for examining the effect of traction and other non-linear loads of 110 kV electric networks on the quality and level of electric energy losses" and "Guidelines for calculating the main and additional losses of electrical energy from asymmetry and distortions of current sinusoidality 110 kV networks ", as well as their implementation in the branches of PJSC “IDGC of the South” -" Rostovenergo "and" Volgogradenergo ", on the basis of the requirements of the order of PJSC “IDGC of the South” from June 11, 2013 No. 253 "On commissioning of completed research and development work."***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 12.0 million rubles due to the cost of electricity.***

***6.*** ***The contract dated September 27, 2011 No.727 for R&D on the topic "Introduction of microprocessor interlocks of the next generation 110 kV disconnectors (microelectronic and microprocessor electromagnetic locking system with the installation of a prototype for the switchgear of one substation of the branch of PJSC “IDGC in the South” - "Rostovenergo") , concluded with LLC "Scientific Research Institute of Energy Technologies" and providing for the implementation of 3 stages of R&D, a total cost of 2.9 million rubles (VAT not provided).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual result of R&D was the development and installation on electrical equipment and switchgear 10 kV substation 110/10 kV "Nosovskiy" production Department "South-Western electric networks Rostovenergo microelectronic and microprocessor electromagnetic locking system, as well as its testing on the basis of requirements of orders of PJSC “IDGC of the South” dd July 22, 2013 №359 "On install and place in operation the microprocessor and microelectronic systems electromagnetic locks on the substation 110/35/10 kV "Novikovskaya", 07 Aug 2013 no. 392 "About modification of the order of PJSC “IDGC of the South” dd July 22, 2013 №359 "On install and place in operation the microprocessor and microelectronic systems electromagnetic locks on the substation 110/35/10 kV "Novikovskaya" and dated 21 January 2014 №20 "On holding of pilot operation of a microprocessor and microelectronic systems of the electromagnetic lock installed on the substation 110/10 kV "Nosovskiy" in order to objectively evaluate the effectiveness of its implementation and reliability, and be able to perform a comparative analysis of its technical characteristics and reliability of operation with the same parameters typical of the traditional technical solutions.***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 2.9 million rubles due to the cost of electricity.***

***7. The contract dated September 19, 2011 the No. 726 on performance of R&D on the subject "Development of the estimate normative base for determining the cost of repairs and maintenance of electrical installations (SNBRO) in Price Level as of January 01, 2012." concluded with CJSC “The Siberian Center of Pricing in Construction, the Industry and Power” and providing performance of 4 stages of R&D with a total cost of 12,057 million rub (including VAT).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual results of R&D were the development of "Estimated normative bases for determining the cost of repair and maintenance of electrical installations of the branch of PJSC “IDGC in the South” - Rostovenergo, the successful conduct of their expertise by the Federal Autonomous Institution" Federal Center for Pricing in Construction and the Building Materials Industry ", and their approval and enactment in the branch of PJSC “IDGC in the South” - "Rostovenergo" on the basis of the requirements of the order of PJSC "IDGC of the South" dated March 6, 2014 No. 138 "On approval and commissioning of estimates and regulatory databases for determining the cost of repairs and maintenance of electrical installations of the branch of PJSC “IDGC in the South” - "Rostovenergo", in order to ensure their use in the preparation (adjustment) of the Repair Program of the branch of PJSC “IDGC in the South” - "Rostovenergo" "For 2015 and subsequent years, along with similar in their functional design developments and software products used in PJSC" IDGC of the South ".***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 12.057 million rubles due to the cost of electricity.***

***8. Agreement dated 31 October 2012 No. 17/12-K/897 executing TR on the topic "Development of system of normative documents of PJSC "IDGC of the South" based on the requirements of the international standard ISO 50001:2011" concluded with JSC "Finex Quality" and calling for the implementation of 5 stages of TR, with a total value of 5,894 million rubles (including VAT).***

***As of June 30, 2017, all TR stages were carried out in full.***

***The actual results of the implementation of the TR became the development of the Regulation on the Energy Management System of PJSC IDGC of the South, and Regulations on the Energy Management System of SA PJSC “ROSSETI”, and their approval and enactment in the branches of IDGC of the South, JSC based on the requirements of the orders of PJSC IDGC of the South dated December 26, 2013, No. 732 "Approval and implementation of the Regulation on the energy management system of PJSC" IDGC of the South "and dated December 30, 2013, No. 760" On implementation of the Regulation on the energy management system in SA PJSC “ROSSETI” in order to maximize guidance E in future activities in the areas of management, energy conservation and energy efficiency.***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the TR stages by the counterparty was made in full and amounted to 5.894 million rubles due to the cost of electricity.***

***9. Contract from May 10, 2012 No. 12/027/628 on R&D on the subject of "Creation on a modern element base and introduction of a set of selective protection against single-phase earth faults in compensated and uncompensated networks of 6-35 kV voltage , based on the definition of single-phase earth faults in transient and steady-state processes ", concluded with OJSC" Scientific and Research Engineering Center of Interregional Distribution Grid Companies "and providing for the implementation of 6 stages of R&D, total cost of 33.0 million rubles (with allowance for VAT).***

***As of June 30, 2017, all research-and-development stages were carried out in full.***

***The actual results of R&D were the development and installation in the cells of 6 kV 6 kV indoor switchgear of 110/6 kV Substation Olimpiyskaya of the production department of Pravoberezhnye Electric Networks Volgogradenergo of 3 prototypes of an individual device for protection against single-phase earth fault (033) of the type "TOP 110 And 2 prototypes of the centralized device for selective signaling 033 of the type "Bresler-0107.0PF", as well as their commissioning based on the requirements of the order of PJSC "IDGC of the South" dated April 15, 2014 No. 231 "On commissioning of pilot arr of the individual protection device from 033 and the centralized device for selective signaling 033 at 110/6 kV Substation "Olimpiyskaya" and, in addition, the order and order of the branch of PJSC "IDGC of the South" - Volgogradenergo, dated May 20, 2014 No. 1400-P / 463 "On commissioning prototypes of an individual protection device from 033 and a centralized device for selective signaling 033 at 110/6 kV Substation" Olimpiyskaya "and from January 31, 2014 No. 1400 / R / 17 "On pilot operation of samples of signaling for the selective determination of single-phase earth faults” corresponding in connection with the need to accumulate experience in their exploitation.***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the R&D stages by the counterparty was made in full and amounted to 33.0 million rubles due to the cost of electricity.***

***10. The contract of November 9, 2012, No. 891 for the implementation of R&D on the subject of "Development of methodological materials for the training of electrical personnel using switchgear equipment using the simulator of power distribution systems", concluded with CJSC Interregional Production Association of Technical Acquisition “Technocomplekt” and providing for the implementation of 5 stages of R&D, a total cost of 15.501 million rubles (including VAT).***

***As of June 30, 2017, all DDW stages were carried out in full.***

***The actual results of the ROC implementation were the development of the electrical equipment of the simulator of the distribution systems of power systems, its installation in classrooms Nos. 116 and 116A of the administrative building of the "Energetik" Training Center, located at: Rostov-on-Don, Sovetskiy district, Krasnodar Territory, 147 and the adoption of the balance of the branch of PJSC “IDGC of the South” - Rostovenergo as an item of fixed assets (introduction to fixed assets) based on the requirements of the order of PJSC “IDGC of the South”, December 11, 2014 No. 853 " operation of the simulator of switchgears of power systems and methodological materials for the training of electrical personnel on the equipment of switchgears of power systems "and the order of the branch of PJSC “IDGC of the South” Rostovenergo "dated December 16, 2014 No. 466-A" On commissioning of the simulator power distribution devices and methodological materials for the training of electrical personnel on the equipment of switchgears of power systems ", as well as the development of methodological materials for the training of electrical personnel on the equipment of switchgears using the above simulator (Methodological guide for conducting practical work on the simulator of switchgears of power systems "Educational methodological support of VISP.9652283.05 ") and its approval and introduction of the aforementioned requirements based on the order of PJSC “IDGC of the South”.***

***At the same time, the actual payment on behalf of PJSC “IDGC in the South” for performance of the DDW stages by the counterparty was made in full and amounted to 15.501 million rubles due to the cost of electricity.***

***The existing contracts for R&D are as follows:***

***11. Contract No. 10001501000041 of March 27, 2015 for the implementation of R&D on the subject of "Development of an integrated system of specialized monitoring, forecasting and support for the adoption of operational management decisions in the event of hazardous weather events in the zone of operational responsibility of PJSC “IDGC in the South”, concluded with LLL "Managing Company" DonGIS "and providing for the implementation of 6 stages of R&D, a total cost of 12.496 million rubles (including VAT).***

***The planned result of the R&d process is the creation of the territory of operational responsibility of PJSC "IDGC of the South" modern integrated information system specialized in monitoring and predicting meteorological parameters of the environment, as well as timely alerts about their adverse and the dangerous values of the various structural units of the Executive body of PJSC “IDGC in the South” and its branches in order to ensure the adoption of the relevant operational management decisions.***

***As of June 30, 2017, 1-4 research-and-development stages were carried out in full.***

***In addition, the actual payment by PJSC “IDGC in the South” for execution by the counterpart of 1-4 stages of R&D amounted to 11.446 million rubles due to the cost of electricity, at the same planned value.***

***12. The contract of 23 June 2012, No. 10001601000088 for the execution of research, development and technical on the subject of "Study and development of technology and instrumentation analytical support for the radiographic examination of high voltage circuit breakers", concluded with JSC "Inspectorate for control of technical condition of power objects" and calling for the implementation of 4 stages of research, development and technical total cost 33,074 million rubles (including VAT).***

***The planned result of the research, development and technical is development of technology and instrumentation analytical support for operational (on-site installation) control of technical condition of high-voltage low-oil circuit-breakers type TDC 110 without their bus isolation and opening, namely the creation of instrument-analytical complex (IAC) for the radiographic examination of the above switches.***

***As of June 30, 2017, the first stage of the research, development and technical was in the execution stage of the counterparty, while the intermediate results of its implementation are:***

* ***Technical Reference No. 1 on the progress of research, development and technical on the subject of "Research and Development of Technology and Instrumentation and Analytical Support for X-ray Inspection of High-Voltage Switches" "Roentgen" cipher (23.06.2016-30.09.09.2016);***
* ***Technical Reference No. 2 on the progress of research, development and technical on the subject of "Research and Development of Technology and Instrumentation and Analytical Support for X-ray Inspection of High-Voltage Switches" "Roentgen" cipher (23.06.2016-31.12.2016);***

***In accordance with the terms of contract between IAO "IDGC of the South" and JSC “Scientific and technical center of the Tool-micro" completed in full the agreement dated 19 September 2011 No. 745 on R&D performance on "the Introduction of a modern system for early detection of glaze-clear ice generation on 35-110 kV overhead lines" (for the branches of the PJSC "IDGC of the South" - "Volgogradenergo", "Rostovenergo")", filed in Federal state budgetary institution "Federal Institute for Industrial Property (FIIP) application of 28 November 2011 №2011148052/07, in 2012, PJSC "IDGC of the South" has obtained a patent for a utility model No. 116705 "Device detection of deposits on the wire anchor span of overhead transmission lines", which may 27, 2012 published and registered in the State registry of utility models of the Russian Federation (expire November 28, 2021), which is 26 September 2016 officially included in the "Register of innovative solutions IAO "ROSSETI".***

***The formula of the useful model: "The device for detecting deposits on the wire line of an overhead line of high voltage line (HV line), containing insulating garlands of ice detectors embedded in Y-shaped suspension garments with temperature sensors located in their bodies and multi-channel controllers, characterized in that the device is additionally introduced the load cell is mounted in such a way that it forms, with one of the available ice sensors, a V-shaped suspension of the insulator string and its output is connected with the corresponding output of the controller survey".***

***In accordance with the terms of contract between IAO "IDGC of the South" and JSC “Scientific Research Institute of energy technologies," completed in full the agreement dated September 27, 2011 No. 727 on the implementation of R&D on the subject of "Implementation of microprocessor-based locking of disconnectors 110 kV new generation (microelectronic and microprocessor electromagnetic locking system with the installation of a prototype of the switchgear at one substation of the branch of the PJSC "IDGC of the South" - "Rostovenergo")", filed in Federal state budgetary institution Federal Institute for Industrial Property (FIIP) the application dated 19 December 2012 №2012155406/07 in 2015 PJSC "IDGC of the South" has obtained a patent for useful model No. 151377 "Device electromagnetic blocking switching devices", which is 03 March 2015 published and registered in the State registry of utility models of the Russian Federation (the expiry date is 19 December 2022), which is 26 September 2016 officially included in the "Register of innovative solutions, JSC "ROSSETI".***

***The formula of the useful model "the Device of the electromagnetic blocking switching devices, which contains a system of contactless position detectors switching devices, unit-locks on drives of switching devices and an electromagnetic key, characterized in that additionally introduced the individual sensors of the state of the switching device are combined together using the data bus and comprising an input unit receiving information from the non-contact state sensors and transmitting it to the data processing unit, which generates a permissive or blocking signal to block the input transducers and next to the locks electromagnetic lock, based on the exchange of data with the memory unit and data transmission unit, which receives and transmits information using the data bus".***

***In accordance with the conditions concluded between PJSC "IDGC of the South" and JSC "Research engineering centre of interregional distribution grid companies" completed in full the agreement dated may 10, 2012 No. 12/027/628 for R & d on the topic "creation on the modern base and introduction into trial operation sets of the selective protection from single phase earth fault in compensated and non-compensated networks 6-35 kV, based on the determination of single-phase earth fault in the transient and steady processes", filed in Federal state budgetary institution "Federal Institute of industrial property" (FIPS) applications from September 10, 2013***

***№2013141284 / 07 in 2015 PJSC "IDGC of the South" received a patent for invention No. 2550348 "Device for protection against single-phase earth faults of air and cable lines of 6-35 kV distribution networks", which was published on April 9, 2015 and registered in the State the register of inventions of the Russian Federation (the validity term expires on September 10, 2033), which on September 26, 2016 was officially included in the Register of Innovative Decisions of PJSC “ROSSETI”.***

***The formula of the invention: "Device for protection from single phase earth fault air and cable lines of distribution networks 6-35 kV, containing on the direction of power, consisting of matching current transformers and voltage resistance transformer type, two frequency filters, two filters emergency components, schema compare signs of current and voltage, the two single vibrators, two elements of the ban and a trigger body consisting of the filter frequency, one element of the ban, the relay voltage, and the containing element And the time element, two output relays, the input of the matching transformer current transformer type connected with the secondary circuits of zero sequence current of the protected line, and the output through the series-connected first filter alarm components and the first low-pass filter is connected to the first input of the comparison circuit signs of current and voltage, the input of the matching voltage Converter transformer type connected with the secondary circuits of the voltage zero sequence section (system) of busbars connected to the protected line, and the first output through the series-connected second filter alarm components and the second low pass filter connected to the second input of the comparison circuit signs of current and voltage, the second output of the matching voltage Converter transformer type using the filter selection frequency is connected to the input voltage relay, the output of which is connected to the first input element And through the first element prohibition connected to the input of the prohibition of the first one-shot, the first output of the comparison circuit signs of current and voltage is connected to the enabling input of the first one-shot, the output of which is connected with the second input element And the input of the second element of the ban, and the second output of the comparison circuit signs of current and voltage with the enabling input of the second one-shot, the output of which is connected to the input of the third element of the ban and the input of the first output relay the output of the third element of the ban is connected to the input of the prohibition of the first one-shot, the output of the second element prohibition connected to the input of the prohibition of the second single-shot output element And is connected with the second input element And through the element of time with the input of the second output relay, characterized in that additionally introduced three threshold body, and three output relays, filter frequency, a comparison circuit, element And, element OR and the time element, the input of the first additional output relay using the additional time element connected to the output of the additional element OR first input connected to the output of the first additional threshold on, the input of which is connected to the output filter frequency, the input of which is connected to the output of the matching transformer current transformer type, and the second input of the additional element OR is connected to the relay output voltage, the second output the matching voltage Converter transformer type through the filter frequency is connected to the first additional input of the comparison circuit, the second input of which is connected to the output filter frequency, the first output of the additional comparison circuit through the second additional threshold organ connected to the first input of the additional element and the second additional output of the comparison circuit via an optional third threshold organ connected to the second additional output relays, the output of the additional element And connected to the first input of the additional element And with the third additional output relays, and the second input of the additional element And connected to the output voltage relay".***

***In addition, based on filed in the Federal state budgetary institution “Federal Institute for Industrial Property " (FIPS) application of 10 September 2013 g. №2013141283 / 07 2015 PJSC “IDGC in the South” obtained a patent №2565060 «Method centralized selective protection against earth faults in the distribution grid ", which on September 15, 2015 was published and registered in the State Register of Inventions of the Russian Federation (expires on September 10, 2033), which on September 26, 2016, the officer is included in the Register of Innovative Solutions of PJSC ROSSETI.***

***The formula of the invention: "Method for centralized selective protection against ground faults in the distribution electrical network in which the measured zero sequence currents of all outgoing connections, select the connections currents in excess of the minimum level, forming the reference signal, the measured zero sequence currents of all outgoing connections are compared with the base signal, if the direction of the current one close to the joining direction of the base signal, a signal about the damage that the departing connection, characterized in that if the directions of the currents of all connections is close to the direction of the reference signal, a signal of damage on the tire or in the winding of the supply transformer".***

## 4.6. Oil industry trends analysis

***There were no changes in the information contained in this section of the Quarterly Report.***

## 4.7. Analysis of the factors influencing the issuer’s activity.

***There were no changes in the information contained in this section of the Quarterly Report.***

## 4.8. Issuer’s competitors.

***There were no changes in the information contained in this section of the Quarterly Report.***

# Section V. Detailed data on members of the issuer’s management bodies, the issuer’s agencies supervising its financial and business activities, and summary on its staff (employees)

## 5.1. Structure and terms of reference for the issuer’s management bodies

***There were no changes in the information contained in this section of the Quarterly Report.***

## 5.2. Members of the issuer’s management bodies

### 5.2.1. The issuer’s Board of Directors (Supervisory Board):.

Name: ***Arkhipov Sergey Aleksandrovich (Chairman of the Board of Directors)***

Year of Birth: ***1967***

Education:

***Higher.*** ***Candidate of economic sciences.***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2010 | 2012 | OJSC “IDGC in the South” | Director General |
| 2013 | 2013 | OJSC “Rosseti” | Deputy Executive Director - Technical Director |
| 2013 | 2013 | OJSC “Rosseti” | Deputy General Director - Technical Director |
| 2013 | 2014 | OJSC “Rosseti” | Deputy General Director - Chief Engineer |
| 2014 | 2014 | OJSC “Rosseti” | Deputy Director General for the North Caucasus and Southern Federal Districts |
| 2014 | recent time | OJSC “Rosseti” / PJSC “ROSSETI” | Chief Adviser |
| 2014 | recent time | OJSC “MRSK of North Caucasus” / PJSC “MRSK of North Caucasus” | Chairman of the Board of Directors |
| 2015 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Chairman of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairman |
| Human resources and compensation committee of the Board of Directors | No |

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities: ***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Deniskina Olga Sergeyevna***

Year of Birth: ***1977***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2005 | 2013 | OJSC “UES FGC” | Head of the Judicial Work of the Department of Legal Support |
| 2013 | 2015 | OJSC “Rosseti” | Head of the Legal Protection Department of the Department of Legal Support |
| 2015 | 2016 | PJSC “ROSSETI” | Head of the Legal Protection Coordination Division of the Legal Defense Department |
| 2016 | recent time | PJSC “ROSSETI” | Head of the Department for the provision of current activities of the Department of Legal Protection |
| 2017 | recent time | PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

***Member of the Board of Directors (Supervisory Board) is not involved in the work of the committees of the Board of Directors (Supervisory Board)***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Kolyada Andrey Sergeevich***

Year of Birth: ***1984***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2008 | 2013 | Federal Agency for State Property Management | Leading expert, expert, chief specialist-expert, deputy. Head of the Department of Fuel and Energy and Coal Industry Organizations, Directorate of Infrastructure Industries and Organizations of the Military-Industrial Complex, Head of the Department of Fuel and Energy Industry Organizations, Property Relations and Privatization of Major Organizations |
| 2013 | 2017 | PJSC “ROSSETI” | Head of the Equity Capital Department of the Department of Corporate Governance and Relations with Shareholders and Investors |
| 2014 | 2014 | JSC "Yargorelectroset" | Member of the Board of Directors |
| 2014 | 2015 | OJSC "Research Center of the North-West" | Member of the Board of Directors |
| 2014 | 2016 | LLC “Uralenergotrans” | Member of the Board of Directors |
| 2014 | 2016 | PJSC "Lenenergo" | Member of the Board of Directors |
| 2014 | recent time | PJSC “Dagestanian energy service company” | Member of the Board of Directors |
| 2014 | recent time | OJSC "Yantarenergoservis" | Member of the Board of Directors |
| 2016 | recent time | PJSC “IDGC in the South” | Member of the Board of Directors |
| 2017 | recent time | PJSC “ROSSETI” | Head of the Securities and Disclosure Department of the Department for Corporate Governance and Relations with Shareholders and Investors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairman |
| The audit committee of the Board of Directors of PJSC “IDGC in the South” | No |

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Meshcheryakov Andrey Nikolaevich***

Year of Birth: ***1979***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2012 | 2013 | PJSC “UES FGC” | Chief Expert |
| 2013 | 2014 | LLC "ODPS SKOLKOVO" | Engineer |
| 2014 | recent time | PJSC “ROSSETI” | Head of the Department for Support of Design and Survey Work and Preparation of Authorization Documents |
| 2017 | recent time | PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

***Member of the Board of Directors (Supervisory Board) is not involved in the work of the committees of the Board of Directors (Supervisory Board)***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Ozherelyev Alexey Alexandrovich***

Year of Birth: ***1986***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2011 | 2013 | PJSC “UES FGC” | Deputy Head of the Department of Corporate Governance |
| 2013 | recent time | PJSC “ROSSETI” | Head of the Directorate for the Organization of the Activities of the Management Bodies, Head of the Department for the Organization of the Activity of the Management Board, the Board of Directors and interaction with shareholders and investors of the Department for Corporate Governance and Relations with Shareholders and Investors |
| 2014 | 2015 | OJSC "Research Center of the South" | Member of the Board of Directors |
| 2014 | 2015 | CJSC “Kurortenergo" | Member of the Board of Directors |
| 2014 | 2015 | PJSC "MRSK of the North Caucasus" | Member of the Audit Committee |
| 2014 | 2017 | PJSC "MRSK of the North Caucasus" | Member of the Board of Directors |
| 2014 | 2017 | OJSC "Energoservice of Kuban" | Member of the Board of Directors |
| 2015 | 2016 | PJSC "MRSK of the North Caucasus" | Committee Member of the strategy and development |
| 2015 | 2017 | PJSC "MRSK of the North Caucasus" | Chairman of the Audit Committee |
| 2016 | 2017 | PJSC “IDGC of Center” | Member of the Strategy and Development Committee of the Board of Directors |
| 2016 | 2017 | PJSC "IDGC of Centre and Volga region" | Member of the Strategy and Development Committee of the Board of Directors |
| 2016 | recent time | PJSC “UES FGC” | Corporate secretary |
| 2017 | recent time | PJSC “IDGC in the South” | Member of the Board of Directors |
| 2017 | recent time | JSC "Yantarenergo" | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairman |
| Committee for strategy, development, investments and reform of the Board of Directors of PJSC "IDGC of the South" | No |

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Pankstyanov Yuri Nikolaevich***

Year of Birth: ***1980***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2008 | 2013 | OJSC “IDGC Holding” | Head of department of tariff setting |
| 2013 | recent time | OJSC “Rosseti” / PJSC “ROSSETI” | Director of the Tariff Policy Department |
| 2015 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

***Member of the Board of Directors (Supervisory Board) is not involved in the work of the committees of the Board of Directors (Supervisory Board)***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities: ***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Serov Alexey Yurievich***

Year of Birth: ***1979***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2009 | 2012 | CJSC “TKB Capital”(IB) | Senior Energy Analyst, Equity Research Department |
| 2012 | 2013 | CJSC "Business environment" | Analyst, Business Development Department |
| 2013 | recent time | PJSC “ROSSETI” | Director of the Department of Finance |
| 2015 | 2017 | JSC "Ingushenergo" | Member of the Board of Directors |
| 2016 | 2017 | PJSC "Kubanenergo" | Member of the Board of Directors |
| 2016 | 2017 | JSC “RC EEC” | Member of the Board of Directors |
| 2016 | 2017 | PJSC "TRK" | Member of the Board of Directors |
| 2017 | recent time | PJSC “IDGC of Ural” | Member of the Board of Directors |
| 2017 | recent time | PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

***Member of the Board of Directors (Supervisory Board) is not involved in the work of the committees of the Board of Directors (Supervisory Board)***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Spirin Denis Aleksandrovich***

Year of Birth: ***1980***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2007 | recent time | Representation of the company "Prosperity Capital Management (RF) Ltd." | Director for corporate governance |
| 2010 | 2014 | OJSC “TGC-6” | Member of the Board of Directors |
| 2012 | 2014 | OJSC “Prokatmontazh” | Lay auditor |
| 2011 | 2015 | OJSC "Urengoytruboprovodstroy" | Member of the Board of Directors |
| 2012 | recent time | OJSC “TGC-2” | Member of the Board of Directors |
| 2013 | recent time | OJSC "Smolensk energy repair company" | Member of the Board of Directors |
| 2016 | recent time | OJSC “IDGC of Center” / PJSC “IDGC of Center” | Member of the Board of Directors |
| 2016 | 2016 | OJSC “KUNFMWP” | Member of the Board of Directors |
| 2016 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

***Member of the Board of Directors (Supervisory Board) is not involved in the work of the committees of the Board of Directors (Supervisory Board)***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***a member of the Board of Directors of OJSC "Urengoytruboprovodstroy", against which a procedure for bankruptcy proceedings was introduced.***

Name: ***Filkin Roman Alekseevich***

Year of Birth: ***1983***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2006 | 2014 | OJSC “TGC-6” | Member of the Board of Directors |
| 2009 | 2015 | Representation of the company "Prosperity Capital Management (RF) Ltd." | Co-Director, power engineering, mechanical engineering |
| 2009 | recent time | OJSC “IDGC of Center” / PJSC “IDGC of Center” | Member of the Board of Directors |
| 2009 | recent time | OJSC “IDGC of Center and Volga region” / PJSC “IDGC of Center and Volga region” | Member of the Board of Directors |
| 2011 | 2012 | OJSC “Prokatmontazh” | Lay auditor |
| 2011 | 2013 | OJSC “IDGC of North-West” / PJSC “IDGC of North-West” | Member of the Board of Directors |
| 2012 | 2014 | OJSC "Kurganmashzavod" |  |
| 2012 | 2014 | OJSC “Prokatmontazh” | Member of the Board of Directors |
| 2012 | 2014 | OJSC "Noyabrskelektrosetstroy" | Member of the Board of Directors |
| 2012 | 2015 | OJSC "Urengoytruboprovodstroy" | Member of the Board of Directors |
| 2012 | 2016 | OAO DalEnergoMontazh | Member of the Board of Directors |
| 2013 | recent time | OJSC "Smolensk energy repair company" | Member of the Board of Directors |
| 2013 | recent time | OJSC “TGC-2” | Member of the Board of Directors |
| 2014 | recent time | OJSC “IDGC of North-West” / PJSC “IDGC of North-West” | Member of the Board of Directors |
| 2015 | recent time | Representation of the company "Prosperity Capital Management (RF) Ltd." | Director, power engineering, mechanical engineering |
| 2016 | recent time | OJSC “KUNFMWP” | Member of the Board of Directors |
| 2011 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairman |
| The audit committee of the Board of Directors of PJSC “IDGC in the South” | Yes |
| Human resources and compensation committee of the Board of Directors of PJSC “IDGC in the South” | No |
| Committee for strategy, development, investments and reform of the Board of Directors of PJSC "IDGC of the South" | No |

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***a member of the Board of Directors of OJSC "Urengoytruboprovodstroy", against which a procedure for bankruptcy proceedings was introduced.***

Name: ***Fadeev Aleksandr Nikolaevich***

Year of Birth: ***1949***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2011 | 2014 | OJSC “UES FGC” | Deputy Chairman of the Board for safety |
| 2014 | 2017 | OJSC “Rosseti” / PJSC “ROSSETI” | Deputy Director General for safety |
| 2011 | 2012 | OJSC "Tyumenenergo" | Member of the Board of Directors |
| 2011 | 2012 | JSC CIUS | Member of the Board of Directors |
| 2012 | 2013 | OJSC "Electrosetservice" | Member of the Board of Directors |
| 2013 | 2014 | OJSC “IDGC of Ural” | Member of the Board of Directors |
| 2015 | 2017 | OJSC “IDGC of Center” and Volga region / PJSC “IDGC of Center” and Volga region | Chairman of the Board of Directors |
| 2015 | 2016 | OJSC “IDGC of Ural” | Chairman of the Board of Directors |
| 2015 | recent time | OJSC “IDGC of Siberia” / PJSC “IDGC of Siberia” | Chairman of the Board of Directors |
| 2015 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |
| 2017 | recent time | PJSC “ROSSETI” | Chief Adviser |
| 2017 | recent time | JSC "MRSK of Volga" | Member of the Board of Directors |
| 2017 | recent time | PJSC "Kubanenergo" | Member of the Board of Directors |
| 2017 | recent time | PJSC “IDGC of Ural” | Member of the Board of Directors |
| 2017 | recent time | PJSC "MRSK of the North Caucasus" | Chairman of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairman |
| The audit committee of the Board of Directors of PJSC “IDGC in the South” | No |
| Human resources and compensation committee of the Board of Directors of PJSC “IDGC in the South” | Yes |

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Ebzeev Boris Borisovich***

Year of Birth: ***1975***

Education:

***Higher.*** ***Candidate of legal sciences.***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2012 | 2014 | JSC “UPC” | Adviser Director General |
| 2014 | 2014 | OJSC “IDGC in the South” | Deputy Director-General |
| 2014 | recent time | OJSC "Donenergo" / JSC "Donenergo" | Member of the Board of Directors |
| 2014 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Chairman of the Board, Director General |
| 2015 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Information about participation in the work of the committees of the Board of Directors

***Member of the Board of Directors (Supervisory Board) is not involved in the work of the committees of the Board of Directors (Supervisory Board)***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

There is no additional information on the members of the Board of Directors of the Company.

