Quarterly report

Public Joint-Stock Company "Interregional Distribution Grid Company of the South"

Issuer code: 34956-E

For the 3rd quarter of 2017

Address of the Issuer: Rostov-on-Don, Russian Federation

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

|  |  |  |
| --- | --- | --- |
| Director General of IDGC of the South, PJSC  Date: November 14, 2017 |  | B. B. Ebzeyev |
| Signature | G. G. Savin |
| Chief accountant of PJSC “IDGC in the South”  Date: November 14, 2017 |
| Signature  STAMP HERE. |  |

|  |
| --- |
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| The information contained in this Quarterly Report is disclosed at the web pages located at: [**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/portal/company.aspx?id=11999**](http://www.e-disclosure.ru/portal/company.aspx?id=11999) |

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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.

This Quarterly Report contains the information concerning Interregional Distribution Grid Company of South Public Joint Stock Company herein 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 13 015 185 446 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), 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, 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 of the date of this quarterly report.

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. Information on the issuer’s bank accounts.

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810105000003326

Corr. Account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810205000003514

Corr. Account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810805000003516

Corr. Account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810605000003965

Corr. Account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810205000003019

Corr. Account: 30101810500000000602

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810605000003020

Corr. Account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810905000003021

Correspondent account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810505000003515

Correspondent account: 30101810500000000602

Account type**:** settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810105000003517

Correspondent account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041203602

Account number: 40702810405000003518

Corr. Account: 30101810500000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): 7707083893

BIC (Russian Central Bank Identifier Code): 041806647

Account number: 40702810711100100886

Correspondent account: 30101810100000000647

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): *7707083893*

BIC**:** *040702615*

Account number: 40702810060300102033

Corr. Account: 30101810907020000615

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): *7707083893*

BIC (Russian Central Bank Identifier Code): 040702615

Account number: 40702810360300102034

Corr. Account: 30101810907020000615

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): *7707083893*

BIC (Russian Central Bank Identifier Code): 046015602

Account number: 40702810252000000007

Corr. Account: 30101810600000000602

Account type**:** settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): *7707083893*

BIC (Russian Central Bank Identifier Code): 046015602

Account number: 40702810552000000011

Corr. Account: 30101810600000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): *7707083893*

BIC (Russian Central Bank Identifier Code): 046015602

Account number: 40702810952000000006

Corr. Account: 30101810600000000602

Account type: settlement account

Information about a credit organization

Full corporate name: **Public Joint-Stock Company Sberbank of Russia**

Abbreviated company name: **Sberbank, PJSC**

Registered address: 19 Vavilova St, Moscow, 117997

TIN (Taxpayer Identification Number): *7707083893*

BIC (Russian Central Bank Identifier Code): 046015602

Account number: 40702810552000000008

Corr. Account: 30101810600000000602

Account type: settlement account

Information about a credit organization

Full corporate name: «Gasprombank» (Joint-Stock Company )

Abbreviated company name: **GPB (JSC)**

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

TIN (Taxpayer Identification Number): 7744001497

BIC (Russian Central Bank Identifier Code): 040349781

Account number: 40702810800070000050

Correspondent account: 30101810500000000781

Account type: settlement account

Information about a credit organization

Full corporate name: «Gasprombank» (Joint-Stock Company )

Abbreviated company name: **GPB (JSC)**

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

TIN (Taxpayer Identification Number): 7744001497

BIC (Russian Central Bank Identifier Code): 040349781

Account number: 40702810211070305849

Correspondent account: 30101810500000000781

Account type: settlement account

Information about a credit organization

Full corporate name: **Open Joint-Stock Company Bank Severny Morskoy Put**

Abbreviated company name: **SMP Bank JSC**

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

TIN (Taxpayer Identification Number): 7750005482

BIC (Russian Central Bank Identifier Code): 040349838

Account number: 40702810108300000131

Corr. Account: 30101810000000000838

Account type: settlement account

Information about a credit organization

Full corporate 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 (Taxpayer Identification Number): 7831000122

BIC (Russian Central Bank Identifier Code): 044030861

Account number: 40702810200000005510

Correspondent account: 30101810800000000861

Account type: settlement account

Information about a credit organization

Full corporate 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 (Taxpayer Identification Number): 7831000122

BIC (Russian Central Bank Identifier Code): 044525220

Account number: 40702810360016000419

Correspondent account: 30101810800000000861

Account type**:** settlement account

Information about a credit organization

Full corporate 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 (Taxpayer Identification Number): 7831000122

BIC (Russian Central Bank Identifier Code): 044525220

Account number: 40702810260016100419

Correspondent account: 30101810800000000861

Account type: settlement account

Information about a credit organization

Full corporate name: Joint stock company “Russian Regional Development Bank”

Abbreviated company name: Bank «RRDB» (JSC)

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

TIN (Taxpayer Identification Number): 7736153344

BIC (Russian Central Bank Identifier Code): 040349521

Account number: 40702810604030000199

Corr. Account: 30101810100000000521

Account type: settlement account

Information about a credit organization

Full corporate name: «Gasprombank» (Joint-Stock Company )

Abbreviated company name: **GPB (JSC)**

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

TIN (Taxpayer Identification Number): 7744001497

BIC (Russian Central Bank Identifier Code): 040349781

Account number: 40702810600070000548

Correspondent account: 30101810500000000781

Account type: settlement account

Information about a credit organization

Full corporate name: Public Joint-Stock Company «Sovcombank»

Abbreviated company name: **PJSC "Sovcombank"**

Registered address: 156000, Kostroma, Tekstilchikov avenue, 46

TIN (Taxpayer Identification Number): 4401116480

BIC (Russian Central Bank Identifier Code): 044525967

Account number: 407028100800005001464

Corr. Account: 30101810945250000967

Account type: settlement account

(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. 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 corporate name: **Limited Liability Company “RSM Russia”**

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

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

TIN (Taxpayer Identification Number): 7722020834

PSRN (Primary State Registration Number): 1027700257540

Tel: (495) 363-2848

Fax: (495) 981-4121

Email 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 |
| 2017 | 2017 |

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 of 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. The Federal Law "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

1. the year 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

1. the year 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

1. the year 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.

Prices of services and procedure for the payment of the auditor’s remuneration are specified in the agreement concluded between the Company and the auditor.

The remuneration of the auditing services rendered by “RSM RUS” LLC, the auditor of IDGC of the South, PJSC, is defined by the Board of Directors as per its resolution dated 08/05/2016 (Minutes 197/2016 dated 08/08/2016) under the Auditor Services Contract on the audit of the accounting report prepared in accordance with Russian Accounting Standards (RAS) and the audit of consolidated financial statements prepared under International Financial Reporting Standards (IFRS) for the year ended on 12/31/2016 (period subject to audit: 1 January 2016 to 31 December 2016), in the amount of 2 177 796.76 RUB (two million one hundred and seventy seven thousand seven hundred ninety six rubles 76 kopecks), including VAT (18 %) in the amount of 332 206.28 RUB.

The remuneration to RSM RUS for the audit of interim accounting reports of the Company for the period of 9 months of 2016 in the amount of 435 559.35 RUB and for 2016 fiscal year in the amount of 1 742 237.40 RUB.

There are no delayed or late payments for the services provided by the auditor based on 2016 performance.

The remuneration of the auditing services rendered by “RSM RUS” LLC, the auditor of IDGC of the South, PJSC, is defined by the Board of Directors as per its resolution dated 08/15/2017 (Minutes 243/2017 dated 08/18/2017) under the Auditor