### 5.2.2. Individual executive body of the issuer

Name: ***Ebzeev Boris Borisovich (Director General of PJSC “IDGC of the South”)***

Year of Birth: ***1975***

Education:

***Higher.*** ***Candidate of legal sciences.***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2012 | 2014 | JSC “UPC” | Adviser Director General |
| 2014 | 2014 | OJSC “IDGC in the South” | Deputy Director-General |
| 2014 | recent time | OJSC "Donenergo" / JSC "Donenergo" | Member of the Board of Directors |
| 2014 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Chairman of the Board, Director General |
| 2015 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

### 5.2.3. Issuer’s collegiate executive body

Name: ***Ebzeev Boris Borisovich (Chairman of the Board of PJSC “IDGC in the South”)***

Year of Birth: ***1975***

Education:

***Higher.*** ***Candidate of legal sciences.***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2012 | 2014 | JSC “UPC” | Adviser Director General |
| 2014 | 2014 | OJSC “IDGC in the South” | Deputy Director-General |
| 2014 | recent time | OJSC "Donenergo" / JSC "Donenergo" | Member of the Board of Directors |
| 2014 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Chairman of the Board, Director General |
| 2015 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Alaev Timur Ulyumdzhievich***

Year of Birth: ***1971***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2008 | 2013 | OJSC “IDGC in the South” | Deputy General Director - Director of the branch "Kalmenergo" |
| 2011 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board |
| 2013 | 2016 | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Deputy General Director - Director of the branch "Astrakhanenergo" |
| 2016 | recent time | PJSC “IDGC in the South” | Deputy General Director - Director of the branch "Kalmenergo" |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Goncharov Pavel Viktorovich***

Year of Birth: ***1966***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2010 | 2013 | OJSC “IDGC in the South” | Deputy General Director - Director of the branch "Astrakhanenergo" |
| 2010 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board |
| 2011 | 2013 | JSC "Astrakhanelektrosetremont" | Member of the Board of Directors |
| 2013 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Deputy General Director for Technical Issues - Chief Engineer |
| 2013 | recent time | OJSC "Energy Service of the South" / JSC "Energy Service of the South" | Chairman of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Rybin Aleksey Aleksandrovich***

Year of Birth: ***1972***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2011 | 2012 | OJSC “UES FGC” | Deputy Director for Development of Investment Activities and Services of the branch "Rostov Enterprise of Backbone Electric Grids" |
| 2012 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Deputy General Director for Economics and Finance |
| 2013 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities: ***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Savin Grigoriy Grigoryevich***

Year of Birth: ***1952***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2008 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Chief Accountant - Head of the Department of tax accounting and reporting |
| 2013 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities: ***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Chasovskoy Alexander Alexandrovich***

Year of Birth: ***1957***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2004 | 2013 | Military unit № 2400 Pyatigorsk town | Deputy director of Administration |
| 2013 | 2013 | OJSC “IDGC in the South” | Head of Security Department |
| 2013 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Deputy Director General for safety |
| 2014 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Chekmarev Sergey Alekseevich***

Year of Birth: ***1976***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2011 | 2013 | OJSC “IDGC in the South” | Deputy director of the branch for technical issues - chief engineer of the branch "Kalmenergo" |
| 2013 | 2014 | OJSC “IDGC in the South” | Deputy General Director - Director of the branch "Kalmenergo" |
| 2014 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Deputy General Director - Director of branch of JSC "IDGC of the South" - "Rostovenergo" |
| 2013 | recent time | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Member of the Board |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: Dzhabrailov Julianna Hasanovna Year of birth: ***1981***

Education:

***Higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2007 | 2014 | OJSC “IDGC in the South” | Head of Department of Administrative and Economic Support |
| 2014 | 2015 | MRSK of North Caucasus JSC | Counsellor |
| 2015 | 2016 | OJSC “IDGC in the South” / PJSC “IDGC in the South” | Deputy Chief of Staff |
| 2016 | recent time | PJSC “IDGC in the South” | Deputy Director General - chief of Staff |
| 2016 | recent time | PJSC “IDGC in the South” | Member of the Board |
| 2016 | recent time | PJSC “IDGC in the South” | Director of the branch of PJSC "IDGC of the South" "Kubanenergo" |
| 2016 | recent time | JSC "Recreation center" Energetik " | Chairman of the Board of Directors |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

***There is no additional information on the members of the Management Board of the Company.***

## 5.3. Remuneration and/or compensation for expenses for each management body of the issuer

Remuneration for each management body (except for the individual who performs the functions of the individual executive body of the issuer) Specify all types of remuneration, including salary, bonuses, commissions, benefits and/or compensations for expenses and other material representations:

Remuneration

Board of Directors

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | 2017, 6 months. |
| Remuneration for participation in the work of the management body | 0 |
| Salary | 0 |
| Bonuses | 0 |
| Commission | 0 |
| Other types of remuneration | 0 |
| TOTAL | 0 |

Existing agreements in relation to such payments in the current financial year:

***Payment of remuneration to members of the Board of Directors is carried out in accordance with the Regulations on payment of remuneration and compensation to members of the Board of Directors of the Company in the new version (hereinafter referred to as the Regulations) approved by the Company's AGM held on June 19, 2015 (Minutes No. 13 of June 22, 2015).***

***The effect of this provision does not apply to members of the Board of Directors who are simultaneously members of the collegial executive body of the Company or the sole executive body (General Director) of the Company.***

***In accordance with cl. 3.*** ***The remuneration provisions to the chairman and members of the Board of Directors of the Company who are persons for whom a federal law restricts or prohibits any payments from commercial organizations is not accrued or paid.***

***In accordance with cl. 4.1*** ***The provisions of the payment of remuneration to the members of the Board of Directors of the company made by results of work for the period since the election of a candidate member of the Board of Directors until the election of the Board of Directors in a new composition.***

***As per clause 4.4*** ***Provisions and remuneration to members of the Board of Directors of the Company for participation in the work of the Board of Directors shall be paid within 60 days after the annual General Meeting of Shareholders of the Company.***

***For these reasons, payment of remuneration to members of the Board of Directors of the Company for the corporate 2016-2017 year (the period from 06.06.2016 to June 13, 2017) was made in July 2017. Information on the amount of remuneration paid will be reflected in the quarterly report for the third quarter of 2017.***

Collective executive body

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | 2017, 6 months. |
| Remuneration for participation in the work of the management body | 758 |
| Salary | 14,678 |
| Bonuses | 1,938 |
| Commission | 0 |
| Other types of remuneration | 1,470 |
| TOTAL | 18,844 |

Existing agreements in relation to such payments in the current financial year:

***Members of the Board are included in the category of senior managers of the Company.***

***In the reporting period in accordance with the labor agreements between the company and members of management Board, remuneration to the member of the management Board was paid in the amount and manner established by the Provision on material incentives and social package of top managers of JSC "IDGC of the South" in a new wording approved by resolution of the Board of Directors on 14.06.2011 (minutes dated 16.06.2011 № 67/2011).***

***The motivation of Board members is carried out:***

* + ***by establishing by the order of the General Director of the Company a personal allowance in the amount of up to 15% of the official salary established by the senior manager;***
  + ***by payment of quarterly and annual remuneration to members of the Board for the performance of relevant key performance indicators as top managers.***

***On the basis of decisions of the Board of Directors on definition of quantitative structure of the Board and election of members of the management Board and in accordance with article 21 of the Statute of the PJSC "IDGC of the South" and articles 15 and 57 of the Labour code of the Russian Federation, with members of the management Board of the company concluded additional agreements to labor contracts for the exercise of powers of the member of the collegial Executive body - company Board.***

***From the date of the creation of the Management Board of OJSC “IDGC in the South” (19.05.2008) to 31.08.2011, the members of the Management Board of the Company were paid monthly remuneration for the exercise of their authority in the amount of 5 (five) minimum monthly tariff rates for the first-class worker established by the sectoral tariff agreement in the electric power complex of the Russian Federation .*** ***From 01.09.2011 the members of the Management Board of the Company for the exercise of authority are paid monthly remuneration in the amount of 11% of the salary set to the highest manager.***

Compensations

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Name of the management body | 2017, 6 months. |
| Board of Directors | 9 |
| Collective executive body | 0 |

More information:

***Compensation payment to members of the Board of Directors is carried out in accordance with the Regulations on payment of remuneration and compensation to members of the Board of Directors of the Company in the new version (hereinafter referred to as the Regulations) approved by the Company's AGM held on June 19, 2015 (Minutes No. 13 of June 22, 2015).***

***The effect of this provision does not apply to members of the Board of Directors who are simultaneously members of the collegial executive body of the Company or the sole executive body (General Director) of the Company.***

***In accordance with clause 5.1.*** ***Provisions The member of the Board of Directors is compensated for expenses related to participation in the meeting of the Board of Directors, at the time of the meeting, the rates of reimbursement of travel expenses established by the Company.***

***In accordance with clause 5.2.*** ***Provisions payment of compensations is made the Company after submission of the documents confirming the made expenses.***

No additional information

## 5.4. Information on the structure and competence of the bodies controlling the issuer's financial and business operations, as well as the organization of a risk management and internal control system

Give the full description of the structure of the agencies supervising the issuer’s financial and business activities and their terms of reference in accordance with the issuer’s charter (constituent documents) and internal documents:

***In accordance with clause 9.2 of the Charter of the issuer's authority for control over financial and economic activity of the issuer is a company Audit Commission.***

***In accordance with clause 24.1 of the Issuer's Charter, the Audit Commission of the Company shall be elected by the General Meeting of Shareholders for the period until the next annual General Meeting of Shareholders to monitor the Company's financial and business operations.***

***In the event that the Audit Commission is elected at an extraordinary General Meeting of Shareholders of the Company, the members of the Audit Commission shall be deemed elected for the period up to the date of the annual General Meeting of Shareholders of the Company.***

***The numerical composition of the Audit Commission of the Company is 5 (Five) people.***

***Members of the Audit Commission may not be in the Company’s Board of Directors and, at the same time, hold any other positions in the management bodies of the Company.***

***By decision of the General Meeting of Shareholders, the powers of all or some members of the Company's Audit Commission may be terminated early.***

***The Auditing Commission, in accordance with the decision carrying out verification (audit), has the right to engage specialists in the relevant fields of law, economics, finance, accounting, management, economic security and others, including specialized organizations, in order to carry out verification (audit).***

***In accordance with clause 24.3 of Article 24 of the Issuer's Charter, the competence of the Auditing Commission includes:***

* ***Verification (auditing) of the financial, accounting, payment and other documentation of Company related to the financial and economic activities of the Company, with a view to its conformity with the legislation of the Russian Federation, the Charter, Internal and other documents of Company;***
* ***verification and analysis of the financial condition of the company, its solvency, functioning of the internal control system and risk management system, liquidity of assets, ratio of own and borrowed funds, correctness and timeliness of accrual and payment of interest on bonds, income on other securities;***
* ***control over the expenditure of funds of the Company in accordance with the approved business plan and the budget of the Company;***
* ***control over the formation and use of the reserve and other special funds of the Company;***
* ***inspection of maintenance of timely and accurate settlements with contractors and budget contributions as well as settlements in respect of labor remunerations, social insurance, accrual and payment of dividends and other types of settlements;***
* ***control over observance of the established procedure for writing off the debt of insolvent debtors to the Company's losses;***
* ***verification of the the Company's business operations carried out in accordance with the agreements concluded;***
* ***verification of compliance with the use of material, labor and financial resources in the financial - economic activity of the contract, Mr and regulations, approved budgets, and other documents regulating the activity of the Company;***
* ***monitoring of the safety and the use of fixed assets;***
* ***verification of the cash and assets of the Company, the efficiency of using the Company's assets and other resources, identifying the causes of non-productive losses and expenses, identifying reserves to improve the financial condition of the Company;***
* ***verification of compliance with the requirements for the elimination of violations and deficiencies previously identified by the Company Audit Commission;***
* ***development of requirements for company management bodies;***
* ***performing other actions (measures) connected with check of financial and economic activities.***

***All decisions on matters within the competence of the Auditing Commission are taken by a simple majority of votes of the total number of its members.***

***The Audit Commission of the Company is entitled, and in case of revealing serious violations in the financial and economic activities of the Company, it is required to demand convocation of an extraordinary General Meeting of Shareholders of the Company.***

***The functioning of the Audit Commission of the Company is determined by the internal document of the Company approved by the General Meeting of Shareholders of the Company.***

***The operating procedure of the Issuer's Audit Commission is determined by the Regulations on the Auditing Commission of PJSC "IDGC of the South", approved by the decision of the General Meeting of Shareholders of PJSC "IDGC of the South" (Minutes No. 17 of June 16, 2017).***

***In accordance with the Regulations, the tasks of the Issuer's Auditing Commission are:***

***1. supervision of the Company’s financial and business activities;***

***2. perform an independent assessment of the reliability of the data contained in the company's annual report, annual financial statements.***

***The full text of the Regulation on the Audit Commission of PJSC "IDGC of the South" is placed on the corporate site of PJSC "IDGC of the South" in the Internet at the address:*** [***http: //mrsk-yuga.ru***](http://mrsk-yuga.ru) ***in the section "Corporate Governance".***

***An inspection (audit) of financial and business activities of the Issuer shall be performed at the end of the business year and at any time at the initiative of the Company Audit Commission by resolution of the General Shareholders Meeting, Company’s Board of Directors or at the request of a shareholder (shareholders) of the Company holding, in the aggregate, at least 10 per cent of voting shares of the Company.***

***Based on the results of the Company's financial and economic activities, the Audit Commission of the Company shall draw up a Conclusion that shall contain:***

* ***confirmation of the reliability of the data contained in the company's annual report, annual accounting (financial) statements;***
* ***information on facts of violation of procedure for accounting and submission of financial statements and implementation of financial - economic activities; Conclusions of the audit of financial-economic activities of the company shall be made within 10 working days from the date of inspection and signed by all members of the audit Committee of the company.***

***A Board Audit Committee of the Board of Directors has been established in Company***

Main functions of the audit committee:

***By the decision of the Board of Directors of PJSC "IDGC of the South" (Minutes No. 37/2009 dd 04.12.2009), as of December 1, 2009, the Audit Committee of the Board of Directors of PJSC "IDGC of the South" was established and is functioning.*** ***The Committee is a subsidiary consultative and advisory body of the Board of Directors of the Company.***  ***The Committee is not a body of management and control of the Company and it has no right to act on the Company's behalf.***

***The purpose of the Committee is to facilitate the effective performance of the functions of the Board of Directors with regard to preliminary consideration of matters related to the control over the financial and business activities of the Company.***

***The main tasks of the audit Committee:***

* ***consideration of the accounting (financial) statements of the company and supervise the process of preparation;***
* ***control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices;***
* ***control over the conduct of the external audit and selection of auditor;***
* ***ensuring the independence and objectivity of the internal audit function;***
* ***supervision of the effectiveness of the system of counteraction to dishonesty of employees of the Company and third parties.***

***The Committee carried out its activities in accordance with the Regulation on the audit Committee of the Board of Directors PJSC "IDGC of the South" approved by decision of the Board of Directors 11.03.2016, (minutes 14.03.2016 No. 180/2016) and posted on the company's corporate website in the Internet.***

***The Committee was not called upon to perform the role of guarantor of societal objectives to ensure the reliability of reporting, effectiveness of internal control systems, risk management, corporate governance practices, independence and objectivity of the internal audit function, compliance with the law, and monitors the implementation of the company's Executive bodies of their duties to ensure compliance with the stated purposes of the Company.***

***The competence of the Committee includes consideration of issues related to the accounting (financial) statements of the company, control over reliability and effectiveness of the internal control system, risk management system, corporate governance practices, the external audit and the selection of the auditor, ensuring the independence and objectivity of the internal audit***

***functioning of the system of counteraction to dishonest actions of the employees of the Company and third parties, as well as other issues on the instructions of the Board of Directors of the Company.*** ***In the framework of its competence, the Committee performs the following functions:***

***1. In the field of accounting (financial) statements of the company***

* ***Control (supervision) for ensuring the completeness, accuracy and reliability of annual and interim reporting.***
* ***Analysis of significant aspects of the Company's accounting policies.***
* ***Participation in consideration of significant issues and judgments in respect of the Company's accounting (financial) statements.***
* ***Analysis of the Company's press releases on financial matters, any public statements regarding external and internal audit, the Company's risk management and internal control system, and published financial information.***
* ***Consideration of the Company's interim financial (financial) statements, preliminary, prior to the consideration by the Board of Directors of the Company, consideration of the Company's annual financial statements.***

***2. In the field of monitoring the reliability and effectiveness of the functioning of internal control systems, risk management systems, corporate governance practices.***

* ***Consideration, prior to the determination by the Board of Directors of the Company, of approaches to the organization of risk management systems and internal control, analysis and evaluation of the implementation of the Company's policy in the field of risk management, internal control.***
* ***2. Monitoring the reliability and effectiveness of the functioning of internal control systems, risk management systems, corporate governance practices.***
* ***Monitoring of observance of the statutory and regulatory requirements by the Company.***

***3. In the field of control over the conduct of the external audit and selection of auditor***

* ***Consideration and development of recommendations for the Board of Directors of the Company, which should be provided to shareholders for approval at the annual General Meeting of Shareholders of the Company with respect to the appointment, re-election and removal of the external auditor.***
* ***Development of recommendations for the Board of Directors of the Company on determining the deadline for the rotation of the external auditor.***
* ***Implementation of general supervision over the selection of an external auditor.***
* ***Supervision of carrying out external audit and assessment of quality of performance of the audit inspection and conclusions of the auditor.***
* ***Conduct an evaluation of the effectiveness of the external audit process at least once a year.***
* ***Development and submission for approval to the Board of Directors of the Company of a policy in the field of providing non-audit services to the external auditor.***
* ***Ensuring effective interaction between the external and internal auditors of the Company.***

***4. In the field of ensuring the independence and objectivity of the internal audit function.***

* ***The organization of the implementation of the internal audit function.***
* ***Ensuring the independence and objectivity of internal audit.***
* ***Consideration of restrictions that can negatively affect the performance of the internal audit function.***
* ***Evaluation of the effectiveness of the implementation of the internal audit function.***

***5. In the field of supervision of the effectiveness of the system of counteraction to dishonesty of employees of the Company and third parties.***

* ***Supervision over the implementation of measures taken by the Company on facts of information on potential cases of unfair acts of employees, revealed violations and results of investigations.***
* ***Development and submission for submission to the Board of Directors of the Company of draft documents relating to the organization of the activities of the Audit Committee.***
* ***According to the decision of the Board of Directors of the Company, other issues related to its competence may be introduced for consideration by the Audit Committee.***
* ***Within the framework of its powers, the Committee cooperates with***
* ***the Board of Directors of the Company***
* ***The executive bodies of the company.***
* ***Committee of Experts***
* ***Internal auditor***
* ***Outside Company auditor***
* ***Audit Commission of the Company***

***In accordance with the Regulations on the Audit Committee of the Board of Directors of PJSC "IDGC of the South" approved by the decision of the Board of Directors on 14.03.2016 (Minutes No. 180/2016), the number of members of the commission is at least 3 (three) people.*** ***The personal composition of the Committee is elected by the Board of Directors of the Company from the number of candidates represented by members of the Board of Directors of the Company.*** ***Members of the Committee are elected for a term until the election of the next Committee.***

***The composition of the Committee elected at the meeting of the Board of Directors of the Company on 30.06.2017 (Minutes No. 238/2017 of 03.07.2017) (the number of members of the audit committee is 3 persons):***

Members of the Audit Committee of the Board of Directors

|  |  |
| --- | --- |
| Name | Chairman |
| Fadeev Aleksandr Nikolaevich | Yes |
| Kolyada Andrey Sergeevich | No |
| Filkin Roman Alekseevich | No |

Information about the availability of a separate structural divisions (subdivisions) of the Issuer's risk management and internal controls (other, different from the audit Commission (auditor), body (structural subdivision) responsible for internal control over financial and economic activities of the Issuer), its tasks and functions:

***Ensuring the effective functioning of the system of internal control and risk management in the Company is carried out by the Department for Internal Control and Anti-Corruption Activities.***

***In accordance with the organizational structure, the Internal Control and Anti-Corruption Department is directly subordinate to the General Director of the Company.***

***The main functions of the Internal Control and Anti-Corruption Department:***

* ***organization and implementation of subsequent control over the activities of the Company and its subsidiaries and affiliates;***
* ***organization of effective interaction and support of the activity of the Audit Commission of the Company, organization of activity of the audit commissions of subsidiaries and affiliates;***
* ***organization of interaction with the external auditor of the Company and subsidiaries and affiliates on issues relating to the evaluation of the effectiveness of the internal control and risk management system;***
* ***interaction with the Audit Committee in the framework of functional subordination;***
* ***introduction in the Company and subsidiaries and affiliates of single approaches to the construction of internal control and risk management system;***
* ***methodological and organizational support for the implementation of preventive and ongoing control in the Company and subsidiaries and affiliates;***
* ***interaction with state control and supervisory bodies on internal control issues.***

***Interaction with executive bodies of the issuer's management and the Board of Directors (supervisory board) of the issuer is carried out in accordance with the internal documents of the Company that are in force at the issuer:***

* ***Regulations on the Department of Internal Control and Anti-Corruption Activities, approved on May 25, 2017;***
* ***The policy of internal control of PJSC "IDGC of the South", approved by the Board of Directors of PJSC "IDGC of the South", Minutes No. 180/1016 of March 11, 2016 (establishes general principles for building an internal control system, its goals and objectives, general approaches to organization, division of responsibilities between Internal Control Service members and the nature of their interaction);***
* ***The risk management policy of PJSC "IDGC of the South", est. Of the Board of Directors PJSC "IDGC of the South", report from 01.04.2016 No. 182/2016 (defines risk tolerance, establishes the General principles of the risk management system, its goals and objectives, General approaches to the organization, distribution of responsibility between the members of the SUR and the nature of their interaction).***

Information on the availability of the Issuer's separate structural subdivisions (services) internal audit, its objectives and functions:

***The internal audit function in the Company is performed by the Internal Audit Department.***

***The Internal Audit Department is reorganized and liquidated by an order of the General Director on the basis of a decision of the Board of Directors, with preliminary consideration by the Audit Committee of the Board of Directors.***

***The purpose of the internal audit is to assist the Board of Directors and the executive bodies of the Company in improving the management of the Company, improving its financial and economic activities, including through a systematic and consistent approach to the analysis and evaluation of risk management systems, internal control and corporate governance as tools to provide reasonable assurance in achieving the goals set for the Company.***

***Within the framework of internal audit organization, the Internal Audit Department solves the following tasks:***

***1. The introduction and application of uniform approaches to creation, management and coordination of the internal audit function in the company;***

***2. Conducting internal audits, participation in other verification activities in the company and its subsidiaries and affiliates;***

***3. Providing independent and objective guarantees regarding the effectiveness of internal control systems, risk management and corporate governance, as well as assistance to the executive bodies and employees of the Company in developing and monitoring the implementation of procedures and measures to improve the Company's internal control, risk management and corporate governance systems;***

***4. Organization of the effective interaction of the Company with the external auditor of the Company, the Audit Commission of the Company, with other interested parties on matters within the competence of internal audit;***

***5. Preparation and submission to the Board of Directors, the audit Committee of the Board of Directors and Executive bodies of the company report the results of TWO (including information about significant risks, deficiencies, results and efficiency of execution of measures on elimination of identified deficiencies, results of implementation of the plan of internal audit activities, the results of assessment of actual state, reliability and effectiveness of systems of internal control, risk management and corporate governance).***

***To achieve the goals and solve the tasks, the internal audit of the issuer performs the following functions:***

***1. In terms of implementation and application of the common approaches to the construction, management and coordination of the internal audit function in the company and its subsidiaries and affiliates:***

* ***development of proposals on the most optimal form of implementation of the internal audit function in the company and its subsidiaries and affiliates;***
* ***implementation of activities to introduce in the Company common principles for building the internal audit function and assessing the implementation of the internal audit function established in the Rosseti Group of Companies;***
* ***development and implementation of methodological documents regulating the activity of internal audit;***
* ***Forming proposals for the development of documents that define common approaches and principles for the construction, management and coordination of the internal audit function, participation in working groups on the development of documents on the regulatory support of internal audit activities;***
* ***organization and carrying out of activities on automation of the internal audit activities of the Company and subsidiaries and affiliates.***

***2. In part of conducting internal audit, participation in other verification activities in the Company and subsidiaries and affiliates:***

***- planning, organization and conducting internal audits of business processes, business functions, projects, plans, programmes of structural and separate subdivisions and other objects of the inspection of the Issuer to comply with the requirements of legislation, normative legal acts, regulations, standards, contractual obligations; execution of orders of state bodies of the Russian Federation concerning functioning and development of electric grid complex; implementation of decisions of the management bodies of the Issuer, the requirements of organizational-administrative documents; effectiveness, efficiency and effectiveness; reliability, accuracy, completeness and timeliness of the preparation of accounting (financial) and managerial reporting; safeguarding of assets.***

* ***implementation of the practice of conducting thematic audits on a specific topic in accordance with a unified audit program;***
* ***carrying out inspections, performing other tasks on the instructions of the Board of Directors (Audit Committee), and the issuer's executive bodies on matters within the competence of internal audit;***
* ***organization, planning, ensuring audit reviews of subsidiaries and dependent companies, participation in the activities of audit commissions of subsidiaries and affiliates;***
* ***participation in specialized (official) investigations into the facts of abuse, causing damage to the Company and subsidiaries and affiliates, misuse, inefficient use of resources and other facts of unfair, unlawful acts of employees and third parties;***
* ***informing the Board of Directors (audit Committee) Executive bodies of the Issuer on the results of inspections, submission of recommendations on elimination of violations and faults revealed during the inspections, and suggestions for improving the efficiency and effectiveness of systems of internal control, risk management and corporate governance, to improve the activities of the company and subsidiaries and affiliates;***
* ***monitoring the implementation of corrective action plans aimed at eliminating violations and deficiencies identified during inspections, and implementing recommendations and proposals for improving the activities of the Company and its subsidiaries and affiliates;***
* ***organization and conducting of post-audits in relation to business processes, business functions, projects, plans, programmes of structural and separate subdivisions and other inspection object.***

***3. With respect to providing independent and objective guarantees regarding the effectiveness of internal control systems, risk management and corporate governance, as well as assistance to the executive bodies and employees of the Company in developing and monitoring the implementation of procedures and measures to improve the Company's internal control, risk management and corporate governance systems;***

* ***effectiveness evaluation of the internal control system,***
* ***evaluation of the effectiveness of the risk management system,***
* ***corporate governance evaluation,***
* ***providing consultations to executive bodies of the issuer on internal control, risk management and corporate management.***

***4. Organization of interaction of the Issuer's Board of Directors, Executive bodies of the Issuer and the external auditor, the audit Commission, as well as with persons rendering consulting services in the field of risk management, internal control and corporate governance, internal audit, JSC "ROSSETI" - shareholder Companies, state Supervisory agencies, and other interested parties in the order stipulated by the legislation of the Russian Federation and internal normative documents of the Issuer, on matters within the competence of the internal audit.***

***5. Preparation and submission the reports on results of internal audit activities to the Board of Directors (the audit Committee) and Executive bodies of the Issuer.***

***The Issuer's policy in the field of risk management and internal control is described by the issuer in clause 2.4. of this quarterly report***

Information about the availability of the internal document of the Issuer establishing the rules preventing misuse of confidential and insider information:

***The issuer ratified (approved) the issuer’s internal document establishing rules to prevent unauthorized use of confidential and insider information.***

***In order to implement the requirements of Federal Law No. 224-FZ of 27.07.2010 "On Countering the Illegal Use of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation" (hereinafter - FZ-224), on May 28, 2015, by a resolution of the Board of Directors IDGC of the South, JSC (Minutes No. 160/2015, Issue No. 4 dated May 29, 2015) approved the Regulations on Insider Information of IDGC of the South, JSC (hereinafter referred to as - the Regulation).*** ***The Regulations is available on the corporate website of the PJSC "IDGC of the South" in the section "Information insiders", where it can be accessed by all stakeholders.***

***As per clause 5.5*** ***of the Regulations a report on the implementation of measures to comply with the requirements of the law on the control of insider information in PJSC “IDGC in the South” are annually provides for to the Board of Directors of the Company.***

***The page address in the Internet, where a free access to a full text of the Regulations:*** [***http://www.mrsk-yuga.ru/pages/show/company\_insiders***](http://www.mrsk-yuga.ru/pages/show/company_insiders)

No additional information

## 5.5. Members of the agencies supervising the issuer’s financial and business activities.

Name of the agency supervising the issuer’s financial and business activities:

***Auditing Committee***

Name: ***Zadorozhnaya Anzhelika Aleksandrovna (Chairman)***

Year of Birth: ***1966***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 10.2001 | 12.2013 | Accounting chamber of the RF | Senior Inspector; Lead Inspector; Chief Inspector; Deputy Head of Inspection; Deputy Director of the Department; Head of Inspection |
| 12.2013 | 12.2014 | Government Accountability Office of Moscow | Head of a department |
| 12.2014 | 12.2016 | PJSC "RusHydro" | Deputy Director of Department |
| 12.2016 | recent time | PJSC “ROSSETI” | Head of a department |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Medvedeva Oksana Alekseevna***

Year of Birth: ***1978***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2010 | 2011 | LLC "Baikal Service TC" | Head of Internal Audit Department |
| 2011 | 2014 | OJSC “UES FGC” | Head of the Department of Control and Revisions |
| 2014 | recent time | PJSC “ROSSETI” | Department of control activities |
| 2015 | recent time | PJSC “IDGC in the South” | Lay auditor |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Kirillov Artem Nikolaevich***

Year of Birth: ***1984***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2009 | 2012 | OJSC “UES FGC” | Chief Specialist of the Department of Control and Revisions |
| 2012 | 2013 | OJSC “UES FGC” | Chief Expert of the Department of Control and Revisions |
| 2013 | recent time | PJSC “ROSSETI” | Deputy Head of the Auditing Department of the Control and Auditing Department |
| 2014 | recent time | PJSC “ROSSETI” | Lay auditor |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Kabizskina Elena Alexandrovna***

Year of Birth: ***1964***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2005 | 2013 | OJSC “UES FGC” | Deputy Head of the Control and Revision Department |
| 2013 | 2014 | OJSC “MUEGC” | Head of the Department of Methodological Support of the Internal Audit Department |
| 2014 | 2015 | OJSC “ROSSETI” | Deputy Head of the Audit and Internal Audit Division of the Internal Audit and Control Department |
| 2015 | recent time | PJSC “ROSSETI” | Deputy Head of the Auditing Department of the Control and Auditing Department |
| 2016 | recent time | PJSC “IDGC in the South” | Lay auditor |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name: ***Slesareva (Guseva) Elena Yuryevna***

Year of Birth: ***1970***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2009 | 2013 | OJSC “IDGC in the South” | Chief specialist of Department for internal audit and control |
| 2013 | recent time | PJSC “ROSSETI” | Chief Expert of the Directorate of Internal Audit |
| 2014 | recent time | PJSC “IDGC in the South” | Lay auditor |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities: ***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name of the agency supervising the issuer’s financial and business activities: ***Other Internal Audit Department***

Information relating to the head of such a separate structural unit (body) of the Issuer

The title of the head of the structural unit:

***Director for Internal Audit - Head of the Internal Audit Department***

Name: ***Pechenkin Nikolay Vladimirovich***

Year of Birth: ***1983***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2012 | 2012 | OJSC “IDGC in the South” | Head of the Internal Control and Risk Management Department of the Internal Audit and Risk Management Department |
| 2012 | 2013 | OJSC “IDGC in the South” | Deputy Head of the Internal Audit and Risk Management Department |
| 2013 | 2016 | PJSC “IDGC in the South” | Head of the Internal Audit and Control Department |
| 2016 | recent time | PJSC “IDGC in the South” | Director for Internal Audit - Head of the Internal Audit Department |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

Name of the agency supervising the issuer’s financial and business activities: ***Other Department of Internal Control and Anti-Corruption Activities***

Information relating to the head of such a separate structural unit (body) of the Issuer

The title of the head of the structural unit: ***Head of the Department for Internal Control and Anti-Corruption Activities***

Name: ***Menshenin Alexey Evgenievich***

Year of Birth: ***1974***

Education:

***higher***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment

|  |  |  |  |
| --- | --- | --- | --- |
| Period | | Name of the organization | Position |
| from | till |  |  |
| 2014 | 2015 | Residence of the authorized representative of the President of the Russian Federation in the Southern Federal District | Deputy chief of service for maintenance and operation of the residence |
| 2015 | 2017 | PJSC “IDGC in the South” | Adviser Director General |
| 2017 | recent time | PJSC “IDGC in the South” | Head of the Department for Internal Control and Anti-Corruption Activities |

***There are no shares in the charter capital of the issuer/ common shares***

The quantity of the issuer's shares of each category (type) that can be acquired by the person as a result of exercising the rights for the issuer's options owned by him: ***the issuer did not issue any options***

Share of the person in the charter (share) capital (mutual fund) of the issuer’s subsidiaries and affiliates

***The person does not have such shares***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer’s financial and business activities:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***There were no administrative or criminal actions brought against the person***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation:

***The person did not hold such positions***

## 5.6. Information on the amount of remuneration and (or) compensation for expenses for the agency supervising the issuer’s financial and business activity.

Remuneration

For each body of control over financial and economic activities of the Issuer (except a natural person, occupying the position (exercising functions) of auditor of the Issuer) are described by indication of the size of all types of remuneration, including the salaries of members of bodies controlling financial and economic activities of the Issuer are (were) its employees, including those working (worked) part-time, bonuses, commissions, remuneration, separately payable for the participation in the work of the relevant body of control over financial and economic activities of the Issuer, other types of remuneration that were paid by the Issuer during the relevant reporting period and describes the amount of the costs associated with execution of functions of members of bodies of control over financial and economic activities of the Issuer are compensated by the Issuer during the relevant reporting period.

Name of the agency supervising the issuer’s financial and business activities: ***Auditing Committee of PJSC “IDGC of the South”***

Remuneration for participation in the work of the control body

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | 2017, 6 months. |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and business activities | 780 |
| Salary |  |
| Bonuses |  |
| Commission |  |
| Other types of remuneration |  |
| TOTAL | 780 |

Existing agreements in relation to such payments in the current financial year:

***The remuneration payment to the members of the Audit Commission is carried out in accordance with the Regulations on payment of remunerations and compensations to the members of the Audit Commission of Open Joint-Stock Company Interregional Distribution Grid Company of the South (hereinafter referred to as the Regulations) approved by the GOSA of the Company on June 19, 2015, Minutes No. 13 of June 22, 2015***

***According to clause 1.3., the Regulation effectiveness applies to members of the Company's Audit Commission who are not persons for whom a federal law restricts or prohibits receiving any payments from commercial organizations.*** ***Remunerations and compensations are not paid to members of the Audit Commission who are civil servants (clause 3.3 cm 12.1 of the Federal Law of 25 December 2008, M279-FZ "On Combating Corruption").*** ***In accordance with clause 2.1. of the Regulation the remuneration is paid to a member of the Company's Audit Commission based on the results of work for the corporate year and depends on the degree of his participation in the work of the Audit Commission.*** ***Pursuing the purposes of the Regulation for the determination of the remuneration to the members of the audit Committee under the corporate year refers to the period since the election of the personal composition of the auditing Commission at the General meeting of shareholders and until the subsequent General meeting of shareholders with the issue "On election of members of the auditing Commission of the company.*** ***The Issuer did not conclude any additional agreements with the members of the Audit Commission regarding payments.***

Name of the agency supervising the issuer’s financial and business activities: ***Internal Audit Department***

Remuneration for participation in the work of the control body

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | 2017, 6 months. |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and business activities | 0 |
| Salary | 1,814 |
| Bonuses | 1,495 |
| Commission | 0 |
| Other types of remuneration | 0 |
| TOTAL | 3,309 |

Existing agreements in relation to such payments in the current financial year:

***Payments were made in accordance with labor contracts concluded with employees of the Internal Audit and Control Department, the Internal Audit Department, and the Internal Control Department.*** ***The Issuer did not concluded additional agreements with employees of Department of internal audit and control Department internal audit Department internal control.***

Name of the agency supervising the issuer’s financial and business activities:

***Department of Internal Control and Anti-Corruption Activities***

Remuneration for participation in the work of the control body

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | 2017, 6 months. |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and business activities |  |
| Salary | 341 |
| Bonuses | 93 |
| Commission | 0 |
| Other types of remuneration | 0 |
| TOTAL | 434 |

Existing agreements in relation to such payments in the current financial year:

***Payments were made in accordance with labor contracts concluded with employees of the Department of Internal Control and Anti-Corruption Activities.*** ***The issuer did not conclude any additional agreements with employees of the Department of Internal Control and Anti-Corruption Activities.***

Compensations

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| The name of the control body (structural unit) | 2017, 6 months. |
| Auditing Committee of PJSC “IDGC of the South” | 67 |
| Department of Internal Audit and Control | 0 |
| Department of Internal Control and Anti-Corruption Activities |  |

More information:

***Calculation of compensation amounts to the members of the Audit Commission is carried out in accordance with the Regulations on payment of remuneration and compensation (hereinafter referred to as the Regulations) to the members of the Audit Commission of Open Joint-Stock Company Interregional Distribution Grid Company of the South, approved by the GOSA of the Company on June 19, 2015, Minutes No. 13 dated June 22, 2015.***

***According to clause 3.1*** ***of the Regulation, members of the Audit Commission, which are not subject to the restrictions given in clause 1.3. of this Regulation, in the case of visits to the Company's facilities, participation in meetings of the Company's Audit Commission conducted at the place of actual location of the Company, as well as performing other tasks of the Company's Audit Commission, the Company shall compensate documented expenses related to participation in the activities of the Company's Audit Commission.***

***In accordance with clause 3.2.*** ***of the Regulation, the amount of compensation for expenses related to participation in meetings of the Audit Commission and the conduct of inspections, is determined in the amount of actual expenses, confirmed by the relevant documents, but not higher than the norms specified in clause 3.4. of this Regulation.***

## 5.7. Number of the issuer’s employees (workers), their categories and changes in their number

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | 2017, 6 months. |
| Average number of employees, person. | 13 657.3 |
| Total salary due for the reporting period | 3 127 674.2 |
| Social benefits to employees during the reporting period | 8 283.8 |

***There were no significant changes in the number of employees (employees) compared to the previous reporting period.***

***The executive body of the Company established a trade union body (certificate of registration of the primary trade union organization of 05.08.2015 № 1610307).***

**Description of the issuer's organizational structure and basic, functional relationships between key operating units:**

***From 01.06.2017 the organizational structure of PJSC "IDGC of the South", approved by the decision of the Board of Directors of PJSC "IDGC of the South", was in effect in the Company (Minutes No. 223/2017 of 23.03.2017).*** ***From 01.07.2017 the organizational structure of PJSC "IDGC of the South", approved by the decision of the Board of Directors of PJSC "IDGC of the South" (protocol No. 236/2017 dated June 13, 2017), is in effect.***

***The organizational structure meets the requirements of the main shareholder to the organizational structure of the operating company.***  ***The main activities of the Company are divided into functional units, which are managed by the Deputy General Directors of the Company:***

***Economics and finance;***

***Accounting and tax accounting and reporting***

***Implementation of a service;***

***Development and technological connection;***

***Investment activity, capital construction, logistics and logistical support;***

***Technical block;***

***Corporate governance, property management and legal support;***

***HR management, organizational design, organization of rationing and remuneration of labor, management of affairs, management of public relations;***

***Special projects;***

***Security, protection of state secrets, mobilization training and civil defense, the Department of anti-corruption compliance procedures.***

***The separate directions are withdrawn to independent structural subdivisions directly subordinate to the General Director of the Company:***

***Internal Audit Department***

***Department of corporate and technological ACS;***

***Department of Internal Control and Anti-Corruption Activities.***

***In the organizational structure are represented the deputies of the general director - directors of the branches “Astrakhanenergo”, “Volgogradenergo”, “Kalmenergo”, “Rostovenergo” and the director of “Kubanenergo” branch, who, on the basis of powers of attorney issued by the general director of the Company, manage the current activities established in accordance with by the decision of the Board of Directors of the Company (Minutes No. 6/2008 dd 11.01.2008) of the following branches of the Company:***

* + ***The branch of PJSC "IDGC of the South" - "Astrakhanenergo" (414000, Astrakhan, Krasnaya Naberezhnaya, 32);***
  + ***The branch of PJSC “IDGC of the South” - “Volgogradenergo” (400066, Volgograd, Lenin Avenue, 15);***
  + ***Branch of PJSC "IDGC of the South" - "Kalmenergo" (358007, Republic of Kalmykia, Elista, Northern Industrial Zone);***
  + ***Branch of PJSC "IDGC of the South" - "Kubanenergo" (350033, Krasnodar, Stavropolskaya st., 2);***
  + ***Branch of PJSC “IDGC in the South” - "Rostovenergo" (344002, Rostov-on-Don, Bolshaya Sadovaya str., 49).***

***The organizational structure of the PJSC "IDGC of the South" is available on the web-site of the company on the Internet at:*** [***http://mrsk-yuga.ru/o-kompanii/struktura/***](http://mrsk-yuga.ru/o-kompanii/struktura/)***.***

## 5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer’s charter capital

***The Issuer has no obligations to employees (employees) concerning the possibility of their share in the charter capital of the issuer***

# Section VI. Issuer’s members (shareholders) and interested party transactions conducted by the issuer

## 6.1. Total number of the issuer’s shareholders (members)

Total number of persons with non-zero balances on personal accounts registered in the issuer's shareholder register as of the end date of the reporting quarter: ***9 235***

Total number of nominee shareholders of the issuer: ***4***

The total number of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer’s general shareholders’ meeting (other list of persons compiled in order to exercise (realize) rights to the issuer’s shares, and for the compiling of which the nominee holders of the issuer’s shares provided data on persons, on behalf of which they held (hold) the issuer's shares): ***11199***

Date of compiling the list of persons included in the last list of persons which had (have) the right to participate in the General meeting of shareholders of the Issuer (other list of persons prepared in the purposes of implementation (realization) of rights on the Issuer's shares and for the preparation of which nominal holders of the Issuer's shares provided data on persons in which interests they owned (own) the Issuer's shares): ***19.05.2017***

The holders of ordinary shares of the Issuer which are to be included in such a list: ***11199***

Information about the number of own shares held on the balance sheet of the Issuer on the end date of the reporting quarter

***There are no owned shares on the issuer's balance sheet***

Information on the number of shares of the issuer belonging to the organizations controlled by it ***There are no shares in the issuer belonging to the organizations controlled by it***

## 6.2. Information on the participants (shareholders) of the issuer owning not less than five percent of its authorized capital or at least five percent of its ordinary shares, as well as information on those controlling such participants (shareholders), and in the absence of such persons about such participants (shareholders) owning not less than 20 percent of the authorized capital or at least 20 percent of their ordinary shares

Participants (shareholders) of the issuer owning at least five percent of its authorized capital or at least five percent of its ordinary shares

***1.***

Full company name: ***Public Joint Stock Company "Rosseti"***

Abbreviated company name: ***PJSC “ROSSETI”***

Location

***121353 Russian Federation, Moscow, Belovezhskaya str., 4*** INN: ***7728662669*** PSRN: ***1087760000019***

The share of participation of the individual in the Issuer's authorized capital: ***18.578%***

The share belonging to the person of the Issuer’s ordinary shares: ***18.578%***

Persons controlling the participant (shareholder) of the issuer:

***1.1.***

Full company name: ***The Russian Federation as represented by the Federal Agency for State Property Management***

Abbreviated company name: ***FSUE Rosimushchestvo***

Location

***Russian Federation 109012, Moscow, Nikolsky pereulok 9***

TIN: ***7710723134***

PSRN: ***1087746829994***

The basis by which the person controlling the participant (shareholder) of the Issuer exercises such control (participation in a legal entity, being participant (shareholder) of the Issuer, conclusion of simple partnership contract, conclusion of contract orders, conclusion of shareholder agreement, conclusion of other agreement which subject is exercise of rights certified by shares (stakes) of a legal entity, being participant (shareholder) of the Issuer):

***the conclusion of the shareholders' agreement which subject is exercise of rights certified by shares (stakes) of a legal entity, being participant (shareholder) of the Issuer***

The fact that the person controlling the issuer's participant (shareholder) has exercised such control: **no information is provided to the issuer** Type of control: ***indirect control***

All organizations controlled by the person controlling the issuer's participant (shareholder) (a chain of entities under direct or indirect control of the person controlling the issuer's shareholder) through which the person controlling the issuer's shareholder (shareholder) exercises indirect control. At the same time, for each such organization, full and abbreviated company names, location, TIN (if applicable), PSRN (if applicable):

***information is not provided to the issuer***

The share of participation of the individual in the Issuer's authorized capital: ***88.04%***

The share belonging to the person of the Issuer’s ordinary shares: ***88.04%***

Other information specified by the issuer at its sole discretion: ***none***

***2.***

***Nominal holder*** Information on nominal holder:

Full company name: ***Non-bank credit organization Joint Stock Company "National Settlement Depository"***

Abbreviated company name: ***NCO JSC "NSD"***

Location

***105066 Russia, Moscow, Spartakovskaya, 12 build. 8***

TIN: ***7702165310***

PSRN: ***1027739132563***

Phone: ***(495) 234-4827***

Fax: ***(495) 956-0938***

E-mail address: [***info@nsd.ru***](mailto:info@nsd.ru)

Information on the license of a securities trader

Nr : ***177-12042-000100***

Date issued: ***19.02.2009***

Completion date: ***Termless***

Name of the body that issued the license: ***FCSM (FFMS) of Russia***

Number of the issuer’s ordinary shares registered in the issuer’s shareholder register in the name of the said nominee holder: ***22,499,943,341***

Number of the issuer’s preferred shares registered in the issuer’s shareholder register in the name of the said nominee holder: ***0***

Other information specified by the issuer at its sole discretion: none

***3.***

***Nominal holder*** Information on nominal holder:

Full company name: ***Limited Liability Company "Depositary and Corporate Technologies"***

Abbreviated company name: ***LLC "DKT"***

Location

***107014 Russia, Moscow, Stromynka, 4 bldg. 1*** TIN: ***7729520219*** PSRN: ***1057746181272***

Phone: ***(495) 641-3031***

Fax: ***(495) 641-3031***

E-mail address: [***dkt@depotech.ru***](mailto:dkt@depotech.ru)

Information on the license of a securities trader

Nr : ***177-11151-000100***

Date issued: ***03.04.2008***

Completion date: ***Termless***

Name of the body that issued the license: ***FCSM (FFMS) of Russia***

Number of the issuer’s ordinary shares registered in the issuer’s shareholder register in the name of the said nominee holder: ***25,730,843,051***

Number of the issuer’s preferred shares registered in the issuer’s shareholder register in the name of the said nominee holder: ***0***

Other information specified by the issuer at its sole discretion: none

## 6.3. Information on the state's or a municipal entity's share of the issuer's authorized capital and the existence of a special right ("golden shares")

Information on managers of state, municipal blocks of shares ***Federal ownership***

Name: ***Federal Agency for State Property Management*** Location: ***109012, Moscow, Nikolsky lane, 9***

The amount of the share of authorized capital of the issuer in the state (federal, constituent entities of the Russian Federation), municipal property: ***0.113***

Persons who on behalf of the Russian Federation, subject of the Russian Federation or municipality carry out functions of the participant (shareholder) of the Issuer

***No such debtors***

Special right of the Russian Federation, the constituent territories of the Russian Federation, or municipalities to 56 participate in the administration of the issuer ­ joint stock company (“golden share”) and duration of the special right (“golden share”)

***No such right is provided.***

## 6.4. Restrictions on participation in the issuer’s charter capital

***There are no restrictions on share in the charter capital of the issuer***

## 6.5. Information about changes in the composition and size of participation of shareholders (participants) of the Issuer owning at least five percent of its Charter capital or not less than five percent of its ordinary shares

The compositions of shareholders (participants) of the Issuer owning not less than five percent of the share capital of the Issuer, and for issuers being joint-stock companies - also no less than five percent of the ordinary shares of the Issuer, as of the date of list of persons entitled to participate in each General meeting of shareholders (participants) of the Issuer held for the last complete financial year preceding the end date of the reporting quarter and for the period from the start date of the current year and before the end date of the reporting quarter according to the list of persons entitled to participate in each of these meetings

The date of compiling of the list of persons entitled to attend the General Meeting of shareholders (participants) of the Issuer: ***18.04.2016***

The register of shareholders (participants)

Full company name: ***Public joint stock company "Russian grids"*** Abbreviated company name: ***PJSC “ROSSETI”***

Registered address: ***121353, Moscow, Belovezhskaya str., 4.***

TIN: ***7728662669***

PSRN: ***1087760000019***

The share of participation of the individual in the Issuer's authorized capital, %: ***51.66***

The share belonging to the person of the Issuer’s ordinary shares, % ***51.66***

Full company name: ***Lancrenan Investments Limited***

Abbreviated company name: ***the Issuer has no information***

Registered address: ***Cyprus, 1065 Giannou Kranidioti, 9, 2nd floor, Flat/Office 210, 1065, Nicosia, Cyprus***

***Not a resident of the Russian Federation***

The share of participation of the individual in the Issuer's authorized capital, %: ***9.28***

The share belonging to the person of the Issuer’s ordinary shares, % ***9.28***

Full company name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name: ***the Issuer has no information***

Registered address: ***Cyprus, 9 Giannou Kranidioti, 2nd floor, Office 210,1065, Nicosia, Cyprus;***

***Not a resident of the Russian Federation***

The share of participation of the individual in the Issuer's authorized capital, %: ***6.96***

The share belonging to the person of the Issuer’s ordinary shares, % ***6.96***

The date of compiling of the list of persons entitled to attend the General Meeting of shareholders (participants) of the Issuer: ***13.03.2017***

The register of shareholders (participants)

Full company name: ***Public joint stock company "Russian grids"*** Abbreviated company name: ***PJSC “ROSSETI”***

Registered address: ***121353, Moscow, Belovezhskaya str., 4.***

TIN: ***7728662669***

PSRN: ***1087760000019***

The share of participation of the individual in the Issuer's authorized capital, %: ***60.64***

The share belonging to the person of the Issuer’s ordinary shares, % ***60.64***

Full company name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name: ***the Issuer has no information***

Registered address: ***Cyprus, 9 Giannou Kranidioti, 2nd floor, Office 210,1065, Nicosia, Cyprus;***

***Not a resident of the Russian Federation***

The share of participation of the individual in the Issuer's authorized capital, %: ***8.703***

The share belonging to the person of the Issuer’s ordinary shares, % ***8.703***

The date of compiling of the list of persons entitled to attend the General Meeting of shareholders (participants) of the Issuer: ***19.05.2017***

The register of shareholders (participants)

Full company name: ***Public joint stock company "Russian grids"*** Abbreviated company name: ***PJSC “ROSSETI”***

Registered address: ***121353, Moscow, Belovezhskaya str., 4.***

TIN: ***7728662669***

PSRN: ***1087760000019***

The share of participation of the individual in the Issuer's authorized capital, %: ***60.64***

The share belonging to the person of the Issuer’s ordinary shares, % ***60.64***

Full company name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name: ***the Issuer has no information***

Registered address: ***Cyprus, 9 Giannou Kranidioti, 2nd floor, Office 210,1065, Nicosia, Cyprus;***

***Not a resident of the Russian Federation***

The share of participation of the individual in the Issuer's authorized capital, %: ***8.703***

The share belonging to the person of the Issuer’s ordinary shares, % ***8.703***

No additional information

## 6.6. Interested party transactions conducted by the issuer.

Information on the number and volume of transactions concluded by the issuer in monetary terms that are recognized in accordance with the legislation of the Russian Federation as interested party transactions requiring approval by the authorized management body of the issuer, based on the results of the last reporting quarter

Unit of measure: **thous. roub.**

|  |  |  |
| --- | --- | --- |
| Indicator name | Total number, pcs. | Total amount in money terms |
| The transactions concluded by the issuer for the reporting period in which there was an interest and which required approval by the authorized management body of the issuer | 0 | 0 |
| The transactions concluded by the issuer for the reporting period in which there was an interest and which were approved by the general meeting of the issuer's participants (shareholders) | 0 | 0 |
| Transactions committed by the issuer during the reporting period in which there was interest and which were approved by the Board of Directors (the issuer's supervisory board) | 0 | 0 |
| The transactions concluded by the issuer for the reporting period in which there was interest and which required approval, but were not approved by the authorized management body of the issuer | 0 | 0 |

Transactions (groups of interrelated transactions) whose price is five and more percent of the book value of the Issuer's assets determined according to its accounting reporting for the last reporting date before the transaction committed by the Issuer for the last reporting quarter

***The specified transactions were not made***

Transactions (groups of interrelated transactions) in the Commission of which there was interest and a decision on approval of which by the Board of Directors (Supervisory Board) or General meeting of shareholders (participants) of the Issuer was not taken in cases when such approval is mandatory according with the legislation of the Russian Federation

***The specified transactions were not made***

No additional information

## 6.7. Accounts receivable

As of 30.06.2017.

Unit of measure: **thous. roub.**

|  |  |
| --- | --- |
| Indicator name | Value of Parameter |
| Trade receivables | 10,534,472 |
| including overdue | 7,929,502 |
| Notes payable | 0 |
| including overdue | 0 |
| Receivables from partners (founders) on contributions to authorized capital | 0 |
| including overdue | 0 |
| Other receivables | 1,767,287 |
| including overdue | 1,022,630 |
| Total accounts receivable | 12,420,652 |
| including the total amount of overdue accounts receivable | 8,959,370 |

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period.

Full company name: ***Municipal Unitary Production Enterprise "Volgograd District Electric Networks"***

Abbreviated company name: ***MUE VIEN of Volgograd***

Registered address: ***400017, Volgograd, Admiral Ushakov str., 11***

TIN: ***3441010181***

PSRN: ***1023402460620***

Amount of accounts receivable: ***2 803 916***

Unit of measure: **thous. roub.**

The size and terms of the overdue accounts receivables (interest rate, penalties, fines):

***The overdue debt on this counterparty to PJSC "IDGC of the South" is 2,600,699 thousand rubles. The claim work is being carried out.***

The debtor is an affiliated person of the issuer: ***No***

Full company name: ***Public joint stock company “Astrakhan energy service company”***

Abbreviated company name: ***PJSC "Astrakhan energy service company"***

Registered address: ***414000, Astrakhan,*** ***John Reed sq., 3***

TIN: ***3017041554***

PSRN: ***1053000000041***

Amount of accounts receivable: ***1 440 793***

Unit of measure: **thous. roub.**

The size and terms of the overdue accounts receivables (interest rate, penalties, fines):

***Overdue debt on this counterparty to PJSC "IDGC of the South" is 1,008,110 thousand rubles. The claim work is being carried out.***

The debtor is an affiliated person of the issuer: ***No***

Full company name: ***Public joint stock company "TNS Energo Rostov - on-Don"***

Abbreviated company name: ***PJSC "TNS Energo Rostov-on-Don"***

Registered address: ***344022, Rostov-on-Don, Zhuravlyov lane, 47***

TIN: ***6168002922***

PSRN: ***1056164000023***

Amount of accounts receivable: ***1 790 404***

Unit of measure: **thous. roub.**

The size and terms of the overdue accounts receivables (interest rate, penalties, fines):

***The overdue debt on this counterparty to PJSC "IDGC of the South" is 884 910 thousand rubles. The claim work is being carried out.***

The debtor is an affiliated person of the issuer: ***No***

Full company name: ***Public joint-stock company “Volgogradenergo”***

Abbreviated company name: ***PJSC "Volgogradenergosbyt"***

Registered address: ***Russian Federation, 400001, Volgograd city, Kozlovskaya str.,14***

TIN: ***3445071523***

PSRN: ***1053444090028***

Amount of accounts receivable: ***2 802 250***

Unit of measure: **thous. roub.**

The size and terms of the overdue accounts receivables (interest rate, penalties, fines):

***Overdue debt on this counterparty to PJSC "IDGC of the South" is 2 536 001 thousand rubles. The claim work is being carried out.***

The debtor is an affiliated person of the issuer: ***No***

# Section VII. Issuer’s accounting (financial) statements and other financial information.

## 7.1. Annual accounting (financial) statements of the issuer.

***Not subject to presentation in this reporting quarter.***

## 7.2. Intermediate accounting (financial) statements of the Issuer

Interim accounting (financial) statements of the Issuer attached to the quarterly report:

* ***The balance sheet of PJSC “IDGC of the South” as of 30.06.2017;***
* ***Report on the financial results of PJSC "IDGC of the South" for 6 months 2017.***

***The information is given in Appendix No. 1 to this quarterly report.***

## 7.3. Consolidated financial statements of the Issuer

***The annual consolidated financial statements of the issuer for the last completed financial year were compiled before the end date of the first quarter and were included in the report for the first quarter, therefore it is not included in the report for the 2nd quarter***

***In the reporting period, the issuer compiled interim consolidated financial statements***

2017, 3 months - IFRS/GAAP

Standards (rules), under which the compiled consolidated financial statements are disclosed in this clause of the quarterly report:

***IFRS***

***The information is given in Appendix No. 2 to this quarterly report.***

## 7.4. Accounting policy of the issuer

***There were no changes in the information contained in this section of the Quarterly Report.***

## 7.5. Total export and share of export in total sales .

***The Issuer does not export products (goods, works, services)***

## 7.6. Substantial changes in the issuer’s property after the end of the last completed fiscal year

Information about significant changes in the composition of the assets of the Issuer that occurred during 12 months prior to the end date of the reporting quarter

***There were no significant changes in the composition of the issuer's property that occurred within 12 months prior to the end of the reporting quarter***

No additional information

## 7.7. Issuer’s participation in litigations in case such participation may substantially affect financial and business activities of the issuer

***1. Disputes between PJSC "TNS Energo Rostov-on-don" and Company related to differences in the volume of network losses grid company of MUE “Taganrogenergo:”***

* ***on recovery of debts in order to compensate for energy losses for the period January-December 2016 in the case No. A53-21205 / 2017 in the amount of 205,445,800.46 rubles, as well as penalties in the amount of 54,017,511.37 rubles.*** ***A preliminary session of the court is not scheduled.***

***2.*** ***Disputes between PJSC "Astrakhan Power Sales Company" and the Company related to debt collection in order to compensate for electric power losses in the Company's networks:***

* ***on recovery of the cost of electric energy losses in the amount of 6,288,643.34 rubles. for the period January 2016 (case No. A06-7548 / 2016).*** ***The legal proceeding has been suspended.***
* ***on recovery of the cost of electric energy losses in the amount of 16,427,034.95 rubles for the period February 2016 (case No. A06-7893 / 2016).*** ***The legal proceeding has been suspended.***
* ***on recovery of the cost of electric energy losses in the amount of 19 553 457,25 rubles. for the period March 2016 (case No. A06-8225 / 2016).*** ***The legal proceeding has been suspended.***
* ***on recovery of the cost of electric energy losses in the amount of 19 904 491,41 rubles for the period April 2016 (case No. A06-8318 / 2016).*** ***The legal proceeding has been suspended.***
* ***on recovery of the cost of electric energy losses in the amount of 9 526 652,37 rubles for the period May 2016 (case No. A06-8644 / 2016).*** ***The proceedings, after the examination, was scheduled for 09.08.2017.***
* ***on recovery of the cost of electric energy losses in the amount of 38 019 307,09 rubles. for the period June 2016 (case No. A06-12737/ 2016).*** ***The legal proceeding is suspended in connection with examination appointment.***
* ***on recovery of the cost of electric energy losses in the amount of 53 964 918,75 rubles. for the period July 2016 (case No. A06-12982/ 2016).*** ***The legal proceeding is suspended in connection with examination appointment.***
* ***on recovery of the cost of electric energy losses in the amount of 28 267095,64 rubles. for the period August 2016 (case No. A06-1461 / 2016).*** ***The legal proceeding is suspended in connection with examination appointment.***

***3. Disputes between PJSC Volgogradenergosbyt and the Company related to recovery of the Company's indebtedness for rendered services on electric energy transmission and consideration of counter claims to the Company for collection of debts in order to compensate for electric power losses in the Company's networks:***

* ***PJSC “IDGC in the South” to PJSC "Volgogradjenergosbyt" filed a lawsuit for the recovery of the debt for electricity transmission services for the period December 2013-March 2014, amounting to 115 545 544 rubles, PJSC "Volgogradjenergosbyt" presented a statement of counter claim for the recovery of the value of electrical power losses for a similar period in the amount of 153 806 067 rubles. (Case No. A12-1542/2013).*** ***By the decision of the AU of VO from 23.04.2015, left in force by the 12ААС decision of 06.06.2016, 112 544 141.95 rubles were collected in favor of IDGC of the South, in the favor of PJSC “Volgogradenergosbyt” 1 802 775, 33 rubles was collected AS PO 20.10.2016, based on the results of consideration of the cassation appeal of PJSC Volgogradenergosbyt, canceled the judicial acts, the case was sent for re-examination in 12AAC.*** ***By decision of 12ААС dd 26.12.2016 the decision was changed: 350 210 532.05 rubles were collected in favor of IDGC of the South, in the favor of PJSC "Volgogradenergosbyt" 35 390 845.53 rubles were recovered. As a result of offsetting in favor of the Company 314,819,686.52 rubles were recovered by the decision of CA dd 04.04.2017, the decision 12ААС was left unchanged, cassation complaint of PJSC "IDGC of the South" was not satisfied.***
* ***PJSC “IDGC in the South” to PJSC "Volgogradjenergosbyt" filed a lawsuit for the recovery of the debt for electricity transmission services for the period July-August 2014, amounting to 335 959 645 rubles, Pao "volgogradjenergosbyt", a statement of counter claim for the recovery of the value of electrical power losses for a similar period in the amount of 74 301 631 rubles. (Case No. A12-37939/2014).*** ***By decision of AS VO dd 08.07.2015 in favor of PJSC "IDGC of the South", 160 109 359,79 rubles were collected, in favor of PJSC "Volgogradenergosbyt" - 9,287,122.20 rubles.*** ***By decision of 12ААС dd October 25, 2016 the decision was changed: in favor of IDGC of the South was charged 105,225,087.76 rubles, in favor of PJSC Volgogradenergosbyt - 55,618,029.13 rubles 10.01.2017 The company filed a cassation appeal.*** ***By the decision of AS PO dated 20.03.2017, the decision of 12AAS was not changed, the cassation appeal of PJSC "IDGC of the South" is not satisfied.***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt“ filed a statement with a claim for collection of debts for electricity transmission services for the period January, February, March 2015 in the amount of 94130 008,36 rubles, PJSC “Volgogradenergosbyt” filed a counter-claim to PJSC “IDGC of the South” on recovery of the cost of losses of electric energy for the same period in the amount of 93 045 365,44 rubles. (case No. A12-15676 / 2015).*** ***By decision of AS VO dd 02.03.2016 in favor of PJSC "IDGC of the South", 69 346 162,09 rubles were collected, in favor of PJSC "Volgogradenergosbyt" - 26 573 546,33 rubles.*** ***According to the results of the offset in favor of PJSC “IDGC in the South” 42,772,615.76 rubles were recovered.*** ***By decision of 12ААС from 07.02.2017 the decision of AC VO was changed, in favor of PJSC "IDGC of the South" it was collected 64,289,083.81 rubles, in favor of PJSC "Volgogradenergosbyt" - 40,715,945.79 rubles.***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period April-June 2015 in the amount of 521,469,525.83 rubles. (case No. A12-28642 / 2015).*** ***PJSC "Volgogradenergosbyt" was filed a counter-claim about collecting of losses in the amount of RUB 138 534 746,03*** ***By decision of AS VO dd 11.03.2016 in favor of PJSC "IDGC of the South", 115 02 7 680, 37 rubles were collected, in favor of PJSC "Volgogradenergosbyt" - 2 7 076 268,25 rubles.*** ***By decision of 12ААС from 27.02.2017 the decision of AC VO was changed, in favor of PJSC "IDGC of the South" it was collected 54 733 187,41 rubles, in favor of PJSC "Volgogradenergosbyt" - 119 788 584,97 rubles.***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period July-August 2015 in the amount of 83 696 483,58 rubles. (case No. A12-44580 / 2015).*** ***PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 37 427 290,74 RUB over the same period.*** ***By the decision of the AC VO dd 30.09.2016 the requirements were partially satisfied, 53 406 109.93 rubles were collected from PJSC Volgogradenergosbyt, 29 042 264.62 rubles were collected from PJSC “IDGC in the South”.*** ***By decision of 12ААС from 13.04.2017the decision of AC VO was changed, in favor of PJSC "IDGC of the South" it was collected 68 209 257,13 rubles, in favor of PJSC "Volgogradenergosbyt" - 116 981 591,03 rubles.***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period September-November 2015 in the amount of 501 048 718 rubles. (case No. А12-890 / 2016).*** ***PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 45 464 957 RUB over the same period.*** ***By the decision of 20.04.2017 the proceedings were suspended until 25.05.2017 in connection with the carrying out expert examination.*** ***The proceeding on the case was resumed, the court session was scheduled for August 14, 2017.***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period April-June 2016 in the amount of 539 410 117,04 rubles. (case No. А12-46023/2016).*** ***PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 270 719 161,67RUB over the same period.*** ***By the decision of 27.10.2017 the proceedings were suspended until 29.12.2016 in connection with the carrying out expert examination.*** ***By the decision of 12.01.2017 the period for carrying out the examination was extended to 17.03.2017.*** ***By the decision of 30.03.2017 the period for carrying out the examination was extended to 10.08.2017.***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period July-August 2016 in the amount of 4425 681 781,95 rubles. (case No. А12-65582/2016).*** ***PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 123 890 458,84 RUB over the same period.*** ***By the decision of 23.01.2017 the proceedings were suspended until 31.03.2017 in connection with the carrying out expert examination.*** ***The duration of carrying out expert examination is extended to 10.08.2017***
* ***PJSC “IDGC in the South” to VPJS “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period September-October 2016 in the amount of 506 254 720 17 rubles. (case No. А12-858 / 2016).*** ***PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 98 874 601,74 RUB over the same period.*** ***By the decision of 05.04.2017 the proceedings were suspended until 16.06.2017 in connection with the carrying out expert examination.*** ***The duration of the expert examination is extended to 10.08.2017***

# Section VIII. Further information on the issuer and equity securities placed by the issuer

## 8.1. Further information on the issuer

### 8.1.1. Information on the amount and breakdown of the issuer's authorized capital

The amount of the issuer's authorized capital as of the end date of the reporting quarter, rubles: ***6117 813 941.7***

Ordinary shares

Total face value: ***6117813 941.7***

Share in the Charter Capital, % ***100***

Preferred

Total face value: ***0***

Share in the Charter Capital, % ***0***

Information on compliance of the size of authorized capital specified in the present point, to constituent documents of the issuer is specified:

***The authorized capital given in this clause corresponds to the constituent documents of the Issuer at the date of this quarterly report of the Issuer, i.e. the end date of the reporting quarter 30.06.2017.***

### 8.1.2. Information about any change in the amount of the issuer's authorized capital

In the event that for the last completed financial year preceding the end date of the reporting quarter, as well as for the period from the beginning of the current year to the end date of the reporting quarter, there was a change in the amount of the issuer's authorized capital, for each fact of the changes indicated:

Date of AC change: ***10.05.2017***

The size of CC before making changes (rubles): ***4 981109 606.4***

The structure of AC before making any changes

Ordinary shares

Total face value: ***4 981109 606.4***

Share in the Charter Capital, % ***100***

Preferred

Total face value: ***0***

Share in the Charter Capital, % ***0***

The size of AC after making changes (rubles): ***6117813 941.7***

Structure of CC after introducing amendments

Ordinary shares

Total face value: ***6117 813 941.7***

Share in the Charter Capital, % ***100***

Preferred

Total face value: ***0***

Share in the Charter Capital, % ***0***

The name of the Issuer's management body that adopted the decision to change the size of the authorized capital of the Issuer: ***Annual General Meeting of Shareholders***

Date of the minutes of the meeting (session) of Issuer's management body which made a decision to change the size of the authorized capital of the Issuer: ***09.06.2016***

Protocol number: ***15***

### 8.1.3. Convening and holding a meeting (session) of the issuer’s supreme management body.

Name of the supreme issuer’s management body ***General Shareholders' Meeting.***

The procedure for notification of shareholders (participants) on holding a meeting (session) of the issuer's supreme management body:

***In accordance with clauses 11.5,12.4,14.9.4 of the Charter of the Issuer:***

***11.5. The news about the General Meeting of Shareholders shall be posted on the Company's website in the information and telecommunications network of the Internet at*** [***www.mrsk-yuga.ru***](http://www.mrsk-yuga.ru/) ***no later than 30 (Thirty) days prior to the date of the meeting***

***The text of the message about holding the General shareholders meeting by resolution of the Board of Directors may additionally be sent in electronic form to those shareholders who have informed the Company or Registrar data e-mail addresses that can be sent such messages.***

***The notice of the General Meeting of Shareholders shall contain:***

* ***the full corporate name of the Company and the location of the Company;***
* ***the format of the General Meeting of Shareholders (meeting or absentee vote);***
* ***date, place (including information about the premises), the time of the General Meeting of Shareholders and the postal address for sending completed ballots;***
* ***the date on which the persons entitled to participate in the General Meeting of Shareholders are determined (fixed);***
* ***agenda of the General Meeting of Shareholders;***
* ***the procedure for acquaintance with the information (materials) to be provided in preparation for the General Meeting of Shareholders, and the address (addresses) for which it is available;***
* ***categories (types) of shares, whose owners have the right to vote on all or some items on the agenda of the General Meeting of Shareholders;***
* ***An e-mail address for which the completed ballots may be sent, and/or the address of the site on the Internet Information and telecommunications network where the electronic form of the bulletin can be filled, if such a method of referral, and (or) the bulletins are filled by a decision of the Board of Directors of the company during preparation for holding the General meeting of shareholders;***
* ***information relating to the documents that must be presented for admission to the premises where the General Meeting of Shareholders will be held, in case the admission to the premises is not free;***
* ***the time of registration of the persons participating in the General meeting of shareholders.***

***If registered in the register of shareholders is a nominal shareholder, notice on holding General meeting of shareholders and information (materials) submitted to persons entitled to participate in the General shareholders meeting when preparing to holding of the General meeting of shareholders of the company provided in accordance with the rules of the legislation of the Russian Federation about securities to provide information and materials to the persons exercising the rights to securities.***

***The Company shall keep information on the direction of communications provided for in this article for five years from the date of the General Meeting of Shareholders.***

***12.4. The news about holding the General Meeting of Shareholders by absentee voting shall be posted on the Company's website in the information and telecommunication network Internet at*** [***www.mrsk-yuga.ru***](http://www.mrsk-yuga.ru) ***no later than 30 (Thirty) days before the date of the end of the Company's acceptance bulletins.***

***The text of the message about holding the General shareholders meeting by resolution of the Board of Directors may additionally be sent in electronic form to those shareholders who have informed the Company or Registrar data e-mail addresses that can be sent such messages.***

***The notice of the General Meeting of Shareholders shall contain:***

* ***the full corporate name of the Company and the location of the Company;***
* ***the format of the General Meeting of Shareholders (meeting or absentee vote);***
* ***end date of accepting voting ballots and postal address to where the completed ballots shall be sent;***
* ***the date on which the persons entitled to participate in the General Meeting of Shareholders are determined (fixed);***
* ***agenda of the General Meeting of Shareholders;***
* ***the procedure for acquaintance with the information (materials) to be provided in preparation for the General Meeting of Shareholders, and the address (addresses) for which it is available;***
* ***An e-mail address for which the completed ballots may be sent, and/or the address of the site on the Internet Information and telecommunications network where the electronic form of the bulletin can be filled, if such a method of referral, and (or) the bulletins are filled by a decision of the Board of Directors of the company during preparation for holding the General meeting of shareholders;***
* ***categories (types) of shares, whose owners have the right to vote on all or some items on the agenda of the General Meeting of Shareholders;***

***If registered in the register of shareholders is a nominal shareholder, notice on holding General meeting of shareholders and information (materials) submitted to persons entitled to participate in the General shareholders meeting when preparing to holding of the General meeting of shareholders of the company provided in accordance with the rules of the legislation of the Russian Federation about securities to provide information and materials to the persons exercising the rights to securities.***

***The Company shall keep information on the direction of communications provided for in this article for five years from the date of the General Meeting of Shareholders.***

***14.9.4. The announcement of an extraordinary general meeting of shareholders should be made no later than 50 (fifty) days prior to the date of its holding.***

Persons (bodies) entitled to convene (request) an extraordinary meeting (session) of the issuer’s supreme management body and the procedure for submitting (filing) such requests:

***In accordance with clauses 14.2 -14.5 of the Charter of the Issuer:***

***14.2. An Extraordinary General Meeting of Shareholders of the Company is on the decision of the Board of Directors on the basis of its own initiative, the requirements of the Audit Commission of the Company, the Auditor of the Company, as well as the shareholders (shareholders), which is the owner of not less than ten (10) percent of the Company's voting shares on the date presentation of a claim.***

***14.3. An extraordinary General Shareholders Meeting at the request of the Company’s Audit Commission, or the Company’s Auditor or its shareholder(s) owning not less than 10 per cent of the Company’s voting shares shall be convened by the Company’s Board of Directors.***

***Such General Meeting of Shareholders shall be held within 40 (forty) days of the submission of the request to hold an extraordinary General Meeting of Shareholders of the Company, except for the case provided for in clause 14.9. of this Charter.***

***14.4. The request to hold the Extraordinary General Meeting of Shareholders of the Company shall contain the issues to be included into the Meeting agenda.***

***The person(s) requiring the convocation of the Extraordinary General Meeting of Shareholders shall be entitled to submit a draft resolution of the Extraordinary General Meeting of Shareholders, proposal on the form of holding the General Meeting of Shareholders.*** ***If the request to convene the Extraordinary General Meeting of Shareholders contains a proposal for the nomination of candidates, relevant provisions of clause 13 of the present Charter shall be applicable to such proposal.***

***The Company's Board of Directors shall not be entitled to change the wording of the agenda items, wording of resolutions on such items or change the proposed form of holding the Extraordinary General Meeting of Shareholders, convened at the request of the Audit Commission of the Company, Chartered Accountant of the Company or the Shareholder(s) owning at least 10 (ten) percent of the voting shares of the Company.***

***14.5. In case the requirement about convocation of the extraordinary General meeting of shareholders comes from the shareholder (shareholders) it shall contain the name (name) of the shareholder (shareholders) demanding convocation of the meeting and indication of quantity, category (type) of shares they own Companies.***

***The request to convene the Extraordinary General Meeting of Shareholders shall be signed by the person (s) requesting the convening of the Extraordinary General Meeting of Shareholders.***

The procedure for determining the date of holding the meeting (session) of the Supreme management body of the Issuer:

***In accordance with clause 11.1 of the Issuer's Charter:***

***The annual General Meeting of Shareholders of the Company shall be held not earlier than two months and not later than six months after the end of the fiscal year.***

***In accordance with clause 2.3 of Article 55 of the Federal Law "On Joint Stock Companies" (as amended by Federal Law No. 210-FZ of June 29, 2015):***

***«2. An extraordinary General Shareholders Meeting called at the request of the Company’s Audit Commission, or the Company’s Auditor, or its shareholder(s) owning not less than 10 per cent of the Company’s voting shares shall be held within 40 days of the date the corresponding request is presented.***

***If the proposed agenda of the extraordinary General meeting of shareholders contains the issue of electing members of the Board of Directors (Supervisory Board) of the company, such General meeting of shareholders must be held within 75 days of the date the request to convene an extraordinary General meeting of shareholders, unless a shorter period is provided by the Charter companies.*** ***In this case, the Board of Directors (Supervisory Board) of the company shall determine the date up to which to make proposals of shareholders on nomination of candidates for election to the Board of Directors (Supervisory Board) of the company.***

***3. In cases when in accordance with articles 68 - 70 of this Federal law, the Board of Directors (Supervisory Board) of the company shall decide on holding an extraordinary General meeting of shareholders, such General meeting of shareholders must be held within 40 days from the date of the decision on holding the Board of Directors (Supervisory Board) of a Company if smaller term is not provided by the Charter companies.***

***In cases where, when in accordance with this Federal Law, the Board of Directors (supervisory board) of a company is obliged to take a decision to hold an extraordinary general meeting of shareholders to elect members of the company's board of directors (supervisory board), such a general meeting of shareholders must be held within 70 days from the moment decision-making on its conduct by the board of directors (supervisory board) of the company, if an earlier term is not provided for by the charter of the company."***

***In accordance with clause 2.2.*** ***Rules and Regulations for the General Shareholders' Meeting (approved by the annual General Meeting of Shareholders of PJSC "IDGC of the South", Minutes No. 17 of 16.06.2017), the decision to determine the date of the General Meeting of Shareholders is adopted by the Issuer's Board of Directors (and in the cases provided for in clause 3.1 of this Regulations - by other persons) in preparation for the General Meeting of Shareholders.***

The person who has the right to make proposals in the agenda of the meeting (session) of the Supreme management body of the Issuer and the procedure for making such proposals:

***In accordance with clauses 13.1 -13.7 of the Charter of the Issuer:***

***13.1. The shareholders (shareholder) of the Company who in aggregate own at least 2 (two) percent of the Company's voting shares within a period not later than 60 (sixty) days after the end of the reporting year have the right to raise issues on the agenda of the annual General Meeting of Shareholders and to nominate candidates to the Board of Directors and the Audit Commission of the Company, the number of which can not exceed the number of members of the respective body.***

***13.2. The proposal to include items on the agenda of the General Meeting of Shareholders and nomination of candidates shall be made in writing, stating the name (trade name) of the submitting Shareholder (s), number and category (type) of shares owned by them and shall be signed by the Shareholder (s) or their representatives.*** ***The shareholders (shareholder) of the company, not registered in the register of shareholders shall be entitled to propose the agenda of the General meeting of shareholders and proposals on nomination of candidates by giving the relevant directives (instructions) that takes into account their rights for shares.*** ***Such directions (instructions) are given in accordance with the rules of the legislation of the Russian Federation on securities.***

***The proposals to add items to the agenda of the General Shareholders Meeting must contain a wording of each proposed item; candidate nomination proposals must contain name and details of the identification document (series and/or number of document, date and place of issue, authority issued the document) of each nominated candidate, name of the body where the candidate is nominated, as well as any other information about the candidate provided for by the internal documents of the Company.***

***13.4. The Board of Directors of the company shall consider the proposals received and adopt decisions on their inclusion in the agenda of the General meeting of shareholders of the company was the refusal in inclusion in the specified agenda not later than 5 (five) days after the end of the term specified in item 13.1. of this article.***

***13.5. The Board of Directors of the Company has the right to refuse to include issues brought by the shareholder (shareholders) on the agenda of the General Meeting of Shareholders, as well as to include nominated candidates in the list of candidates for election to the relevant body of the Company on the grounds provided for by the Federal Law "On Joint Stock Companies” and other legal acts of the Russian Federation.***

***13.6. The reasoned decision of the Board of Directors of the Company to refuse to include the issue in the agenda of the general meeting of shareholders in the Company or the candidate on the list of candidates for election to the relevant body of Company shall be sent to the shareholder ( (shareholders) who proposer a question or nominating a candidate, not later than 3 (three) days from the date of the decision.*** ***If these proposals are received by the company from persons who are not registered in the register of shareholders of the company and gave the instruction (instruction) to the person who records their rights to shares, this decision of the Board of Directors of the Company shall be sent to such persons not later than three days from the date of its adoption in accordance with the rules of the legislation of the Russian Federation on securities for the provision of information and materials to persons exercising rights in securities.***

***13.7. The Company's Board of Directors shall not be entitled to change the wording of items proposed for inclusion into the agenda of the General Meeting of Shareholders, and the wording of resolutions thereof.***

***In addition to items proposed by the Shareholders for inclusion into the agenda of the General Meeting of shareholders, and in case of absence of such proposals, absence or insufficient number of candidates proposed by the Shareholders for formation of the corresponding body, the Company's Board of Directors at its discretion shall be entitled to include items into the agenda of the General Meeting of Shareholders or candidates to the list of nominees.***

***In accordance with clause 3 of Article 53 of the Federal Law "On Joint Stock Companies" (as amended by Federal Law No. 210-FZ of June 29, 2015):***

***3. The proposal to include items on the agenda of the General Meeting of Shareholders and nomination of candidates shall be made in writing, stating the name (trade name) of the submitting Shareholder (s), number and category (type) of shares owned by them and shall be signed by the Shareholder (s) or their representatives.*** ***The shareholders (shareholder) of the company, not registered in the register of shareholders shall be entitled to propose the agenda of the General meeting of shareholders and proposals on nomination of candidates by giving the relevant directives (instructions) that takes into account their rights for shares.*** ***Such directions (instructions) are given in accordance with the rules of the legislation of the Russian Federation on securities.***

Persons who have the right to review information (materials) presented in order to arrange and hold a meeting (session) of the issuer’s supreme management body and the procedure for review of such information (materials):

***In accordance with clauses 11.7-11.8 of the Charter of the Issuer:***

***11.7. The information (materials) on the agenda of the General Meeting of Shareholders within twenty 20 (twenty) days, and in case of the General Meeting of Shareholders, the agenda of which contains the issue of reorganization of the Company, within 30 (thirty) days prior to the General Meeting of Shareholders shall be available to the persons entitled to attend the General Meeting of Shareholders for review at the premises of the executive body of the Company and other places which addresses shall be specified in the notice of the General Meeting of Shareholders, and also on the Company's website in the information and telecommunication network "Internet" at***  [***www.mrsk-yuga.ru.***](http://www.mrsk-yuga.ru) ***The said information (materials) shall be available to persons attending the General Meeting of Shareholders during the meeting.*** ***At the same time, the Company seeks to ensure the availability of materials to the General Meeting of Shareholders not less than 30 days before the date of its holding.***

***11.8. The procedure of review of the information (materials) on the agenda of the General Meeting of Shareholders by the persons entitled to attend the General Meeting of Shareholders, and the list of such information (materials) shall be defined by the Board of Directors of the Company.***

***In accordance with cl. 3 art.*** ***52 of the Federal Law of December 26, 1995 No. 208-FZ "On Joint Stock Companies", the company is obliged, at the request of a person entitled to participate in the general meeting of shareholders, to provide him with copies of these documents.*** ***A fee charged by the Company for provision of such copies shall not exceed the cost of their production.***

***In accordance with clause 4 of Article 52 of the Federal Law "On Joint Stock Companies" (as amended by Federal Law No. 210-FZ of June 29, 2015):***

***«4. If registered in the register of shareholders is a nominal shareholder, notice on holding General meeting of shareholders and information (materials) submitted to persons entitled to participate in the General shareholders meeting when preparing to holding of the General meeting of shareholders of the company provided in accordance with the rules of the legislation of the Russian Federation about securities to provide information and materials to the persons exercising the rights to securities.***

The order of announcement (bringing to the attention of the issuer's shareholders (participants)) of the decisions taken by the supreme management body of the issuer, as well as the voting results:

***In accordance with clause 11.13 of the Charter of the Issuer:***

***11.13. Decisions taken by the General Meeting of Shareholders and voting results may be announced at the General Meeting of Shareholders where the voting took place, and shall be brought to the attention of the persons included in the list of persons entitled to attend the General Meeting of Shareholders, in the form of the voting results report in accordance with the procedure specified for the notice of the General Meeting of Shareholders within four business days after the closing date of the General Meeting of Shareholders.***

***If at the date of determination (fixing) of persons entitled to participate in the General meeting of shareholders registered in the register of shareholders of the company the person was a nominal holder of shares, the information contained in the Report on voting results, is a nominee in accordance with the rules of the legislation of the Russian Federation about securities to provide information and materials to the persons exercising the rights to securities.***

***In accordance with clause 12.8 of the Charter of the Issuer:***

***12.8. Resolutions approved by the General Meeting of Shareholders and voting results shall be brought to the attention of the persons on the list of persons entitled to attend the General Meeting of Shareholders, in the form of the voting results report in accordance with the procedure specified for the notice of the General Meeting of Shareholders within four business days after the final date of the ballots receipt in case of the General Meeting of Shareholders by absentee vote.***

***If at the date of determination (fixing) of persons entitled to participate in the General meeting of shareholders registered in the register of shareholders of the company the person was a nominal holder of shares, the information contained in the Report on voting results, is a nominee in accordance with the rules of the legislation of the Russian Federation about securities to provide information and materials to the persons exercising the rights to securities.***

***In accordance with clause 4 of Article 62 of the Federal Law "On Joint Stock Companies" (as amended by Federal Law No. 210-FZ of June 29, 2015):***

***Decisions taken by the General Meeting of Shareholders and voting results may be announced at the General Meeting of Shareholders where the voting took place, and shall be brought to the attention of the persons included in the list of persons entitled to attend the General Meeting of Shareholders, in the form of the voting results report in accordance with the procedure specified for the notice of the General Meeting of Shareholders within four business days after the closing date of the General Meeting of Shareholders.***

***If at the date of determination (fixing) of persons entitled to participate in the General meeting of shareholders registered in the register of shareholders of the company the person was a nominal holder of shares, the information contained in the Report on voting results, is a nominee in accordance with the rules of the legislation of the Russian Federation about securities to provide information and materials to the persons exercising the rights to securities.***

### 8.1.4. Information on commercial organizations where the Issuer owns at least five percent of Charter capital or not less than five percent ordinary shares

The list of commercial organizations where the Issuer for the end date of the last accounting quarter, owns not less than five percent of the authorized (share) capital (share Fund) or not less than five percent of ordinary shares

***1. Full company name:*** ***Open joint stock company “Agriculture enterprise named after A. A. Grechko"***

Abbreviated company name: ***OJSC "PSKh named after A. A. Grechko"***

Location

***346940 Russia, Rostov region, Kuybyshevo v., Kuybyshev district, Teatralnaya str., 21*** TIN: ***6117010611***

PSRN: ***1036117000798***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

***2. Full company name:*** ***Joint Stock Company "Agricultural Enterprise Sokolovskoye"***

Abbreviated company name: ***JSC "PSK Sokolovskoye"***

Location

***346930, Russian Federation, Novoshakhtinsk town, Sokolovo - Kundryuchenskiy st., Kurskaya str., 32***

TIN: ***6151011887***

PSRN: ***1036151002667***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

***3. Full company name:*** ***Join stock company "Recreation center" Energetik "***

Abbreviated company name: ***JSC "Recreation center" Energetik "***

Location

***352815, Russian Federation, Krasnodar Territory, Tuapse District, Shepsi v., Shkolnay str., 3***

TIN: ***2355016847***

PSRN: ***1032330762463***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

***4. Full company name:*** ***Joint-stock company "Energoservice of South"***

Abbreviated company name: ***JSC "EnergoserviceYuga"***

Location

***344002, Russian Federation, Rostov-on-don, Bolshaya Sadovaya 49***

TIN: ***6164301167***

PSRN: ***1106164005750***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

### 8.1.5. Major transactions conducted by the issuer

***No such transactions in the period under review***

### 8.1.6. Credit ratings of the issuer.

***There were no changes in the information contained in this section of the Quarterly Report.***

## 8.2. Data on each category (type) of the issuer’s shares

Class of shares: ***ordinaries***

Par value of each share (rub.) ***0.1***

Number of circulating shares &nbsp;(number of shares that are not redeemed or cancelled): ***61178139 417***

The number of additional shares that may be placed or are in the process of placement (number of shares of additional issue, state registration of which is carried out, but with respect to which performed state registration of report on results of additional issue or no notification presents the results of additional issue in case if in accordance with the Federal law "On securities market" state registration of report on results of additional issue of shares is not carried out): ***13 015185 446***

The number of authorized shares: ***19,711,060,583***

The number of shares placed at the disposal (on the balance) of the Issuer: ***0*** The number of additional shares that can be placed as a result of conversion of placed securities convertible into shares, or as a result of fulfillment of obligations for Issuer's options: ***0***

Issues of shares of this category (type):

|  |  |
| --- | --- |
| State registration date | State registration number of the issue |
| 20.09.2007 | №1-01-34956-Е |
| 04.08.2016 | №1-01-34956-Е |
| 01.06.2017 | №1-01-34956-Е |

Rights granted by shares to their owners:

***In accordance with clause 6.1. Article 6 of the Charter of PJSC "IDGC of the South", a shareholder of the Company is a person owning shares of the Company on the grounds provided for by the legislation of the Russian Federation and the Company's Charter.***

***In accordance with clause 6.2. Article 6 of the Charter of PJSC "IDGC of the South", each ordinary registered share of the Company provides the shareholder - its holder with the same scope of rights.*** ***Shareholders-owners of ordinary registered shares shall have the right to:***

***1) participate personally or through representatives in General meeting of shareholders with the right to vote on all issues within its competence;***

***2) make proposals in the agenda of the General meeting in order stipulated by the legislation of the Russian Federation and this Charter;***

***3) obtain information on the activities of the company and to examine documents of Companies in accordance with article 91 of the Federal law "On joint stock companies", other regulatory acts and present Charter;***

***4) receive dividends declared by the Company;***

***5) preferential acquisition of additional shares and issue-grade securities convertible into shares placed by subscription in an amount proportional to the number of ordinary shares they hold, in cases provided for by the legislation of the Russian Federation;***

***6) in case of liquidation of the Company, receive a part of its property;***

***7) appeal decisions of the management bodies of the Company that entail civil legal consequences, in the cases and in the manner prescribed by the legislation of the Russian Federation;***

***8) demand compensation for losses of the Company;***

***9) challenge the transactions made by the Company on the grounds provided for by the legislation of the Russian Federation and to demand the application of the consequences of their invalidity, as well as the application of the consequences of the invalidity of insignificant transactions of the Company;***

***10) conclude an agreement on the implementation of corporate rights among themselves, as well as with the Company's creditors and other third parties (corporate agreement);***

***11) exercise other rights provided for by the legislation of the Russian Federation and this Charter.***

***In accordance with clause 6.3. Article 6 of the Charter of PJSC “IDGC in the South”, the shareholders on the basis of an agreement with the Company have the right, for the purposes of financing and maintaining the Company's activities at any time, to contribute to the Company's property gratuitous deposits in cash or in another form that do not increase the authorized capital of the Company and do not change the nominal value of shares (contributions to the Company's property).***

***The contract on the basis of which a shareholder contributes to the company's assets, must be pre-approved by the decision of the Board of Directors.***

***In accordance with clause 6.4. article 6 of the Statute of the PJSC "IDGC of the South" shareholders - owners of ordinary registered shares of the company are obliged:***

***1) participate in the formation of the Company's property in the required amount in the manner, manner and within the time limits stipulated by the legislation of the Russian Federation or the Company's Charter;***

***2) keep undisclosed any confidential information of the Company's activity;***

***3) participate in making decisions, without which the Company can not continue its activities in accordance with the law, if its participation is necessary for making such decisions;***

***4) not perform any act deliberately aimed at causing harm to the Company;***

***5) not commit actions (inaction), which significantly complicate or make impossible the achievement of the purposes for which the Company was established;***

***b) the Company shall be notified about the fact of conclusion of a corporate agreement***

***7) timely notify other shareholders of the Company of the intention to file a suit with the court to challenge the decision of the General Meeting of Shareholders of the Company, as well as to compensate losses caused to the Company or to recognize the transaction of the Company as invalid or to apply the consequences of the invalidity of the transaction by sending written notification to the Company, which must arrive in the Company not less than five days before the day of applying to the court.***

***Shareholders of the Company may bear other obligations stipulated by the legislation of the Russian Federation or this Charter.***

***There are no privileged shares in the Company.***

The presence of the issuer's shares in the cross ownership of its subsidiaries and (or) dependent companies: ***the issuer's subsidiaries and affiliates do not own its shares.***

Other information on shares indicated by the issuer at its own discretion:

***In accordance with the notification of the Federal Financial Markets Service of Russia dated 12.08.2008 M08-EK-03/17099, individual numbers (codes) are canceled:*** ***001D of the State registration number 1-01-34956-E-001D dd 20.03.2008, 002D of the State registration number 1-01-34956-Е- 002D dd 20.03.2008, 003D of the State registration number 1-01-34956-E-003D dd 20.03.2008, 004D государственного регистрационного номера 1-01-34956-E-004D dd 20.03.2008, 005D государственного регистрационного номера 1-01-34956-E-005D dd 20.03.2008, 006D государственного регистрационного номера 1-01-34956-E-006D dd 20.03.2008.***

## 8.3. Previous issues of the issuer’s equity securities excluding the issuer’s shares

### 8.3.1. Issues with all securities redeemed

Type of securities: ***bonds***

Form of a security: ***nominal book-entry***

Series: ***02***

***non-convertible interest-bearing documentary bonds with mandatory centralized custody interest***

State registration number of the issue: ***4-02-34956-Е***

Date of state registration of the issue: ***16.12.2008***

The body that carried out the state registration of the issue:

Additional editions of securities were carried out: ***No***

The number of securities of the issue: ***6,000,000***

The face value per each security of the issue: rub. ***1 000***

Par issue volume: ***6,000,000,000***

Term (date) of maturity of the issue: ***26.08.2014***

The basis for the redemption of the securities of the issue: ***performance of obligations under securities***

Type of security: ***exchange / commercial bonds***

Form of a security: ***bearer instrument***

Series: ***BO-01***

***documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-01 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of JSC "IDGC of the South" placed through public subscription.***

Identification release number: ***4B02-01-34956-E***

Date of assignment of the identification number: ***04.09.2014***

Authority, that issued the identification number: ***Limited liability company “Stock exchange MCSE”.***

Additional editions of securities were carried out: ***No***

The number of securities of the issue: ***5,000,000***

The face value per each security of the issue: rub. ***1 000***

Par issue volume: ***5,000,000,000***

Term (date) of maturity of the issue: ***13.06.2017***

The basis for the redemption of the securities of the issue: ***performance of obligations under securities***

### 8.3.2. Issues with securities that are not redeemed

Type of security: ***exchange / commercial bonds***

Form of a security: ***bearer instrument***

Series: ***BО-02***

Other identification characteristics of securities: ***documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-02 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of JSC "IDGC of the South" placed through public subscription.***

The securities issue was not subject to state registration: ***Yes***

Identification release number: ***4B02-02-34956-E***

Date of assignment of the identification number: ***04.09.2014***

Authority, that issued the identification number: ***Limited liability company “Stock exchange MCSE”***

Quantity of securities of the issue, pcs.: ***6,000,000***

The volume of par issue, rubles: ***6 000 000 000***

Face value, rub.: ***1,000***

In accordance with the legislation of the Russian Federation, the face value of this type of securities is not provided: ***No***

The status of the securities of the issue: ***the placement did not begin***

The state registration of the report on issue results is not carried out: ***Yes***

The number of interest (coupon) of the periods for which the payment of income (coupons, interest) on the securities of the issue is made: ***20***

Term (date) of maturity of the issue: ***The maturity date of the bonds 1 813th (One thousand eight hundred and thirteenth) is a day from the start date of placement of the commercial papers.***

Stated precisely: ***No***

The address of the page in the Internet on which the text of the resolution on the issue of securities and the securities prospectus has been published: [***www.mrsk-yuga.ru***](http://www.mrsk-yuga.ru)

Additional editions of securities were carried out: ***No***

***There are no outstanding liabilities under securities of the issue***

Type of security: ***exchange / commercial bonds***

Form of a security: ***bearer instrument***

Series: ***001Р***

Other identification characteristics of securities: ***exchange bonds documentary interest-bearing non-convertible bearer series 001R with obligatory centralized storage with a maturity date on the date that comes not later than 10 920 days from the start date of the placement of the exchange bonds issue within the program of exchange-traded bonds placed by open subscription.***

The securities issue was not subject to state registration: ***Yes***

Identification release number: ***4-34956-Е-001Р-02Е***

Date of assignment of the identification number: ***12.08.2016***

Authority, that issued the identification number: ***Limited liability company “Stock exchange MCSE”***

Quantity of securities of the issue, units: will be determined in the relevant issue conditions

The volume of par issue, rubles: ***25 000 000 000***

Nominal value, rubles: ***to be determined in the relevant issue terms***

In accordance with the legislation of the Russian Federation, the face value of this type of securities is not provided: ***No***

The status of the securities of the issue: ***the placement did not begin***

The state registration of the report on issue results is not carried out: ***Yes***

The number of interest (coupon) of the periods for which the payment of income (coupons, interest) on the securities of the issue is made: ***will be determined in the relevant issue conditions***

Term (date) of maturity of the issue: ***will be determined in the relevant issue conditions***

Stated precisely: ***Yes***

The address of the page in the Internet on which the text of the resolution on the issue of securities and the securities prospectus has been published:  [***http://www.mrsk-yuga.ru/aktsioneru-investoru/obligatsii/***](http://www.mrsk-yuga.ru/aktsioneru-investoru/obligatsii/)

Additional editions of securities were carried out: ***No***

***There are no outstanding liabilities under securities of the issue***

## 8.4. Data on entity (entities) providing (which provided) security for Issuer's bonds with security, and the security provided under the Issuer's bonds with collateral

***The Issuer has not registered prospectus of the bonds with the provision of, access to auctions of exchange-traded bonds with provision was not performed***

### 8.4.1. Additional information on the mortgage cover under the issuer's mortgage-backed bonds

***The issuer did not place any mortgage bonds with obligations not fulfilled yet***

### 8.4.2. Additional information on collateral security of monetary claims on the issuer's bonds with collateral provided by monetary claims

***The Issuer did not place bonds with collateral cash requirements, obligations under which have not been fulfilled yet***

## 8.5. Organizations keeping records of rights for the issuer’s equity securities

***There were no changes in the information contained in this section of the Quarterly Report.***

## 8.6. Legislative acts regulating import and export of capital, which may influence the payment of dividends, interests, and other payments to non­residents

***There were no changes in the information contained in this section of the Quarterly Report.***

## 8.7. Declared (accrued) and (or) paid dividends on the issuer’s shares; the issuer’s bond yield

### 8.7.1. Dividends declared and paid on the Issuer’s shares:

Information for the five most recent reporting years or for each completed financial year if the Issuer performs its activity less than five years, and for the period from the date of the beginning of the year until the end date of the reporting quarter

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2011, full year |
| During the specified period of decisions on payment of the dividends by the issuer wasn't accepted | |

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2012, full year |
| During the specified period of decisions on payment of the dividends by the issuer wasn't accepted | |

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2013, full year |
| The category of shares, for preference shares - type | ordinary |
| The Issuer's management body that adopted the decision to declare dividends, date of such decision, date of preparation and number of the minutes of the meeting (session) of Issuer's management body where such decision was made | The General Shareholders' Meeting of OJSC “IDGC in the South” (annual), June 25, 2014, Minutes No. 11 of June 25, 2014 |
| The amount of declared dividends per share, rubles. | 0.00014 | |
| The amount of declared dividends in aggregate for all shares of this category (type), rubles. | 6 973 553.81 | |
| Date on which are defined (determined) persons who have (had) the dividends right | 14.07.2014 | |
| Reporting period (year, quarter) for which (by the results of which) the declared dividends are paid | 2013, full year | |
| The deadline (date) for payment of declared dividends | The period of dividends payment to a nominal holder is a professional participant of the securities market, the Trustee is not more than 10 working days others registered in the register of shareholders - 25 working days from the date of making the list of persons entitled to receive dividends. | |
| Form of payment of the declared dividends (monetary funds, other assets) | Cash | |
| Source of the declared dividend payment (net profit for the fiscal year, retained earnings of the previous years, special fund) | Net profit for the accounting year | |
| The proportion of declared dividends in the net profit for the reporting year, % | 25.65 | |
| The total size of the paid dividends paid on shares of this category (type), rub. | 6,882,733.09 | |
| The proportion of the paid dividends in the total amount of declared dividends on the shares of this category (type), % | 98.7 | |
| If the declared dividends were not paid or paid by issuer is not emitted in full and the reasons for non-payment of the declared dividends | The reason for non-payment of the remainder of declared dividends is the lack of requisites for the transfer of funds. | |
| Other information about declared and (or) paid dividends specified by the Issuer at its own discretion | The payment of dividends by results of 2013 was made in the 3rd quarter of 2014. | |

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2014, full year |
| During the specified period of decisions on payment of the dividends by the issuer wasn't accepted | |

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2015, full year |
| The category of shares, for preference shares - type | ordinary |
| The Issuer's management body that adopted the decision to declare dividends, date of such decision, date of preparation and number of the minutes of the meeting (session) of Issuer's management body where such decision was made | The General Shareholders' Meeting of PJSC “IDGC in the South” (annual), 06.06.2016, Minutes No. 15 of 09.06.2016 |
| The amount of declared dividends per share, rubles. | 0.002852693 |
| The amount of declared dividends in aggregate for all shares of this category (type), rubles. | 142,095,765.43 |
| Date on which are defined (determined) persons who have (had) the dividends right | 24.06.2016 |
| Reporting period (year, quarter) for which (by the results of which) the declared dividends are paid | 2015, full year | |
| The deadline (date) for payment of declared dividends | The period of dividends payment to a nominal holder is a professional participant of the securities market, the Trustee is not more than 10 working days others registered in the register of shareholders - 25 working days from the date of making the list of persons entitled to receive dividends. | |
| Form of payment of the declared dividends (monetary funds, other assets) | Cash | |
| Source of the declared dividend payment (net profit for the fiscal year, retained earnings of the previous years, special fund) | Net profit for the accounting year | |
| The proportion of declared dividends in the net profit for the reporting year, % | 95.00 | |
| The total size of the paid dividends paid on shares of this category (type), rub. | 140,378,769.74 | |
| The proportion of the paid dividends in the total amount of declared dividends on the shares of this category (type), % | 98.79 | |
| If the declared dividends were not paid or paid by issuer is not emitted in full and the reasons for non-payment of the declared dividends | The reason for non-payment of the remainder of declared dividends is the lack of requisites for the transfer of funds. | |
| Other information about declared and (or) paid dividends specified by the Issuer at its own discretion | The date of drawing up the list of persons entitled to receive dividends is June 24, 2016. The payment of dividends by results of 2015 was made in the 3rd quarter of 2016. | |
| Indicator name | The value of the index for the corresponding reporting period of 2016, full year |
| During the specified period of decisions on payment of the dividends by the issuer wasn't accepted | |

### 8.7.2. Accrued and paid yield on the issuer’s bonds

Information is provided for each bond issue that has been issued in the last five reporting years, and if the issuer has been operating for less than five years for each completed reporting year, and for the period from the beginning of the current year to the date End of the reporting quarter that year revenue.

Type of securities: ***bonds***

Form of a security: ***bearer instrument***

Series: ***02***

***non-convertible interest-bearing documentary bonds with mandatory centralized custody interest***

State registration number of the issue: ***4-02-34956-Е***

Date of state registration of the issue: ***16.12.2008***

The body that carried out the state registration of the issue: ***FFMS of Russia***

***Report on the results of the issue***

***The state registration of the report on issue results is not carried out due to the fact that the Issuer has exercised its right to submit to the registration authority notification on the results of the securities issue at the simultaneous presence of following conditions: a) rendering by the broker services on placement of securities pursuant to an agreement with the Issuer of the contract; b) placement of securities by public subscription; C) the implementation of the listing of the securities.*** ***Notification of the results of the issue of Bonds of non-convertible interest-bearing documentary bearer bonds with mandatory centralized custody of the 02 series in the amount of 6,000,000 (Six million) pieces with a par value of 1,000 (One thousand) rubles each with a maturity of 1,820 (One thousand eight hundred and twentieth ) day from the date of the beginning of placement, placed by public subscription, registration number 4-02-34956-E of 16.12.2008. granted to the Federal Financial Markets Service of Russia on 08.09.2009.***

Number of bonds of issue, pcs.: ***6 000 000***

The face value per each bond of the issue: rub. ***1 000***

Par issue volume: ***6,000,000,000***

|  |  |
| --- | --- |
| Basic information on income on bonds of the issue:  Indicator name | Accounting Period |
| Type of securities (bonds), series, form and other identification characteristics of bond issues | non-convertible interest-bearing documentary bearer bonds of series 02 with mandatory centralized custody |
| The state registration number of the bond issue and the date of its state registration (identification number of the bond issue and the date of its assignment in case the issue of bonds was not subject to state registration) | 4-02-34956-Е dd 16 December 2008 |
| Type of income paid on the bonds of the issue (nominal cost, interest (coupon), other) | Face value and coupon |
| The amount of income that was payable on the bonds of the issue, in money terms, per one bond issue, rubles / foreign currency | 1 040,39 RUB. / 28.80 USD. USA |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, rub / foreign currency | 184 084 614,42 rub./5 096 459,16 dollars USA |
| Fixed term (date) for the payment of income on bonds of issuance | 26.08.2014 |
| Form of payment of income on the bonds of the issue (cash, other property) | Cash |
| The total amount of income paid on all bonds of the issue, rubles / foreign. currency | 3 199 509 686,52 rub./88 579 757,16 dollars USA |
| The share of paid income on bonds of the issue in the total amount due on the payment of revenues on bonds of the issue, % | 100% |
| In the event that the income due to the issue bonds was not paid or paid out by the issuer in full, the reasons for non-payment of such income | The income on the bonds of the issue to be paid was paid by the issuer in full |
| Additional information on income on bonds of the issue specified by the Issuer at its own discretion | There is no other information about income on bonds of the issue |

Type of security: ***exchange / commercial bonds***

Form of a security: ***bearer instrument***

Series: ***BO-01***

***documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-01 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of PJSC "IDGC of the South" placed through public subscription.***

Identification release number: ***4B02-01-34956-E***

Date of assignment of the identification number: ***04.09.2014***

Authority, that issued the identification number: ***Public joint stock company "Moscow Exchange MCSE-RTS"***

Number of bonds of issue, pcs.: ***5 000 000***

The face value per each bond of the issue: rub. ***1 000***

Par issue volume: ***5,000,000,000***

|  |  |
| --- | --- |
| Basic information on income on bonds of the issue:  Indicator name | Accounting Period |
| Type of securities (bonds), series, form and other identification characteristics of bond issues | documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-02 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of PJSC "IDGC of the South" placed through public subscription. |
| The state registration number of the bond issue and the date of its state registration (identification number of the bond issue and the date of its assignment in case the issue of bonds was not subject to state registration) | 4В02-01-34956-Е dd 04 September 2014 |
| Type of income paid on the bonds of the issue (nominal cost, interest (coupon), other) | Face value and eighth coupon |
| The amount of income that was payable on the bonds of the issue, in money terms, per one bond issue, rubles / foreign currency | 1 033,66 rubles / 18,13 dollars USA |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, rub / foreign currency | 5 168 300 000 rub./90 668 748,46 dollars USA |
| Fixed term (date) for the payment of income on bonds of issuance | 12.06.2017 |
| Form of payment of income on the bonds of the issue (cash, other property) | Cash |
| The total amount of income paid on all bonds of the issue, rubles / foreign. currency | 333 450 000,00 rub./109 110 572,08 dollars USA |
| The share of paid income on bonds of the issue in the total amount due on the payment of revenues on bonds of the issue, % | 100% |
| In the event that the income due to the issue bonds was not paid or paid out by the issuer in full, the reasons for non-payment of such income | The income on the bonds of the issue to be paid was paid by the issuer in full |
| Additional information on income on bonds of the issue specified by the Issuer at its own discretion | The number of bonds of the issue is 6,000,000 pcs., the number of securities actually placed is 5,000,000 pcs. Payment of the face value and the eighth coupon yield is indicated in USD at the rate of USD to the ruble of the Russian Federation set by the Central Bank as of 13.07.2017 |

***Coupon period on bonds of series 02 is equal to 182 days.***

***The interest rate on coupon income for coupons from the 1st to the 4th is 17.5% per annum, from the 5th to the 10th is 8.1% per annum.***

***In August 2011, the coupon rate for the fifth coupon period was approved at 8.1 (eight point one-tenth) percent per annum on the Issuer's 02 series bonds (non-convertible interest-bearing documentary bearer bonds with obligatory centralized storage).*** ***The sixth, seventh, eighth, ninth and tenth coupon rates are equal to the rate for the fifth coupon period.***

***On the day of the offer on 1 September 2011, on "MICEX stock exchange" during the submission address bids for the sale of the Bonds were brought and redeemed from holders of 2 112 589 bonds in the amount of 2 112 589 000 rubles. From repurchased 2 112 589 Bonds 2 Sep sold in the secondary market 670 267 pieces.***

***The coupon income was paid in the amount of 368169 228 rubles in 2014*** ***84 kopecks***

***Indicators additionally disclosed in accordance with the Regulation on the Information Policy of JSC IDGC of the South.***

***Bonds of the issuer are admitted to circulation by the securities market operator from 01.09.2009 and included in the Quotation list "B" of the stock exchange CJSC "FBMMBB".*** ***The bonded loan was repaid on August 26, 2014.***

***On December 19, 2016, the Moscow Exchange Group was reorganized by merging its 100% of its subsidiaries with PJSC Moscow Stock Exchange, including CJSC MICEX Stock Exchange.*** ***Accordingly, from December 19, 2016, ZAO "MICEX stock exchange" has ceased its activities.*** ***At the same time, some of the information in this clause of the securities prospectus provides for the period during which the CJSC "MICEX stock exchange" carried out its activities (2009 -*** ***2016).***

***Information on the organizers of the trade and the quotation list, in which the Company's securities are included:***

|  |  |
| --- | --- |
| ***Full company name*** | ***Public joint stock company "Moscow Exchange MCSE-RTS"*** |
| ***Abbreviated company name:*** | ***PJSC "Moscow Exchange"*** |
| ***Registered address:*** | ***125009, Moscow, Bolshoy Kislovsky lane, 13*** |
| ***Website:*** | [***www.micex.ru***](http://www.micex.ru)***.*** |
| ***License number of stock exchange:*** | ***№ 077-10489-000001*** |
| ***Date of issuance of the license stock exchange:*** | ***August 23, 2007*** |
| ***The license effective term of the stock exchange:*** | ***Without restriction on the period of validity*** |
| ***The body which has granted the license to the stock exchange:*** | ***Federal Service for Financial Markets of Russia*** |

***The extraordinary general shareholders’ meeting of PJSC "IDGC of the South", held 07.04.2017 (minutes dated 12.04.2017 no 16) on the issue "increase of the authorized capital of the PJSC "IDGC of the South" by placing additional shares" decided "to Increase the authorized capital of the company by placing additional ordinary registered uncertified shares in the amount of 185 446 015 13 (thirteen billion fifteen million one hundred eighty five thousand four hundred forty-six) shares with a par 131 value of 10 (Ten) kopecks each for the total amount at the nominal value 1 301 518 544 (One billion three hundred one million five hundred eighteen thousand five hundred forty four) rubles 60 kopecks, on the following principal conditions:***

* ***location mode - open subscription;***
* ***the placement price of one additional ordinary registered uncertificated shares (including to persons included in the list of persons having the preemptive right to purchase placed additional shares) is 10 (Ten) kopecks;***
* ***payment terms - payment of additional ordinary registered uncertificated shares of the Company is carried out in cash in rubles of the Russian Federation in a non-cash form. "***

***As of the date of disclosure (publication) of this quarterly report of the issuer of securities, the issuer placed 7,860,917,760 ordinary registered uncertificated shares for additional issue (state registration number:*** ***1-01-34956-E from 01.06.2017 g) acquired by the shareholders of the company within the framework of pre-emption rights.*** ***The total number of the placed shares of the Company as of the date of disclosure of this quarterly report was 69,039,057 1,77 pieces.***

## 8.9. Represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts

***The Issuer is not the Issuer of the represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts***

Appendix 1

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Balance sheet** | | | | | | | | | |  | |  | |
| uplift | | | | **June 30** | 20 | **17** | | Year | |  | | **Codes** | |
|  | | | | | | | | Form by OKUD | | | | 0710501 | |
|  | | | | | | | | Date (day, month, year) | | | | 30/06/2017 | |
| Organisation | | **PJSC “IDGC in the South”** | | | | | | | | by OKPO | | 80380011 | |
| Taxpayer identification number. | | | | | | | | | | TIN | | 6164266561 | |
| Type of activities | | | **electric-power transmission** | | | | | | | av. | |  | |
| RNCEA | | 35.12 | |
| Type of business organisation/form of incorporation | | | | | | |  | | | as per OKOPF/OKFS | | 12247/16 | |
| **Public joint-stock company / private property** | | | | | | | | | |
| Unit of measure: thous. roub. | | | | | | | | | | in OKEI | | 384 | |
| Location (address) | | | | **344002, Rostov-on-Don, Bolshaya Sadovaya str., h. 49.** | | | | | |  | |  | |
|  | | | | | | | | | | | |  | |
| Clarifications | Indicator name | | | | | | | | Line code | | as at 30 of June  2017  (1) | As of December 31  2016  (2) | As of December 31  2015  (3) |
|  | ASSETS | | | | | | | |  | |  |  |  |
|  | I. NON­CURRENT ASSETS | | | | | | | |  | |  |  |  |
| 5.1.1.-5.2.2. | Intangible Assets | | | | | | | | 1110 | | 1547 | 1,689 | 6 |
| 5.2.2. | including unfinished operations for the acquisition of intangible assets | | | | | | | | 1111 | | - | - | - |
|  |  | | | | | | | |  | |  |  |  |
| 5.2.1.-5.2.2. | Research and development results | | | | | | | | 1120 | | 14,040 | 17,040 | 18,190 |
| 5.2.2. | including costs of uncompleted research and study | | | | | | | | 1121 | | 9,700 | 9,700 | 820 |
|  |  | | | | | | | |  | |  |  |  |
|  | Intangible development assets | | | | | | | | 1130 | |  |  |  |
|  |  | | | | | | | |  | |  |  |  |
|  | Intangible development assets | | | | | | | | 1140 | |  |  |  |
|  |  | | | | | | | |  | |  |  |  |
| 5.3.1 .-5.3.5. | Fixed assets | | | | | | | | 1150 | | 28,794,547 | 28,554,113 | 28,897,473 |
|  | land and objects of natural resource use | | | | | | | | 1151 | | 30,511 | 30,511 | 22,373 |
|  | buildings, machinery and equipment, structures | | | | | | | | 1152 | | 25,222,624 | 25,030,267 | 26,190,347 |
|  | other asset types | | | | | | | | 1153 | | 172,621 | 195 D43 | 233,066 |
| 5.3.5. | construction-in-progress | | | | | | | | 1154 | | 3,148,748 | 3,070,922 | 2197 090 |
| 5.3.6. | advances issued under capital construction and acquisition of fixed assets | | | | | | | | 1155 | | 474 | 424 | 1,391 |
|  | raw materials and other materials intended for use in the creation of fixed assets\* | | | | | | | | 1156 | | 219,569 | 235,946 | 253-205 |
|  |  | | | | | | | |  | |  |  |  |
| 5.3.1. | Income investments in material assets | | | | | | | | 1160 | | - | - | - |
|  | property for leasing | | | | | | | | 1161 | | - | - | - |
|  | property granted under the lease contracts | | | | | | | | 1162 | | - | - | - |
|  |  | | | | | | | |  | |  |  |  |
| 5.4.1 .-5.4.3. | Financial investments | | | | | | | | 1170 | | 147,023 | 147,910 | 144,929 |
|  | investments in subsidiary companies | | | | | | | | 1171 | | 141,030 | 141 0В0 | 140,710 |
|  | investments in affiliates | | | | | | | | 1172 | | - | - | - |
|  | investments in other organizations | | | | | | | | 1173 | | 5,946 | 6 830 | 4,219 |
|  | loans made to organizations for more than 12 months | | | | | | | | 1174 | | - | - | - |
|  | financial investments | | | | | | | | 1175 | | - | - | - |
|  |  | | | | | | | |  | |  |  |  |
| 5.7.2. | Deferred tax assets | | | | | | | | 1160 | | 356,303 | 433,755 | 369,907 |
|  |  | | | | | | | |  | |  |  |  |
|  | Other non-current assets | | | | | | | | 1190 | | 86130 | 103,546 | 125,059 |
|  | Total for Section 1 | | | | | | | | 1100 | | 29,400,193 | 29,268,054 | 29,555,564 |
|  | II. CURRENT ASSETS | | | | | | | |  | |  |  |  |
| 5.5.1-5.5.2. | Inventory | | | | | | | | 1210 | | 891,164 | 613,275 | 720,902 |
|  | raw materials, supplies and other such assets | | | | | | | | 1211 | | 891,116 | 741,784 | 718,504 |
|  | costs of work in progress | | | | | | | | 1212 | | - | - | - |
|  | finished products and goods for resale | | | | | | | | 1213 | | 48 | 39 | 2,398 |
|  | shipped goods | | | | | | | | 1214 | | - | 71,452 | - |
|  | other inventories and expenses | | | | | | | | 1215 | | - | - | - |
|  |  | | | | | | | |  | |  |  |  |
|  | Value-added tax on purchased assets | | | | | | | | 1220 | | 960 | 2,983 | 13,207 |
|  |  | | | | | | | |  | |  |  |  |
| 5.8.1.-5.6.4. | Trade and Other Receivables | | | | | | | | 1230 | | 12,420,652 | 12,992,602 | 10,407,250 |
|  |  | | | | | | | |  | |  |  |  |
|  | Payments on which are expected more than 12 months after the reporting date | | | | | | | | 1231 | | 3,853 | 4,644 | 22,053 |
|  | from buyers and clients | | | | | | | | 123101 | | 1,811 | 2,694 | 2112 |
|  | bills receivable | | | | | | | | 123102 | | - | - | - |
|  | advances paid | | | | | | | | 123103 | | 2,042 | 1,912 | 7,290 |
|  | other debts indebtedness | | | | | | | | 123104 | | - | 38 | 12,651 |
|  |  | | | | | | | |  | |  |  |  |
|  | Payments expected within 12 months after the reporting date | | | | | | | | 1232 | | 12,416,799 | 12,987,958 | 10 385197 |
|  | from buyers and clients | | | | | | | | 123201 | | 10,532,651 | 11,405,048 | 9,053,476 |
|  | bills receivable | | | | | | | | 123202 | | - | - | - |
|  | debts of subsidiaries and affiliates for dividends | | | | | | | | 123203 | | - | - | - |
|  | receivables from partners (founders) on contributions to authorized capital | | | | | | | | 123204 | | - | - | - |
|  | advances paid | | | | | | | | 123205 | | 116,851 | 26,651 | 63,245 |
|  | other debts indebtedness | | | | | | | | 123206 | | 1,767,287 | 1,556,259 | 1,263,473 |
|  |  | | | | | | | |  | |  |  |  |
| 5.4.1-5.4.3. | Financial investments (save as cash equivalents) | | | | | | | | 1240 | | 268,257 | 779,257 | 403,000 |
|  | loans made to organizations for less than 12 months | | | | | | | | 1241 | | - | - | - |
|  | other short-term financial investments | | | | | | | | 1242 | | 288,257 | 779,257 | 403,000 |
|  |  | | | | | | | |  | |  |  |  |
| F.4 | Monetary assets and cash equivalents | | | | | | | | 1250 | | 2,221,871 | 690,528 | 1 581168 |
|  | cash | | | | | | | | 1251 | | 31 | - | 6 |
|  | settlement accounts | | | | | | | | 1252 | | 2,210,752 | 662,485 | 1,576,092 |
|  | currency accounts | | | | | | | | 1253 | | - | - | - |
|  | other cash assets | | | | | | | | 1254 | | 11,088 | 8,043 | 5,070 |
|  |  | | | | | | | |  | |  |  |  |
|  | Other current assets | | | | | | | | 1260 | | 235,259 | 271,034 | 218,042 |
|  | Total for section II | | | | | | | | 1200 | | 16,038,163 | 15,549,679 | 13,343,569 |
|  | BALANCE SHEET | | | | | | | | 1600 | | 45,438,356 | 44,817,733 | 42,899,133 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Clarifications | Indicator name | Line code | as at 30 of June  2017  (1) | As of December 31  2016  (2) | As of December 31  2015  (3) |
|  | LIABILITY |  |  |  |  |
|  | III. CAPITAL AND RESERVES |  |  |  |  |
| 3.1 | Authorized capital (joint capital, authorized fund, partners' contributions) | 1310 | 6,117,614 | 4,981,110 | 4,981,110 |
| 3.1 | Capital (before registration of amendments) | 1311 | - | 143,909 | - |
| 3 1 | Treasury shares purchased from shareholders | 1320 | - | - | - |
| 5.3.1- 5.1.1 | Revaluation of non-current assets | 1340 | 14,639,911 | 14,652,936 | 14,691,709 |
| 3.1. | Additional capital (without revaluation) | 1350 | - | - | - |
| 3.1. | Legal reserve | 1360 | 157 574 | 157,574 | 150,095 |
|  |  |  |  |  |  |
| 3.1 | Undistributed dividends (uncovered loss) | 1370 | (15,971,182} | (15,010,534) | (14 888 464) |
|  | prior years | 1371 | (15 997 509) | (15010 534) | (14,888,464) |
|  | reporting period | 1372 | 26,320 | - | - |
|  | Section III Total | 1300 | 4,944-110 | 3,924,995 | 4,934,450 |
|  | IV. LONG-TERM LIABILITIES |  |  |  |  |
| 5.6 7-5 6.6. | Borrowed funds | 1410 | 20,882,022 | 17,232,022 | 13,403,376 |
|  | bank credits to be repaid more than 12 months after the reporting date | 1411 | 20,882,022 | 12,232,022 | 8,403,378 |
|  | loans to be repaid more than 12 months after the reporting date | 1412 | - | 5,000,000 | 5,000,000 |
|  | ) |  |  |  |  |
| 5.7.2. | Deferred tax liabilities | 1420 | 805,531 | 776,603 | 362,562 |
|  |  |  |  |  |  |
| 5.7.1 | Estimated liabilities | 1430 | - | - | - |
|  |  |  |  |  |  |
| 5.6.5 -5.5.5 | Other Liabilities | 1450 | 3,089,539 | 118,948 | 118,914 |
|  | Section IV Total | 1400 | 24,777,092 | 18,127,573 | 13,864,854 |
|  | V. SHORT-TERM LIABILITIES |  |  |  |  |
| 5.6.7-5 5 6 | Borrowed funds | 1510 | 3,282,852 | 7,223,581 | 11,630,194 |
|  | bank loans due for repayment within 12 months after the reporting date | 1511 | 3,282,852 | 7,188,421 | 11,598,753 |
|  | loans to be repaid within 12 months after the reporting date | 1512 | - | 35,140 | 31,441 |
|  |  |  |  | t |  |
| 5.6.5 -5.6.6 | Accounts payable | 1520 | 11,585,676 | 13,572,980 | 9,672,852 |
|  | to suppliers and contractors | 1521 | 7,322,106 | 10,411,233 | 7,535,500 |
|  | payment bills | 1522 | - | - | - |
|  | debt to the company's personnel | 1523 | 470,596 | 293,457 | 248,132 |
|  | debt to State non-budgetary funds | 1524 | 213,819 | 168,318 | 137,076 |
|  | debt on taxes and duties | 1525 | 567,632 | 377,952 | 452,453 |
|  | advance payments received | 1525 | 874,643 | 1,002,756 | 956,524 |
|  | debt to participants (founders) in respect of distribution | 1527 | 1,808 | 1,812 | 94 |
|  | other accounts payable | 152S | 2,115,072 | 1,317,452 | 343,073 |
|  |  |  |  |  |  |
|  | Deferred income | 1530 | 33,423 | 35,632 | 59,123 |
|  |  |  |  |  |  |
| 5.7.1 | Estimated liabilities | 1540 | 814,060 | 1,931,821 | 2,709,437 |
|  |  |  |  |  |  |
|  | Other Liabilities | 1550 | 1,143 | 1,171 | 6,223 |
|  | Section V Total | 1500 | 15 717154 | 22,765,165 | 24,079,829 |
|  |  | 1700 | 45,438,355 | 44,817,733 | 42,899,133 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Supervisor | | |  |  | Rybin A.A. | |  | Chief Accountant |  |  | Savin G. G. |
|  | | | (signature) |  | (print full name) | |  |  | (signature) |  |  |
|  | | | | | | | | | | | |
| 25 |  | July | | 20 | 17 | Year |  | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Income Statement** | | | | | | |  |  |
| 30 | | | **6 months** | 20 | **17** | Year |  | **Codes** |
|  | | | | | | Form by OKUD | | 0710002 |
|  | | | | | | Date (day, month, year) | | 30/06/2017 |
| Organisation | **PJSC “IDGC in the South”** | | | | | | by OKPO | 80380011 |
| Taxpayer identification number. | | | | | | | TIN | 6164266561 |
| Type of activities | | **electric-power transmission** | | | | | av. |  |
| RNCEA | 35.12 |
| Type of business organisation/form of incorporation | | | | | |  | as per OKOPF/OKFS | 12247/16 |
| **Public joint-stock company / private property** | | | | | | |
| Unit of measure: thous. roub. | | | | | | | in OKEI | 384 |
| Location (address) | | | **344002, Rostov-on-Don, Bolshaya Sadovaya str., h. 49.** | | | |  |  |
|  | | | | | | | |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Clarifications | Indicator name | Code | For 6 months  2017 (1) | For 6 months  2016 (2) |
| 1 | 2 | 3 | 4 | 5 |
|  | Revenue | 2110 | 16,593,186 | 15,021,030 |
|  | including |  |  |  |
|  | revenue from electric-power transmission | 2111 | 15686 311 | 14 863 0S4 |
|  | revenue from tech. connection | 2112 | 219,430 | 76,263 |
|  | proceeds from the organization of operation and development of the UES of Russia in the part of the distribution grid complex | 2113 |  |  |
|  | proceeds from the re-sale of electricity and capacity | 21Я | 383,517 | . |
|  | income from participation in other organisations | 2115 | - | - |
|  | rental income | 2116 | 16,785 | 26,266 |
|  | the proceeds from the sale of other products, goods, works, services of industrial character | 2117 | 286,295 | 50,593 |
|  | the proceeds from the sale of other products, goods, works, services of nonindustrial character | 2113 | 848 | 4,814 |
|  |  |  |  |  |
| 2.1 | Cost of sales | 2120 | (13,969,024) | (12,960,012) |
|  | including |  |  |  |
|  | electric-power transmission prime cost | 2121 | (13,474,645) | (12,835,977) |
|  | prime cost from tech. connection | 2122 | (54,811) | (52,789) |
|  | cost of production from the organization of operation and development of the UES of Russia in the part of the distribution grid complex | 2123 |  |  |
|  | prime cost from the re-sale of electricity and capacity | 2124 | (376,516) | - |
|  | prime cost of participation of other organizations | 2125 | - | - |
|  | cost of production of services of the lease | 2126 | (6,327) | (19,196) |
|  | the cost of other products, goods, works, services of industrial character | 2127 | (47,873) | (39,036) |
|  | the cost of other products, goods, works, services of nonindustrial character | 2123 | (8,852) | (13,014) |
|  |  |  |  |  |
|  | Gross profit (loss) | 2100 | 2,624,162 | 2,061,018 |
| 2.1 | Distribution costs | 2210 | (13,921) | - |
| 2.1 | Administrative expenses | 2220 | (343,728) | (300,842) |
|  | Income (loss) from sales | 2200 | 2,266,513 | 1,760,176 |
|  | Income from stake in other organizations | 2310 | 147 | 3,172 |
|  | Interest income | 2320 | 27,669 | 49169 |
|  | Interest expenses | 2330 | (1,412,893) | (1 341 540) |
| 5.11 | Other income | 2340 | 2,765,712 | 2,455 10 |
| 5.11 | Other expenses | 2350 | (3,606,449) | (3 662 788) |
|  | Profit (loss) before tax | 2300 | 40,699 | (736,703) |
| 2.3 | Current profit tax | 2410 | - | (266,907) |
| 2.3 | including permanent tax liabilities (assets) | 2421 | 123,368 | 508,275 |
| 2.3 | Changes in deferred tax liabilities | 2430 | (58,456) | (24,719) |
| 2.3 | Changes in deferred tax assets | 2450 | (73,052) | (69 308) |
| 2.3 | Miscellaneous | 2450 | 117129 | 346,306 |
|  | Net Income (Loss) | 2400 | 26,320 | (751 331) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Clarifications |  | Code | For 6 months  2017 (1) | For 6 months  2016 (2) |
| 5.1.1-5.3.1 | FOR REFERENCE  Result of non-current assets revaluation not included into the net profit (loss) for the period | 2510 | - | - |
| 3.2 | result from other operations not included in net profit (loss) of the period | 2520 | - | - |
|  | Aggregate financial performance for the period | 2500 | 26,320 | (751,331) |
| 2.2 | Basic profit (loss) per share | 2900 |  |  |
| 2.2 | Deluted profit (loss) per share | 2910 |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Supervisor | | |  |  | Rybin A.A. | |  | Chief Accountant |  |  | Savin G. G. |
|  | | | (signature) |  | (print full name) | |  |  | (signature) |  |  |
|  | | | | | | | | | | | |
| 25 |  | July | | 20 | 17 | Year |  | | | | |

2.1. Cost of sales of goods, works, services by cost element

|  |  |  |  |
| --- | --- | --- | --- |
| Index | | For 6 months | For 6 months |
| Name | Code | 2017 | 2016 |
| 1 | 2 | 3 | 4 |
| Production expenses | 6510 | 13,969,024 | 12,960,012 |
| including  material costs | 6511 | 8,861,227 | 7,977,514 |
| labour costs | 6512 | 2 4S7 440 | 2,384,477 |
| allocations for social needs | 6513 | 748,761 | 723,527 |
| depreciation | 6514 | 1,270,541 | 1,302,851 |
| other expenses | 6515 | 621,055 | 571,643 |
|  |  |  |  |
| Reference: The change of reserves and provisions  (increase [+], decrease [-]): | 6520 | (71,443} | 69,093 |
| including  work in process | S521 |  |  |
| finished goods | 6522 | - | - |
| purchased goods | 6523 | 9 | (2,359) |
| shipped goods | 6524 | (71,452) | 71,452 |
| auxiliary raw materials | 6525 | - | - |
|  |  |  |  |
| Total cost of sales (goods, works, services) | 6500 | 13,969,024 | 12,960,012 |
| including: |  |  |  |
| Cost of goods sold | 6530 | - | - |
| services of management to other party | 6540 | - | - |
|  |  |  |  |
| Distribution costs | 6550 | 13,921 | - |
| including |  |  |  |
| material costs | 6551 | 4,234 | - |
| labour costs | 6552 | 4,806 | - |
| allocations for social needs | 6553 | 1,441 | - |
| depreciation | 6554 | 33 | - |
| other expenses | 6555 | 3,407 | *-* |
|  |  |  |  |
| Administrative expenses | 6560 | 343,728 | 300,842 |
| including |  |  |  |
| material costs | 6561 | 19,537 | 17,647 |
| labour costs | 6562 | 189,317 | 182,796 |
| allocations for social needs | 6563 | 53,235 | 48,805 |
| depreciation | 6564 | 5,024 | 5,240 |
| other expenses | 6565 | 76,615 | 46,354 |
|  |  |  |  |
|  |  | | |
| Reference: |  | | |
| * rent expenses for the power grid facilities | 65001 | 2,223 | 2,246 |
| * taxes and fees (including land lease) | 65002 | 219,039 | 204,222 |
| * premiums * expenses for the services of infrastructure organizations (JSC "ATS", CJSC “FEC") | 65003 | 803,437 | 772,332 |
| 65004 | 373 | - |
| * the costs of the purchased electric power on compensation of losses by taking into account the allowances | 65005 | 3,321,918 | 3,207,938 |
| * expenses on payment for services of organizations that carry out regulated activities, taking into account estimated reserves | 65005 | 4,768,589 | 4,222,814 |

|  |  |  |  |
| --- | --- | --- | --- |
| Supervisor |  |  | Rybin A. A. |
|  | (signature) |  | (print full name) |
|  |  |  |  |
| Chief Accountant |  |  | Savin G. G. |
|  | (signature) |  | (print full name) |
|  | | | |
| 25 July 2017 | | | |

2.2. Profit attributable to one share, diluted earnings per share

|  |  |  |  |
| --- | --- | --- | --- |
| Index | | For 6 months | For 6 months |
| Name | Code | 2017 | 2016 |
| 1 | 2 | 3 | 4 |
| Net profit (uncovered loss) of the reporting period | 6610 | 26,320 | (751,331) |
| Preferred dividends3 | 6611 | - |  |
| Basic profit (loss) of the reporting period | 6612 | 26,320 | (751,331) |
| weighted average number of ordinary shares in circulation during the reporting year, shares | 6613 |  |  |
| Basic profit (loss) per share | 6520 |  |  |
| Average market value of one common share | 6621 |  |  |
| Possible increase in profits and weighted average number of outstanding shares | 6630 | X | X |
| As a result of conversion of preference shares into ordinary shares | 6631 | X | X |
| possible increment in profit | 66311 | - | - |
| additional quantity of the shares | 66312 | - | - |
| As a result of conversion of bonds into ordinary shares | 6632 | X | X |
| possible increment in profit | 65321 | - | - |
| additional quantity of the shares | 66322 | - | - |
| As a result of execution of contracts of purchase and sale of shares at a price below the market | 6633 | X | X |
| Contract acquisition price | 65331 | - | ~ |
| possible increment in profit | 66332 | - | - |
| additional quantity of the shares | 66333 | - | - |
| Diluted Earnings Per Share | 6640 |  |  |
| adjusted amount of base profit | 6641 |  |  |
| adjusted value of weighted average number of outstanding shares | 6642 | - | - |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Supervisor | | |  |  | Rybin A.A. | |  | Chief Accountant |  |  | Savin G. G. |
|  | | | (signature) |  | (print full name) | |  |  | (signature) |  |  |
|  | | | | | | | | | | | |
| 25 |  | July | | 20 | 17 | Year |  | | | | |

2.3. Taxation of profit

|  |  |  |  |
| --- | --- | --- | --- |
| Index | Code | For 6 months of 2017 | For 6 months of 2016 |
| 1 | 2 | 3 | 4 |
|  |  |  |  |
| Profit (loss) before tax | 6710 | 40,699 | (736,703) |
| including taxable at the rate: |  |  |  |
| 20% | 67101 | 40,699 | (736,703) |
| other rates | 67102 | - | - |
| not taxable | 67103 | - |  |
| Permanent differences | 6711 | 618,841 | 2,541,374 |
| For reference: permanent differences, corresponding with temporary differences | 67111 | \_ |  |
| Change in temporary deductible differences | 6712 | (507,261) | (346,542) |
| Change of temporary taxable differences | 6713 | (292,282) | (123,594) |
| Tax base | 6714 | (140,003) | 1,334,535 |
| Loss/(gain) for income taxes | 6720 | 8,140 | (147,341) |
| Conditional loss/(gain) for income taxes | 6721 | 8,140 | (147,341} |
| Permanent tax liability (asset) | 6722 | 123,368 | 508,275 |
| For reference: changes in deferred taxes attributed to profit and loss | 67221 |  | \_ |
| Loss (gain) for deferred taxes | 6723 | (131,508} | (94,027) |
| including: | 67231 | {73,052) | (69,308) |
| change in deferred tax asset |
| amendment of the deferred tax liabilities | 67232 | (58,456) | (24719) |
| Current profit tax | 6724 | - | (266,907) |
| Specification of amounts of profit tax for past tax periods | 6725 |  |  |
| Other tax payments and sanctions from profit | 6730 | 117,129 | 346,306 |
| including under essential articles | 6731 | - | - |
| Profit (loss) on ordinary activities | 6740 | 26,320 | (751,331) |

|  |  |  |  |
| --- | --- | --- | --- |
| Supervisor |  |  | Rybin A. A. |
|  | (signature) |  | (print full name) |
|  |  |  |  |
| Chief Accountant |  |  | Savin G. G. |
|  | (signature) |  | (print full name) |

3.3. Net assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicator name |  | as at 30 of June | As of December 31 | As of December 31 |
| Code | 2017 | 2016 | 2015 |
| Net assets | 3600 | 4,977,533 | 3,960,627 | 4,993,573 |

|  |  |  |  |
| --- | --- | --- | --- |
| Supervisor |  |  | Rybin A. A. |
|  | (signature) |  | (print full name) |
|  |  |  |  |
| Chief Accountant |  |  | Savin G. G. |
|  | (signature) |  | (print full name) |
|  | | | |
| 25 July 2017 | | | |

3.4. Calculation of cost estimation   
net assets of joint stock companies

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator name | | Balance Sheet line code | as at 30 of June  2017 (8) | As of December 31  2016  (7) | As of December 31  2015 (6) |
| 1 | | 2 | 3 | 4 | 5 |
| I. | Assets |  |  |  |  |
| 1. | Intangible Assets | 1110 | 1,547 | 1,689 | 6 |
| 2. | Research and development results | 1120 | 14,040 | 17,040 | 18,190 |
| 3 | Intangible development assets | 1130 | - | - | - |
| 4. | Intangible development assets | 1140 | - | - | - |
| 5. | Fixed assets | 1150 | 28,794,547 | 28,564,113 | 28,897,473 |
| 6. | Income investments in material assets | 1160 | - | - | - |
| 7. | Long-term and short-term investments | 1170-1240 | 415,283 | 927,167 | 547,929 |
| 8. | Other non-current assets2 | 1180+1190 | 443,033 | 537,302 | 494,966 |
| 9, | Inventory | 1210 | 891,164 | 813,275 | 720,902 |
| 10. | Value-added tax on purchased assets | 1220 | 950 | 2,983 | 13,207 |
| 11. | Receivables '4 | 1230 | 12,420,652 | 12,992,602 | 10,407,250 |
| 12. | Monetary assets and cash equivalents | 1250 | 2,221,871 | 690,528 | 1,581,168 |
| 13. | Other current assets1 | 1260 | 235,259 | 271,034 | 218,042 |
| 14. | Total assets taken for calculation (the sum of the items 1 and 3) |  | 45,438,356 | 44,817,733 | 42,899,133 |
| I. | Obligations |  |  |  |  |
| 15. | Long-term borrowings | 1410 | 20,882,022 | 17,232,022 | 13,403,378 |
| 16. | Deferred tax liabilities | 1420 | 305,531 | 776,603 | 362,562 |
| 17. | Estimated liabilities | 1430+1540 | 814,060 | 1,931,821 | 2,709,437 |
| 18. | Other long-term liabilities | 1450 | 3,039,539 | 118,948 | 118,914 |
| 19. | Short-term borrowings | 1510 | 3,282,852 | 7,223,561 | 11,630,194 |
| 20. | Account payable\* | 1520 | 11,585,676 | 13,572,980 | 9,572,852 |
| 21. | Other short-term liabilities5 | 1550 | 1,143 | 1,171 | 8,223 |
| 22. | Total liabilities accepted for settlement (the sum of these items is 15 - 21) |  | 40,460,823 | 40,857,106 | 37,905,560 |
| 23. | The net asset value of joint-stock company (total assets accepted to calculation (p. 14) minus total liabilities accepted to calculation (p. 22)) |  | 4,977,533 | 3,950,527 | 4,993,573 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Supervisor | | |  |  | Rybin A.A. | |  | Chief Accountant |  |  | Savin G. G. |
|  | | | (signature) |  | (print full name) | |  |  | (signature) |  |  |
|  | | | | | | | | | | | |
| 25 |  | July | | 20 | 17 | Year |  | | | | |

5.11. Other incomes and expenses

|  |  |  |  |
| --- | --- | --- | --- |
| Index | | For 6 months of 2017 (1) | For 6 months of 2016 (2) |
| Name | Code |
| 1 | 2 |  |  |
| Other income total | 8000 | 2,765,712 | 2,455,108 |
| including: |  |  |  |
| From the sale of fixed assets, except apartments | 8001 | 78,029 | 1,093 |
| From the sale of apartments | 8002 | - | - |
| From the sale of inventories | 8003 | 1,734 | 5,558 |
| From the sale of currency | 8004 | - |  |
| From the sale of intangible assets | 8005 | - | - |
| From the sale of securities | 8006 | 511,000 | 1,000 |
| From the sale of other assets | 8007 | 182 | 77 |
| From joint activities | 8008 | - | - |
| Profit 2016" identified in the reporting period | 8009 | 176,989 | - |
| Profit 2015" identified in the reporting period | 8010 | 1,333 | 15,061 |
| Profit 2014" identified in the reporting period | 8011 | 6,981 | 26,901 |
| Profit before 2015 identified in the reporting period | 8012 | 724 | 11,409 |
| Penalties, fines and forfeits recognized or for which the court (arbitration court) has obtained its decisions on recovery | 8013 | 654,462 | 569,352 |
| Accounts payable, for which the limitation period has expired (more than three years) | 8014 | 1,150 | 2,670 |
| Difference in rates of exchange. | 8015 | - | \_ |
| The property, which turned out to be surplus by the inventory | 8016 | - | 248 |
| Donated assets, except fixed assets and intangible assets | 8017 | - | - |
| The income from gratuitously received OS, determined in accordance with the established procedure | 8018 | 2,209 | 3,387 |
| The value of material assets remaining from writing-off of those unfit for restoration and further use of assets | 8019 | - | - |
| Revaluation of financial investments at fair value | 8020 | - | 2,458 |
| Income from reduction (write-off) of the provision for doubtful debts | 8021 | 1,048,266 | 1,331,342 |
| Income from reduction (write-off) of a reserve under estimated liabilities | 8022 | 171,980 | 438,015 |
| Income from reduction (write-off) of reserve for decline in value of inventories | 8023 | 370 | - |
| Revenues under claim assignment agreements | 8024 | 24,662 |  |
| Income from identified non-contractual electricity consumption | 8025 | 7,864 | 17,584 |
| Insurance payments receivable | 8026 | 22,920 | 14,675 |
| Income related to participation in MC of other organizations | 8027 | - |  |
| Recovery of previously written-off receivables | 8028 | 42 | 49 |
| Discount on promissory notes | 8029 | - | - |
| Compensation for difference in tariffs (budget financing) | 8030 | - | - |
| Income from reduction (write-off) of provision for impairment of financial investments | 8031 | - | - |
| Final appraisal of the articles of fixed assets | 8032 | - | - |
| Revenue from revaluation of previously discounted objects of the OS | 8033 | - | - |
| Income from redemption of promissory notes | 8034 | - | - |
| Miscellaneous | 8035 | 54,815 | 14,229 |

|  |  |  |  |
| --- | --- | --- | --- |
| Index | | For 6 months of 2017 (1) | For 6 months of 2016, (2) |
| Name | Code |
| 1 | 2 |  |  |
| Other expenses total | 8100 | (3,606,449) | (3,662,788) |
| including; |  |  |  |
| From the sale of fixed assets, except apartments | 8101 | (71,452) | (1,128) |
| From the sale of apartments | 8102 | - | - |
| From the sale of inventories | 8103 | (S83) | (4,878) |
| From the sale of currency | 8104 | - | - |
| From the sale of intangible assets | 8105 | - | - |
| From the sale of securities | 8105 | (511,000) | (1,000) |
| From the sale of other assets | 8107 | (70) | (77) |
| Other Taxes | 8108 | - | - |
| Expenses on payment of Bank's services | 8109 | (411) | (278) |
| Expenses for the implementation of financial investments | 8110 | - | - |
| Provision for bad debts | 8111 | (722 1S7) | (1,198,238) |
| Provision for financial investments impairment | 8112 | - | - |
| Reserve for decrease in value of material assets | 8113 | (182) | - |
| Result of discontinued operations | 8114 | - | - |
| Reserve for estimated liabilities | 8115 | (71,581) | (1,085,831) |
| The assets retirement without income | 8116 | - | - |
| VAT on gratuitously transferred property | 8117 | - | - |
| Profit 201S" identified in the reporting period | 8118 | (510,378) | - |
| Profit 2015" identified in the reporting period | 8119 | (365,166) | (150,027) |
| Profit 2014" identified in the reporting period | 8120 | (142,315) | (99,190) |
| Loss before 01.01 2014, identified in the reporting period | 8121 | (142,130) | (383,597) |
| Penalties, fines and forfeits recognized or for which the court (arbitration court) has obtained its decisions on recovery | 8122 | (800,634) | (432,707) |
| State duties on economic contracts | 8123 | (6,983) | (4,583) |
| Revaluation of financial investments at fair value | 8124 | (884) | - |
| Discount on promissory notes | 8125 | - | - |
| Expenses under claim assignment agreements | 8126 | (24,662) | - |
| Non-refundable VAT | 8127 | (43) | (71) |
| Expenses on identified non-contractual electricity consumption | 8128 | (2,093) | (1,308} |
| Contributions to associations and funds | 8129 | *(2,749}* | (2,692) |
| Accounts receivable, for which the limitation period has expired (more than three years) | В130 | (392) | (351) |
| Difference in rates of exchange. | 8131 | - | - |
| Payments on lien or judgment | 8132 | (19401) | (18,381) |
| Thefts, shortages | 8133 | - | (4) |
| Expenses on executive production | 8134 | (257) | (919) |
| Repayment of cost of apartments of employees | 8135 | - | - |
| Other material (financial) assistance and other payments to employees | 8136 | (85,792) | (82210) |
| Financial aid to pensioners (including lump sum payments, compensation of utility bills) | 8137 | (1,483) | {1,871) |
| Expenditures for sporting events | 8138 | (2,085) | (2,574) |
| Expenses for social activities | 8139 | (3,635) | (1,629) |
| Charity donations | 8140 | - | - |
| The cost of redeemable promissory notes | 8141 | - | - |
| Interest expense on long-term bonds | 8142 | - | - |
| The residual cost of written-off fixed assets | 8143 | (2,384) | (733) |
| Discount of the articles of fixed assets | 8144 | - | - |
| Miscellaneous | 8145 | (115,107) | (188411) |

|  |  |  |  |
| --- | --- | --- | --- |
| Supervisor |  |  | Rybin A. A. |
|  | (signature) |  | (print full name) |
|  |  |  |  |
| Chief Accountant |  |  | Savin G. G. |
|  | (signature) |  | (print full name) |
|  | | | |
| 25 July 2017 | | | |

Consolidated interim condensed financial statements

***Public joint-stock company***   
***“Interregional Distribution Grid Company of the South”***

for three and six months ended March 31, 2017

(unaudited)

*June, 2017*

|  |  |
| --- | --- |
| **Content** | **P.** |

Consolidated interim condensed statement of profit or loss and other comprehensive income 3

Consolidated interim condensed statement of financial position 4

Consolidated interim condensed statement of changes in equity 5

Interim condensed statement of cash flows 6

Notes to the consolidated interim condensed financial statements 7

1. The Group and its operations 7

2. Basic principles of preparation of financial statements 8

3. Summary of significant accounting policies 9

4. Subsidiary enterprises 10

5. Fair value estimation 10

6. Operating segments 10

7. Revenue 13

8. Income and expenses 14

9. Fixed assets 16

10. Capital 18

11. Earning per share 18

12. Loans and borrowings 19

13. Reserves 22

14. Financial risk management 22

15. Capital expenditure commitments. 22

16. Contingent liabilities 22

17. Related party transactions 23

18. Events after the reporting period 25

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Note** | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| Revenue and government subsidies | 7 | 8,636,452 |  | 7,973,718 |
| Operating expenses | 8 | (8,836,018) |  | (7,707,733) |
| Net operational income | 8 | 627,631 |  | 816,891 |
| **Operating result** |  | **428,065** |  | **1,082,876** |
| Finance income |  | 12,426 |  | 27,771 |
| Finance costs |  | (693,209) |  | (660,318) |
| **Net financial expenses** |  | **(680,783)** |  | **(632,547)** |
| (Loss)/profit before tax |  | (252,718) |  | 450,329 |
| Income Tax Expense |  | (112,832) |  | (133,829) |
| **(Loss) / profit for the period** |  | **(365,550)** |  | **316,500** |
|  |  |  |  |  |
| **Other comprehensive income** |  |  |  |  |
| ***Items that could be reclassified or may be subsequently reclassified to profit or loss:*** |  |  |  |  |
| Revaluation of the defined benefit plans |  | (2,917) |  | (6,462) |
|  |  | (2,917) |  | (6,462) |
| ***Items that could be reclassified or may be subsequently reclassified to profit or loss:*** |  |  |  |  |
| Net value of changes in fair value of available-for-sale financial assets |  | (251) |  | 598 |
| Corresponding income tax |  | 50 |  | (120) |
|  |  | (201) |  | 478 |
| **Other comprehensive expenses, net of income tax** |  | **(3,118)** |  | **(5,984)** |
| **Total comprehensive (expense)/income** |  | **(368,668)** |  | **310,516** |
|  |  |  |  |  |
| **(Loss)/profit attributable to:** |  |  |  |  |
| Owners of the Company |  | (365,550) |  | 316,500 |
|  |  |  |  |  |
| **Total comprehensive (expense)/income due:** |  |  |  |  |
| Owners of the Company |  | (368,668) |  | 310516 |
|  |  |  |  |  |
| **(Loss) / earnings per share - basic and diluted (in Russian rubles)** | 11 | **(0.007)** |  | **0.006** |

Consolidated interim condensed financial statements were approved and signed on behalf of the management of the Company on 6 June 2017:

Director General B.B. Ebzeev

Chief accountant G. G. Savin

Consolidated interim condensed statement of profit or loss and other comprehensive income should be read in conjunction with the notes on page 7-25 that are an integral part of this consolidated interim condensed financial statements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Note** | **March 31.**  **2017** |  | **December 31**  **2016** |
| **ASSETS** |  |  |  |  |
| **Non-current assets** |  |  |  |  |
| Fixed assets | 9 | 20,604,996 |  | 20,575,783 |
| Intangible Assets |  | 139,240 |  | 148,101 |
| Trade and other accounts receivable |  | 4,606 |  | 26,558 |
| Investments in financial assets |  | 6,359 |  | 6,830 |
| Deferred tax assets |  | 608,059 |  | 791,043 |
| **Total Non-Current Assets** |  | **21,363,260** |  | **21,548,315** |
|  |  |  |  |  |
| **Current assets** |  |  |  |  |
| Inventory |  | 829,887 |  | 773,315 |
| Income tax receivable |  | 726,552 |  | 656,356 |
| Trade and other accounts receivable |  | 13,824,467 |  | 13,747,826 |
| Cash and Cash Equivalents |  | 1,240,093 |  | 702,084 |
| **Total of current assets** |  | **16,620,999** |  | **15,879,581** |
| **TOTAL ASSETS** |  | **37,984,259** |  | **37,427,896** |
|  |  |  |  |  |
| **EQUITY AND LIABILITIES** |  |  |  |  |
| **Capital** |  |  |  |  |
| The Share Capital | 10 | 4 981 PO |  | 4 981 PO |
| Reserve for the issue of shares | 10 | 1,136,704 |  | 143,909 |
| Capital reserves |  | (210,561) |  | (207,443) |
| Retained loss |  | (8,388,405) |  | (8,022,855) |
| **Total equity** |  | **(2,481,152)** |  | **(3,105,279)** |
|  |  |  |  |  |
| **Long-term liabilities** |  |  |  |  |
| Borrowings | 12 | 21,082,022 |  | 17,232,022 |
| Trade and other payables |  | 137,420 |  | 118,948 |
| Employee benefits liabilities |  | 112,590 |  | 107,195 |
| **Total long-term liabilities** |  | **21,332,032** |  | **17,458,165** |
|  |  |  |  |  |
| **Short-term liabilities** |  |  |  |  |
| Borrowings | 12 | 3,867,368 |  | 7,223,561 |
| Trade and other payables |  | 14,684,775 |  | 14,831,074 |
| Provisions | 13 | 581,236 |  | 1,020,375 |
| **Total current liabilities** |  | **19,133,379** |  | **23,075,010** |
| **TOTAL LIABILITIES** |  | **40,465,411** |  | **40,533,175** |
| **TOTAL EQUITY AND LIABILITIES** |  | **37,984,259** |  | **37,427,896** |

Consolidated interim condensed statement of financial position should be read in conjunction with the notes on page 7-25 that are an integral part of this consolidated interim condensed financial statements.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Capital payable to the owners of the Company** | | | | | | | |
|  | **Authorized capital** |  | **Reserve for the issue of shares** |  | **Revaluation reserve for available-for-sale financial assets** |  | **Reserve for revaluation of defined benefit plans and payments** |  | **Retained loss** |  | **Total equity** |
| **Balance as at 1 January 2016** | **4,981,110** |  | **–** |  | **1,307** |  | **(206,060)** |  | **(6,534,733)** |  | **(1,758,376)** |
| Profit for the period | – |  | – |  | – |  | – |  | 316,500 |  | 316,500 |
| Net value of changes in fair value of available-for-sale financial assets | – |  | – |  | 598 |  | – |  | – |  | 598 |
| Revaluation of the defined benefit plans | – |  | – |  | – |  | (6,462) |  | – |  | (6,462) |
| Income tax relating to other comprehensive income | – |  | – |  | (120) |  | – |  | – |  | (120) |
| **Total comprehensive income for the period** | **–** |  | **–** |  | **478** |  | **(6,462)** |  | **316,500** |  | **310516** |
| **Balance as of March 31, 2016** | **4,981,110** |  | **–** |  | **1,785** |  | **(212,522)** |  | **(6,218,233)** |  | **(1,447,860)** |
| **Balance as at 1 January 2017** | **4,981,110** |  | **143,909** |  | **2,149** |  | **(209,592)** |  | **(8,022,855)** |  | **(3,105,279)** |
| Loss for the period | – |  | – |  | – |  | – |  | (365,550) |  | (365,550) |
| Net value of changes in fair value of available-for-sale financial assets | – |  | – |  | (251) |  | – |  | – |  | (251) |
| Revaluation of the defined benefit plans | – |  | – |  | – |  | (2,917) |  | – |  | (2,917) |
| Income tax relating to other comprehensive income | – |  | – |  | 50 |  | – |  | – |  | 50 |
| **Total comprehensive loss for the period** | **–** |  | **–** |  | **(201)** |  | **(2,917)** |  | **(365,550)** |  | **(368,668)** |
| *Transactions with owners, reflected directly in equity* |  |  |  |  |  |  |  |  |  |  |  |
| Reserve for the issue of shares | – |  | 992,795 |  | – |  | – |  | – |  | 992,795 |
| Dividends | – |  | – |  | – |  | – |  | – |  | – |
| **Total transactions with owners, reflected directly in equity** | **–** |  | **992,795** |  | **–** |  | **–** |  | **–** |  | **992,795** |
| **Balance as of March 31, 2017** | **4,981,110** |  | **1,136,704** |  | **1,948** |  | **(212,509)** |  | **(8,388,405)** |  | **(2,481,152)** |

Consolidated interim condensed statement of changes in equity should be read in conjunction with the notes on page 7-25 that are an integral part of this consolidated interim condensed financial statements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Note** | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
|  |  |  |  |  |
| **OPERATIONAL ACTIVITY** |  |  |  |  |
| **(Loss)/profit before tax** |  | **(252,718)** |  | **450,329** |
| *Adjustments:* |  |  |  |  |
| Depreciation | 8 | 525,535 |  | 570,363 |
| Provision for impairment of trade and other accounts receivable | 8 | (433,829) |  | (726,816) |
| Provisions | 13 | (72,828) |  | 163,250 |
| Finance costs |  | 693,209 |  | 660,318 |
| Finance income |  | (12,426) |  | (27,771) |
| Loss on disposal of property, plant and equipment | 8 | 12 |  | 1,173 |
| (Income) / Loss from other non-cash transactions |  | (892) |  | (1,922) |
| **Cash flows from operating activities excluding changes in working capital** |  | **446,063** |  | **1,088,924** |
|  |  |  |  |  |
| *Revision:* |  |  |  |  |
| Receivables and advances paid |  | 358,599 |  | (1,026,291) |
| Funds |  | (56417) |  | (84,016) |
| Trade and other accounts payable |  | (1,368) |  | 328,914 |
| Provisions | 13 | (366,311) |  | (44,390) |
| Employee benefits liabilities |  | 214 |  | 488 |
| **Cash flows from operating activities before income tax** |  | **380,780** |  | **263,629** |
| Payment of income tax |  | – |  | (16,514) |
| Paid interests |  | (729,483) |  | (682,573) |
| Net cash flow |  | (348,703) |  | (435,458) |
|  |  |  |  |  |
| **INVESTMENT ACTIVITY** |  |  |  |  |
| Purchase of property, plant and equipment |  | (639,743) |  | (188,407) |
| Acquisition of intangible assets |  | (400) |  | (4,051) |
| Proceeds from the sale of fixed assets |  | 21,762 |  | 373 |
| Interest received |  | 12,295 |  | 26,505 |
| **Net cash flows used in investing activities** |  | **(606,086)** |  | **(165,580)** |
|  |  |  |  |  |
| **FINANCIAL ACTIVITY** |  |  |  |  |
| Receipt of loans and borrowings |  | 3,951,249 |  | – |
| Repayment of borrowings |  | (3,451,249) |  | – |
| Receipts from capital stock issues |  | 992,795 |  | – |
| Dividend clawback |  | 3 |  | – |
| **Net cash flow (used in) / from financing activities** |  | **1,492,798** |  | – |
| Net increase/(decrease) in cash and cash equivalents |  | 538,009 |  | (601,038) |
| **Cash and cash equivalents at beginning of year** |  | **702,084** |  | **1,587,751** |
| **Cash and cash equivalents at end of year** |  | **1,240,093** |  | **986,713** |

Consolidated interim condensed cash flow statement should be read in conjunction with the notes on page 7-25 that are an integral part of this consolidated interim condensed financial statements.

**1. Group and its activity**

**General Information**

Public joint stock company (formerly open joint stock company) "interregional distribution grid company of South" (hereinafter - the "Company" or JSC "IDGC of the South") was formed on 28 June 2007 in accordance with Decree No. 192 of the Russian open joint stock company RAO "Unified Energy System of Russia" (OJSC RAO "UES of Russia"), adopted 22 June 2007.

The company is registered at the following address: Russia, 344002, Rostov-on-Don, Bolshaya Sadovaya str., h. 49.

The address for sending post correspondence: Russia, 344002, Rostov-on-Don, Bolshaya Sadovaya str., h. 49.

During the reforms on March 31, 2008, pursuant to Resolution No. 266 adopted by the Board of Directors of RAO UES of Russia on November 30, 2007 and Resolution No. 1795pr / 9 of the Administrative Council of RAO UES of Russia dated December 25, 2007, the Company merged with the following enterprises: OJSC "Astrakhanenergo", OJSC Kalmenergo, OJSC "Rostovenergo",

OJSC “Volgogradenergo”. The joining of these enterprises was effected by an exchange of shares outstanding to the shares of the merged companies. As a result of the merger, the above-mentioned enterprises ceased to exist as separate legal entities, and the Company became their legal successor.

Subsidiaries of PJSC "IDGC of the South" are disclosed in Note 4.

The main activity of the Company and its subsidiaries (hereinafter referred to as the "Group") is the transmission of electric power and connection of consumers to electric grids. The Group's business is a national monopoly which is under the supervision and with the support of the Government of the Russian Federation. The Government of the Russian Federation influences the Group's activities through state regulation of tariffs. Tariffs of the Group are established by the executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs and are controlled by the Federal Anti-Monopoly Service.

Starting from 01 January 2017 of the Company was assigned the status of guaranteeing supplier in the territory of the Republic of Kalmykia in relation to the area of activity of the previously existing guaranteeing supplier, JSC “The southern interregional energy company" on the basis of the order of the Ministry of Energy of the Russian Federation dd December 23, 2016 № 1400 "On the status of a guaranteeing supplier of the territorial grid organizations". Revenue and operating expenses from this activity are disclosed in Notes 7 and 8.

As of July 1, 2008, RAO “UES of Russia” ceased to exist as a separate legal entity and transferred the Company's shares to the newly formed Open Joint-Stock Company “Holding of Interregional Distribution Grid Companies”.

For further development and coordination of work on the management of the power grid complex of the Russian Federation, on November 22, 2012, the President of the Russian Federation signed Decree No. 1567 "On Open Joint Stock Company" Russian Networks ". Pursuant to the Decree, in accordance with the decision of the extraordinary General shareholders ' meeting held on March 23, 2013, JSC “IDGC Holding” officially renamed into the Public joint-stock company (formerly open joint stock company) "Russian grids" (hereinafter referred to as PJSC “ROSSETI”).

As of March 31, 2017, the State owns 88.89% of voting common shares and 7.01% of preferred shares of PJSC “ROSSETI” (as of December 31, 2016, the state owns 88.75% of voting ordinary shares and 7.01% of preferred shares of PJSC “ROSSETI”), which, in turn, owns 60.64% of the Company's shares.

**The conditions of implementation of economic activity in the Russian Federation**

The Group operates in the Russian Federation. Accordingly, the business of the Group is influenced by the national economy and financial markets, which are inherent features of the developing market. The legal, tax and regulatory systems continue to evolve, however, involve a risk of ambiguous interpretation of their demands, which, moreover, is subject to frequent changes which together with other legal and fiscal obstacles, creating additional challenges for companies doing business in the Russian Federation.

The events in Ukraine and the subsequent negative reaction of the international community have had, and may continue to have a negative impact on the Russian economy, including the complexity of attracting international financing, depreciation of the national currency and high inflation. These and other events in the event of escalation can have a significant negative impact on the conditions of doing business in the Russian Federation.

The Group's management believes that it is taking appropriate measures to maintain the Group's economic stability in the current environment.

**2. Basic principles of preparation of financial statements**

**Statement of compliance**

These consolidated interim condensed financial statements for the three months ended March 31, 2017 are prepared in accordance with IAS 34 “Interim Financial Reporting”. These consolidated interim condensed financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which was prepared in accordance with International financial reporting standards ("IFRS").

**Base for the cost determination**

Consolidated interim condensed financial statements have been prepared in accordance with IFRS based on historical (original) cost, except for financial investments classified in the category financial assets available-for-sale and reflected at fair value; and assets that have been valued at the carrying amounts reflected in the consolidated financial statements in accordance with IFRS of the PJSC “ROSSETI”, which is the deemed cost at 1 January 2010 as part of the transition to IFRS.

**Functional and presentation currency**

The national currency of the Russian Federation is the Russian Ruble ("RUB"), and the same currency is the functional currency of the Company and its subsidiaries, and the currency in which this consolidated interim condensed financial statements are presented. All the numeric figures presented in rubles are rounded to the nearest thousand.

**Going concern**

This consolidated interim condensed financial statements have been prepared on the basis of the principle of continuity.

As at 31 March 2017 a shortage of working capital (primarily related to trade and other payables, and short-term credits and loans) amounted to 2 512 380 thousand (as at 31 December 2016: 7 195 429 thous. roub.).

The Group controls the level of liquidity on a regular basis. Management monitors the timing of the estimated cash flows from operating and financial activities and manages current liquidity using open credit lines (see Note 12). In the next 9 months of 2017, the Group plans to attract long-term bank loans in the amount of 9 028 109 thousand rubles, which will be used in full to refinance previously borrowed loans and credits.

In order to improve the efficiency of working capital management, the Group focuses on increasing the collection of receivables, including doubtful accounts receivable. Quarterly, the development and submission are effected for the consideration of the Board of Directors of the Company's schedule of measures to reduce arrears for services rendered for the transmission of electricity and settlement of disagreements, as well as the results of their execution.

In the opinion of Management, the repayment of loans and borrowings and trade and other payables will be covered by cash flows from operating or financing activities. Thus, the Management believes that there are significant uncertainties about the Group's ability to continue its activities in accordance with the principle of continuity.

**Use of calculated estimates and professional judgments**

The preparation of consolidated interim condensed financial statements in accordance with IFRS requires the management to use judgments, assumptions and estimates that affect the way in which accounting policies are applied and in which amounts assets, liabilities, revenues and expenses are recognized. Actual results could differ from those estimates.

In preparing these consolidated interim condensed financial statements, management's judgments in the process of applying the Group's accounting policies and the main sources of uncertainty assessment remain the same as those applied to the consolidated financial statements for the year ended December 31, 2016.

**3. Summary of significant accounting policies**

The accounting policy regulations have been applied consistently to all periods presented in these consolidated interim condensed financial statements and are uniform for the enterprises of the Group.

**New standards and interpretations of not yet adopted for use**

A number of issued new standards, amendments to standards and interpretations have not yet entered into force and were not early applied by the Group in preparing these consolidated interim condensed financial statements. The following standards may have a potential impact on the Group's operations:

* IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019). The standard requires lessees to recognize assets and liabilities for most lease contracts. For lessors there have been few changes to the current rules established by the IFRS (IAS) 17 “Lease", Early application is permitted in case, if the new revenue standard IFRS (IFRS) 15 "Revenue from contracts with customers" was already applied, or applied simultaneously with IFRS (IFRS) 16.
* IFRS 9 “*Financial Instruments*” "Classification and evaluation" (shall enter into force for the annual periods beginning 1 January 2018 or after that date, early application is permitted). The standard introduces new requirements for the classification and valuation of financial instruments, accounting for impairment and hedging.
* IFRS (IFRS) 15 “Contractual revenue with customers" (in force for annual periods beginning on or after 1 January 2018 or after that date with earlier application permitted). The new standard introduces the fundamental principle that revenue shall be recognized at the time the goods or services are transferred to the customer at the price of the transaction. Any discounts from the contract price shall be attributed to individual elements of contracts with buyers. If the fee for any reason varies, then the minimum amounts must be recognized if they are not subject to a significant risk of revision. Costs incurred to secure contracts with customers have to be capitalized and amortized during the period when the benefits of the contract.

The group considers the impact of these standards on its consolidated financial statements and intends to adopt them for use after the entry into force.

**4. Subsidiary enterprises**

Consolidated interim condensed financial statements of the Group as at 31 March 2017 and 31 December 2016, includes the Company and its subsidiaries:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Ownership share %** | | | | |
| **Name of the subsidiary enterprise** |  | **Principal activity** |  | **March 31, 2017** |  | **December 31**  **2016** |  | **January 1**  **2016** |
| OJSC “Agriculture enterprise named after A. A. Grechko" |  | Agriculture |  | – |  | – |  | 100 |
| JSC "Agricultural Enterprise Sokolovskoye" |  | Agriculture |  | 100 |  | 100 |  | 100 |
| JSC "Recreation center" Energetik " |  | Health-improving services |  | 100 |  | 100 |  | 100 |
| JSC “Energy service  company of the South" |  | Repairs and Maintenance |  | 100 |  | 100 |  | 100 |

**5. Fair value estimation**

Certain provisions of the Group's accounting policies and a number of disclosures require an assessment of the fair value of both financial and non-financial assets and liabilities.

In preparing these consolidated interim condensed financial statements, the same methods for determining fair value were applied as in the preparation of the consolidated financial statements for the year which ended on December 31, 2016.

**6. Operating segments**

The group identified four reportable segments - the Company's subsidiaries, described below, which constitute strategic business units of the Group. These strategic business units provide similar services for electricity transmission and technological connection to electric grids, but they are managed separately. Internal management reports for each of the strategic business units are analysed by the management Board, which is responsible on the Group's operating decision maker.

The category "Other" includes operations of the Company's subsidiaries and the Kubanenergo branch. These transactions do not meet the quantitative criteria for their separation into the reportable segments or for the three months ended March 31, 2017 or for the three months ended March 31, 2016.

Undistributed indicators include the performance of the company's executive apparatus, which is not an operational segment in accordance with IFRS 8.

The following is information on the results of each of the reportable segments. Financial performance is evaluated on the basis of profits before taxation segment, as included in the internal management reports that are reviewed by the Board.

Segment reports are based on information prepared in accordance with Russian accounting principles, which is significantly different from the consolidated financial statements prepared in accordance with IFRS. Reconciliation of indicators submitted to the Board for consideration with similar indicators of these consolidated financial statements includes reclassifications and adjustments that are necessary for the financial statements to be prepared in accordance with IFRS.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Information on the reporting segments for the three months ended March 31, 2017: | | | | | | | | | | | |
|  | | | | | | | | | | | |
|  | **Electric-power transmission** | | | | | | |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Miscellaneous** |  | **Total** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Reporting segment revenue** |  |  |  |  |  |  |  |  |  |  |  |
| Electric-power transmission | 1,211,642 |  | 2,598,803 |  | 160,062 |  | 4,368,563 |  | – |  | 8,339,070 |
| Technological connection to the electricity networks | 2,172 |  | 2,945 |  | 32 |  | 20,083 |  |  |  | 25,232 |
| Electricity and capacity |  |  |  |  | 218,586 |  |  |  |  |  | 218,586 |
| Other revenue | 4,549 |  | 6,767 |  | 4,278 |  | 17,553 |  | 19,654 |  | 52,801 |
| Sales revenue between segments | – |  | – |  | – |  | 117 |  | – |  | 117 |
| **Total revenue of the reporting segment** | **1,218,363** |  | **2,608,515** |  | **382,958** |  | **4,406,316** |  | **19,654** |  | **8,635,806** |
| **(Loss) / profit of the reporting segment before taxation** | **(289,211)** |  | **377,931** |  | **(275,082)** |  | **110,996** |  | **(10,913)** |  | **(86,279)** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Information on the reporting segments for the three months ended March 31, 2016: | | | | | | | | | | | |
|  | | | | | | | | | | | |
|  | **Electric-power transmission** | | | | | | |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Miscellaneous** |  | **Total** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Reporting segment revenue** |  |  |  |  |  |  |  |  |  |  |  |
| Electric-power transmission | 1,150,086 |  | 2,534,037 |  | 228,729 |  | 3,976,046 |  | – |  | 7,888,898 |
| Technological connection to the electricity networks | 8,244 |  | 3,661 |  | 48 |  | 16,666 |  |  |  | 28,619 |
| Other revenue | 6,854 |  | 9,651 |  | 3,990 |  | 16,798 |  | 17,003 |  | 54,296 |
| Sales revenue between segments | – |  | – |  | – |  | 28 |  | – |  | 28 |
| **Total revenue of the reporting segment** | **1,165,184** |  | **2,547,349** |  | **232,767** |  | **4,009,538** |  | **17,003** |  | **7,971,841** |
| **Profit / loss of the reporting segment before taxation** | **(258,951)** |  | **888,925** |  | **(265,830)** |  | **(3,797)** |  | **(10,133)** |  | **350,214** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Information on the reportable segments as of March 31, 2017: | | | | | | | | | | | |
|  | | | | | | | | | | | |
|  | **Electric-power transmission** | | | | | | |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Miscellaneous** |  | **Total** |
| **Reporting segment assets** | **6,710,923** |  | **12,485,747** |  | **3,287,782** |  | **20,260,751** |  | **432,989** |  | **43,178,192** |
| *Including fixed assets* | 4,717,292 |  | 6,251,041 |  | 2,624,868 |  | 14,829,302 |  | 235,247 |  | 28,657,750 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Information on the reportable segments as of December 31, 2016: | | | | | | | | | | | |
|  | | | | | | | | | | | |
|  | **Electric-power transmission** | | | | | | |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Miscellaneous** |  | **Total** |
| **Reporting segment assets** | **7,283,542** |  | **12,096,112** |  | **3,164,754** |  | **19,761,843** |  | **694,443** |  | **43,000,694** |
| *Including fixed assets* | 4,702,913 |  | 6,253,951 |  | 2,649,724 |  | 14,682,452 |  | 235,952 |  | 28,524,992 |

**A reconciliation linking the data reportable segment data according to IFRS**

Reconciliation linking the profit / (loss) before the taxation of the reporting segments:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| **(Loss)/profit of reporting segments**  **Before tax** | **(86,279)** |  | **350,214** |
| Adjustment of the provision for impairment of accounts receivable | (211,589) |  | – |
| Adjustment of the depreciated book value of fixed assets | 134,967 |  | 90,510 |
| Admission of the employee benefits liabilities | (2,478) |  | (2,818) |
| Discounting of financial instruments | 44 |  | 967 |
| Adjustment of the deferred expenses | 4015 |  | 14313 |
| Other adjustments | (91,521) |  | (2,857) |
| Other unallocated amounts | 123 |  | – |
| **Consolidated/(loss)/profit before tax** | **(252,718)** |  | **450,329** |

Revenues from transactions with state-affiliated enterprises are represented by all segments of the Group and disclosed in Note 17.

For the three months ending 31 March 2017, the Group had two major customer - sales companies in two regions of the Russian Federation with individual sales over 10% of total Group revenues. The revenue for the three months ended March 31, 2017, according to these customers amounted to 1 071 510 thousand rubles. (Astrakhanenergo) and 2 486 354 thous. roub. (Rostovenergo).

For the three months ending 31 March 2016, the Group had two major customer - sales companies in two regions of the Russian Federation with individual sales over 10% of total Group revenues. The revenue for the three months ended March 31, 2016, according to these customers amounted to 978 495 thousand rubles. (Astrakhanenergo) and 2 213 281 thous. roub. (Rostovenergo).

**7. Revenue**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| Electric-power transmission | 8,339,070 |  | 7,888,898 |
| Selling of the electric energy and capacity | 218,586 |  | – |
| Technological connection to the electricity networks | 25,232 |  | 28,619 |
| Other revenue | 53,564 |  | 54,452 |
| **Total revenue** | **8,636,452** |  | **7,971,969** |
| Government grants | – |  | 1,749 |
| **Total** | **8,636,452** |  | **7,973,718** |

**8. Income and expenses**

**(a) Operating expenses**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| Production, maintenance and delivery works and services, including | 2,399,821 |  | 2,127,668 |
| *Transport services* | *2,375,624* |  | *2,104,705* |
| *Repair and maintenance services* | *15,643* |  | *14,571* |
| *Other production, maintenance and delivery works and services* | *8,554* |  | *8,392* |
|  |  |  |  |
| Employee benefit expenses | 1,781,470 |  | 1,726,388 |
|  |  |  |  |
| **Material expenses, including** | **2,692,549** |  | **2,475,857** |
| *Electricity in order to compensate process losses* | *2,345,115* |  | 2,233,832 |
| *Purchased electricity and heat for own needs* | *108101* |  | *98241* |
| *Purchased electricity and capacity for sales* | *88,058* |  | – |
| *Other material expenses* | *151,275* |  | *143,784* |
|  |  |  |  |
| Depreciation | 525,535 |  | *570,363* |
|  |  |  |  |
| **Miscellaneous services of third-party organizations, including** | **196,384** |  | **156,324** |
| *Consulting, legal and auditing services* | *44,866* |  | *2,358* |
| *Management services* | *33,274* |  | *33,274* |
| *Expenses related to the maintenance of property* | *30,800* |  | *41,605* |
| *Security* | *22,532* |  | *20,767* |
| *Communications services* | *18,767* |  | *19,251* |
| *Transport services* | *9,823* |  | *3,280* |
| *The cost of software and support* | *7,760* |  | *6110* |
| *Miscellaneous services of third-party organizations* | *28,562* |  | *29,679* |
|  |  |  |  |
| Provisions | – |  | 163,250 |
| Fines and penalties made against the Company for breaking the terms and conditions of the contracts | 408,357 |  | 113,623 |
| Taxes except profit tax | 102,653 |  | 94,097 |
| Leasing | 22,618 |  | 50,248 |
| Travelling expenses | 17,656 |  | 15,208 |
| Insurance | 14,907 |  | 15,164 |
| Loss on disposal of property, plant and equipment | 12 |  | 1,173 |
| Other expenses | 674,056 |  | 198,370 |
|  | **8,836,018** |  | **7,707,733** |

For the three months ended March 31, 2017, as part of fines, penalties, penalties for breach of contractual terms, expenses under contracts with PJSC "FSK UES" in the amount of 136,331 thousand rubles, PJSC "Astrakhan Energy Retail Company" - 112,965 thousand rubles, PJSC TNS Energo Rostov-on-Don - 111 078 thousand rubles, JSC Energia - 24 176 thousand rubles. (for the three months ended March 31, 2016, 9,887 thousand rubles, 53,824 thousand rubles, 0 rubles, 31111 thousand rubles, respectively).

The structure of an other expenses reflects the losses of last years in the sum of 654 558 thousand rubles recognized in the reporting in three months, ended on March 31, 2017 (in three months, ended on March 31, 2016: 192 954 thousand rubles), including in accordance with the decisions of the court and settlement of disagreements with energy service companies.

**(b) Net other income**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| Reversal of the receivables impairment reserve | 433,829 |  | 726,816 |
| Penalties and fines | 108,114 |  | 65,483 |
| Provisions | 72,828 |  | – |
| Compensation for insured events | 9,437 |  | 14519 |
| The revealed non-contractual electric energy consumption | 2,422 |  | 7,730 |
| Write-off of trade and other accounts payable | 345 |  | 1,439 |
| Donated assets, including surplus | 656 |  | 904 |
|  | **627,631** |  | **816,891** |

.

**9. Fixed assets**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Real estates and buildings** |  | **Transmission networks:** |  | **Transformer substations** |  | **Miscellaneous** |  | **Construction in progress** |  | **Total** |
| *Cost/deemed cost* |  |  |  |  |  |  |  |  |  |  |  |
| **Balance at 31 December 2015** | **3,094,292** |  | **18,962,044** |  | **12,193,863** |  | **6,352,134** |  | **2,443,868** |  | **43,046,201** |
| *Reclassification between categories* | – |  | *58862* |  | *(58,923)* |  | *61* |  | – |  | – |
| **Balance as at 1 January 2016** | **3,094,292** |  | **19,020,906** |  | **12,134,940** |  | **6,352,195** |  | **2,443,868** |  | **43,046,201** |
| Entrance | – |  | – |  | – |  | 430 |  | 196,405 |  | 196,835 |
| Commissioning | 8,483 |  | 32419 |  | 22,606 |  | 576 |  | (64,084) |  | – |
| Disposals | (362) |  | (648) |  | (883) |  | (3,710) |  | (187) |  | (5,790) |
| **Balance as of March 31, 2017** | **3,102,413** |  | **19,052,677** |  | **12,156,663** |  | **6,349,491** |  | **2,576,002** |  | **43,237,246** |
| **Balance at 31 December 2016** | **3,145,751** |  | **19,851,743** |  | **12,414,980** |  | **6,393,063** |  | **3,327,099** |  | **45,132,636** |
| *Reclassification between categories* | *(114,382)* |  | *2* |  | *5,408* |  | *108,912* |  | – |  | – |
| **Balance as at 1 January 2017** | **3,031,369** |  | **19,851,745** |  | **12,420,388** |  | **6,502,035** |  | **3,327,099** |  | **45,132,636** |
| Entrance | – |  | – |  | – |  | 16,685 |  | 536,647 |  | 553,332 |
| Commissioning | 1,298 |  | 70,900 |  | 45,212 |  | 2,589 |  | (119,999) |  | – |
| Disposals | (2,621) |  | (4,137) |  | (1,324) |  | (7,821) |  | (4,360) |  | (20,263) |
| **Balance as of March 31, 2017** | **3,030,046** |  | **19,918,508** |  | **12,464,276** |  | **6,513,488** |  | **3,739,387** |  | **45,665,705** |

**9 Property, Plant and Equipment (continued)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Depreciation and impairment losses* |  |  |  |  |  |  |  |  |  |  |  |
| **Balance at 31 December 2015** | **(1,298,555)** |  | **(10,686,082)** |  | **(6,030,406)** |  | **(4,088,531)** |  | **(12,862)** |  | **(22,116,436)** |
| *Reclassification between categories* | – |  | – |  | 5 |  | *(5)* |  | – |  | - |
| **Balance as at 1 January 2016** | **(1,298,555)** |  | **(10,686,082)** |  | **(6,030,401)** |  | **(4,088,536)** |  | **(12,862)** |  | **(22,116,436)** |
| Charged for the period | (32,954) |  | (236,241) |  | (169,051) |  | (129,119) |  | – |  | (567,365) |
| Input into fixed assets | – |  | (10) |  | – |  | – |  | 10 |  |  |
| Disposals | 306 |  | 619 |  | 502 |  | 1,280 |  | – |  | 2,707 |
| **Balance as of March 31, 2016** | **(1,331,203)** |  | **(10921 714)** |  | **(6,198,950)** |  | **(4,216,375)** |  | **(12,852)** |  | **(22,681,094)** |
| **Balance at 31 December 2016** | **(1,491,355)** |  | **(11,869,132)** |  | **(6,758,749)** |  | **(4,428,054)** |  | **(9,563)** |  | **(24,556,853)** |
| *Reclassification between categories* | *25,877* |  | *(2)* |  | *(3,328)* |  | *(22,547)* |  |  |  |  |
| **Balance as at 1 January 2017** | **(1,465,478)** |  | **(11,869,134)** |  | **(6,762,077)** |  | **(4,450,601)** |  | **(9,563)** |  | **(24,556,853)** |
| Charged for the period | (29,783) |  | (220,794) |  | (161,135) |  | (105,011) |  |  |  | (516,723) |
| Disposals | 2514 |  | 2,446 |  | 378 |  | 7,529 |  |  |  | 12,867 |
| **Balance as of March 31, 2017** | **(1,492,747)** |  | **(12,087,482)** |  | **(6,922,834)** |  | **(4,548,083)** |  | **(9,563)** |  | **(25,060,709)** |
| *Residual value* |  |  |  |  |  |  |  |  |  |  |  |
| **Balance as at 1 January 2016** | **1,795,737** |  | **8,334,824** |  | **6,104,539** |  | **2,263,659** |  | **2,431,006** |  | **20,929,765** |
| **Balance as of March 31, 2016** | **1,771,210** |  | **8,130,963** |  | **5,957,713** |  | **2,133,116** |  | **2,563,150** |  | **20,556,152** |
| **Balance as at 1 January 2017** | **1,565,891** |  | **7,982,611** |  | **5,658,311** |  | **2,051,434** |  | **3,317,536** |  | **20,575,783** |
| **Balance as of March 31, 2017** | **1,537,299** |  | **7,831,026** |  | **5,541,442** |  | **1,965,405** |  | **3,729,824** |  | **20,604,996** |

**10. Capital**

**Authorized capital**

As of March 31, 2017 and December 31, 2016, the registered and released authorized capital consists of 49 811 096 064 ordinary shares. The par value of a share is 0.1 rub.

**Additional issue of securities**

On June 6, 2016, the annual General Meeting of Shareholders approved the decision to increase the Company's share capital by issuing additional 11,615 for 154 ordinary registered uncertificated shares with a par value of 0.1 rubles per share. The share issue was registered by the Bank of Russia on 4 August 2016. Until December 22, 2016, shareholders could exercise the right to preferential acquisition of the Company's shares. As of December 31, 2016, within the framework of this right, shareholders contributed to the authorized capital of the Company 143,909 thousand rubles. After the expiration of the term of the right of preemptive acquisition of the Company's shares within the open subscription until March 31, 2017, 992,795 thousand rubles were contributed to the authorized capital of the Company. Until the moment of the state registration of changes in the Company's charter capital, the contribution was recognized as a reserve for the issue of shares directly in equity: as of March 31, 2017, a reserve for the issue of shares in the amount of 1,136,704 thousand rubles was recognized. (as of December 31, 2016 - 143,909 thousand rubles)

**Retained earnings and dividends**

The Company's accounting statements prepared in accordance with RAS are the basis for the distribution of profits and other payments. Due to the differences between the accounting rules under RAS and IFRS, the Company's profit in the financial statements may differ significantly from the values ​​given in the consolidated financial statements prepared in accordance with IFRS.

In accordance with the legislation of the Russian Federation, the amount available for the distribution of Company funds is limited to the amount of retained earnings reflected in the financial statements of the Company prepared in accordance with RAS.

The annual General Meeting of Shareholders of the Company, to be held on June 13, 2017, will consider the payment of dividends for 2016. In this case, the Board of Directors, which met on May 5, 2017, recommended that the annual General Meeting of Shareholders not pay dividends on the Company's ordinary shares following 2016 results.

At the annual General Meeting of Shareholders of the Company held on June 6, 2016, it was decided to pay dividends in the amount of 142,096 thousand rubles. (0.002852693 rubles per one ordinary share of the Company) for the year 2015. As of December 31, 2016, dividends were paid in the amount of RUR 140,378 thousand, during the three months ended March 31, 2017, the Company did not pay dividends. Dividends declared in previous periods were returned to the Registrar in the amount of 3 thousand rubles. As of March 31, 2017, dividends payable in the amount of 1,815 thousand rubles. are reflected in the Consolidated Statement of Financial Position of the Group as part of trade and other payables (31 December 2016-1 812 thousand rubles)

**11. Earning per share**

The indicator of earnings per share is calculated on the basis of net profit for the period and the number of ordinary shares in circulation. The Company does not have potential ordinary shares with a dilutive effect, respectively diluted earnings per share is equal to the base profit.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| Weighted average number of ordinary shares for the period (thousand pieces) | 49,811,096 |  | 49,811,096 |
| (Loss)/profit attributable to the owners of the Company | (365,550) |  | 316,500 |
| **(Loss)/profit per share (rubles) - basic and**  **watered** | **(0.007)** |  | **0.006** |

**12. Loans and borrowings**

This note contains information on the contractual terms of the Group's loans and borrowings.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **March 31, 2017** |  | **December 31, 2016** |
| **Long-term loans and borrowings** |  |  |  |
| Unsecured bank loans | 18,382,022 |  | 17,882,022 |
| Issued unsecured bonds | 5,000,000 |  | 5,000,000 |
|  | **23,382,022** |  | **22,882,022** |
| *After deduction of the current maturity of long-term loans and borrowings* | *(2,300,000)* |  | *(5,650,000)* |
|  | **21,082,022** |  | **17,232,022** |
| **Short-term loans and current part of long-term loans and borrowings** |  |  |  |
| Unsecured bank loans | 1,528,109 |  | 1,528,109 |
| Interest on bank credits | 5,969 |  | 10312 |
| Interest on outstanding bonds | 33,290 |  | 35,140 |
| *Current maturity of long-term loans and borrowings* | *2,300,000* |  | *5,650,000* |
|  | **3,867,368** |  | **7,223,561** |

Terms and schedule of loans and borrowings payments:

***Long-term loans and borrowings***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Effective interest rate** | | |  |  |  | **March 31, 2017** | | |  | **December 31, 2016** | | |
| **Creditor name** |  | **March 31.**  **2017** |  | **December 31**  **2016** |  | **Year**  **of repayment** |  | **Face value** |  | **Book value** |  | **Face value** |  | **Book value** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Unsecured bank loans* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| OJSC “Sberbank”\* |  | 10.59- 12.45% |  | 11.25- 12.45% |  | 2018-2019 |  | 6,585,000 |  | 6,585,000 |  | 6,585,000 |  | 6,585,000 |
| JSC "Gazprombank" |  | 10.80% |  | 10.80% |  | 2019 |  | 1,500,000 |  | 1,500,000 |  | 1,500,000 |  | 1,500,000 |
| JSC "Gazprombank" |  | The key rate of the CB RF is + 1% |  | 11.00% |  | 2019 |  | 1,842,322 |  | 1,842,322 |  | 1,342,322 |  | 1,342,322 |
| PJSC “Savings Bank”\* |  | 12.50% |  | 12.50% |  | 2018 |  | 2,804,700 |  | 2,804,700 |  | 2,804,700 |  | 2,804,700 |
| JSC "AB "RUSSIA" |  | 11% |  | - |  | 2020 |  | 1,350,000 |  | 1,350,000 |  | – |  | – |
| OA Bank “RRDB” |  | 10.99% |  | - |  | 2020 |  | 2,000,000 |  | 2,000,000 |  | – |  | – |
|  |  |  |  |  |  |  |  | **16,082,022** |  | **16,082,022** |  | **12,232,022** |  | **12,232,022** |
| *Loans raised upon bonds* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bonded loan\*\* |  | 13.50% |  | 13.50% |  | 2020 |  | 5,000,000 |  | 5,000,000 |  | 5,000,000 |  | 5,000,000 |
|  |  |  |  |  |  |  |  | **5,000,000** |  | **5,000,000** |  | **5,000,000** |  | **5,000,000** |
|  |  |  |  |  |  |  |  | **21,082,022** |  | **21,082,022** |  | **(7,232,022** |  | **17,232,022** |

***Short-term loans and borrowings and current portion of long-term loans and borrowings***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Effective interest rate** | | |  |  |  | **March 31, 2017** | | |  | **December 31, 2016** | | |
| **Creditor name** |  | **March 31.**  **2017** |  | **December 31**  **2016** |  | **Year** **of repayment** |  | **Face value** |  | **Book value** |  | **Face value** |  | **Book value** |
| *Unsecured bank loans* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PJSC “Savings Bank”\* |  | 11.81% |  | 11.81% |  | 2017 |  | 1,528,109 |  | 1,528,109 |  | 1,528,109 |  | 1,528,109 |
|  |  |  |  |  |  |  |  | **1,528,109** |  | **1,528,109** |  | **1,528,109** |  | **1,528,109** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Interests on loan against bonds\*\** |  |  |  |  |  |  |  | 33,290 |  | 33,290 |  | 35,140 |  | 35,140 |
| *Interests on unsecured bank loans* |  |  |  |  |  |  |  | 5,969 |  | 5,969 |  | 10312 |  | 10312 |
|  |  |  |  |  |  |  |  | **39,259** |  | **39,259** |  | **45,452** |  | **45,452** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Current maturity of long-term loans and borrowings* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PJSC “Savings Bank”\* |  | 9.39-11.85% |  | 9.39-11.85% |  | 2017 |  | 2,300,000 |  | 2,300,000 |  | 5,650,000 |  | 5,650,000 |
|  |  |  |  |  |  |  |  | **2,300,000** |  | **2,300,000** |  | **5,650,000** |  | **5,650,000** |
|  |  |  |  |  |  |  |  | **3,867,368** |  | **3,867,368** |  | **7,223,561** |  | **7,223,561** |

\* – Credits obtained from banks affiliated with the state

\*\*– Bonded loan, purchased by the parent company

All loans and borrowings of the Group are denominated in Russian rubles.

The company has certain restrictive obligations related to Bank loans. As of March 31, 2017 and December 31, 2016, the Company has complied with all restrictive obligations.

As of March 31, 2017 and December 31, 2016, there were no bank loans secured by pledge of fixed assets.

**13. Reserves**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| **Beginning balance** | **1,020,375** |  | **1,935,907** |
| Reserves accrued for the period | – |  | 243,453 |
| Change in evaluation for the period | (72,828) |  | (80,203) |
| The use of the reserve for the period | (366,311) |  | (44,390) |
| **Closing balance** | **581,236** |  | **2,054,767** |

The provisions relate to litigation for claims against the Group and unresolved disagreements with energy companies to purchase electricity to compensate for technological losses. The group recognizes a provision for litigations and unsettled disputes in the case where she considers the probable outflow of economic resources as a result of resolution of disagreements.

**14. Financial risk management**

During the period the Company was subjected to the same financial risks that existed in the year ended December 31, 2016, and apply the same approach to financial risk management that in the year ended 31 December 2016.

The Group's management believes that the fair value of other financial assets and financial liabilities as of March 31, 2017 and December 31, 2016 approximates their carrying value.

**15. Capital expenditure commitments.**

As of March 31, 2017, the amount of future obligations under contracts for the acquisition and construction of fixed assets is 2,866,959 thousand rubles, excluding VAT (December 31, 2016: 3 258 096 thous. roub.).

**16. Contingent liability Insurance**

The company has full insurance coverage in respect of its production facilities, losses caused by production stops, liabilities to third parties arising from damage to property or the environment caused by accidents or the Company's activities.

***Legal proceedings***

The group acted as one of the parties on a number of court proceedings initiated in the course of its economic activities. In the opinion of the Company's management, the Group has no litigation that could have a material adverse effect on the results of operations, financial position or cash flows of the Group and which are not reflected in the consolidated financial statements of the Group or disclosed in the notes thereto.

***Tax contingencies***

The tax system of the Russian Federation continues to evolve and is characterized by frequent changes in legislative norms, official explanations and court decisions, at times vaguely stated and contradictory, which allows their ambiguous interpretation by various tax authorities. Audits and investigations in respect of taxes are several regulatory bodies entitled to impose significant fines and penalties. The correct calculation of taxes in the reporting period can be verified during the three subsequent calendar years; however, under certain circumstances, this period may increase. Recently, the practice in the Russian Federation is such that the tax authorities take a more assertive position in terms of interpretation and compliance with tax laws.

These circumstances may lead to the fact that the tax risks in the Russian Federation will be much higher than in other countries. The Group's management, based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions, considers that the tax liabilities are reflected in an adequate amount. However, the interpretation of these regulations the relevant authorities may be different and, if they can prove the legitimacy of their position, it can have a significant impact on these consolidated interim condensed financial statements.

***Environmental liabilities***

The company and its predecessors carried out activities in the field of electricity transmission in the territory of the Russian Federation for many years. The environmental legislation in the Russian Federation is at the stage of reform and the actions of government authorities is continually being revised. The company regularly evaluates its obligations under environmental protection.

Potential liabilities that may arise as a result of changes in legislation and regulation or civil disputes, valued as of the entry into force of the amended legislation. Taking into account the situation with regard to the implementation of the current regulatory and legal acts of the Russian Federation, the Group's management believes that the Group does not have any significant obligations related to environmental protection.

***Guarantees***

As of March 31, 2017 and December 31, 2016, there are no guarantees from the Group.

**17. Related party transactions**

***Control relationships***

As of March 31, 2017 and December 31, 2016, control over the Company belonged to PJSC “ROSSETI”. The ultimate controlling party is the state represented by the Government of the Russian Federation, which owns a controlling stake of PJSC “ROSSETI”.

The Group's transactions with related parties are disclosed below:

**Revenues and other income**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **The transaction amount for the three months ended March 31** | | |  | **Book value** | | |
|  | **2017** |  | **2016** |  | **March 31.**  **2017** |  | **December 31**  **2016** |
| **Parent company** |  |  |  |  |  |  |  |
| Leasing | 410 |  | 410 |  | 161 |  | - |
| Other revenue and income | 9,926 |  | – |  | 96,777 |  | 346,251 |
| **The enterprises are under common control of the parent company** |  |  |  |  |  |  |  |
| Revenue from electric-power transmission | 106,379 |  | 114,440 |  | 83,330 |  | 86,979 |
| Leasing | 2,137 |  | 6314 |  | 22,983 |  | 36,462 |
| Revenues from other services | 1,942 |  | 87 |  | 39,450 |  | 59,657 |
|  | **120,794** |  | **121,251** |  | **242,701** |  | **529,349** |

**Expense**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **The transaction amount for the three months ended March 31** | | |  | **Book value** | |
|  | **2017** |  | **2016** |  | **March 31.**  **2017** | **December 31**  **2016** |
| **Parent company** |  |  |  |  |  |  |
| Management services | 33,274 |  | 33,274 |  | 15,706 | 7,853 |
| Technical Authority | 7,135 |  | 7,134 |  | 3,206 | 1,522 |
| Bonded loan and interests | 161,026 |  | 162,268 |  | 5,033,290 | 5,035,140 |
| Other services | 1,237 |  | – |  | – | – |
| **The enterprises are under common control of the parent company** |  |  |  |  |  |  |
| Electric-power transmission | 1,777,846 |  | 1,601,309 |  | 7,108,709 | 6,235,184 |
| Purchased electricity for loss compensation | 70,713 |  | 65,191 |  | – | – |
| Leasing | 1,369 |  | 1,668 |  | 277 | 277 |
| Miscellaneous | 27,838 |  | 22,114 |  | 978,069 | 902,907 |
|  | **2,080,438** |  | **1,892,958** |  | **13,139,257** | **12,182,883** |

As of March 31, 2017, the balance of advances to related parties was 19,678 thousand rubles. and advances received from related parties 17 580 thousand rubles. (as of December 31, 2016: 20 501 thous. roub. and 29 293 thous. roub., respectively).

In 2016, the company adopted a decision on dividend payment for the year 2015, the amount of dividends attributable to the parent company amounted to 73 402 thousand rubles. As of March 31, 2017 and December 31, 2016, there is no debt to the parent company for the payment of dividends.

***Transactions with key management personnel***

The Company determines the members of the Boards of Directors, Management Boards and senior managers of the Company as key management personnel.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For three months which have ended**  **March 31, 2017** |  | **For three months which have ended**  **March 31, 2016** |
| Compensation and benefits | 19,907 |  | 16,107 |

The amount of remuneration to key management personnel disclosed in the table represent the costs of the current period to key management personnel recognised as expenses on employee benefits.

As of March 31, 2017 and December 31, 2016, the Group does not have obligations for defined benefit plans for key management personnel.

**Operations with state-affiliated companies**

The group applies the exemption for disclosure of information about transactions with companies which are related parties according to IFRS (IAS) 24 "Related parties".

In its operating activities, the Group enters into transactions with companies affiliated with the state. These operations are carried out, where applicable, at regulated tariffs.

The share of proceeds from transactions with companies affiliated with the state for the three months ended March 31, 2017 amounted to 14.9% (three months ended March 31, 2016: 14,0%) of total Group revenues, including a 14.7% (three months ended March 31, 2016: 13.9%), received as a result of electricity transmission operations.

The costs incurred in the course of electricity transmission transactions with companies affiliated with the state for the three months ended March 31, 2017 amounted to 6% (three months ended March 31, 2016: 6%) of the total costs of the electric-power transmission.

Information on loans and borrowings received from companies affiliated with the state is disclosed in Note 12.

**18 Events after the reporting date**

On April 7, 2017, the Extraordinary General Meeting of Shareholders of PJSC “IDGC in the South” approved the decision to increase the Company's authorized capital by placing additional 13,015,185,446 ordinary registered uncertificated shares with a par value of 0.1 rubles. for a total of RUB 1 301 519 thousand. The issue of shares was registered by the Bank of Russia on June 1, 2017. Until July 20, 2017, the shareholders can take advantage of the right of preemptive acquisition of the Company's shares.

In the opinion of Management, there are no other facts of economic activity which have or may influence financial state, cash flows or results of operations of the Group which took place in the period between the reporting date and signing date, the consolidated interim condensed financial statements for the three months ended March 31, 2017.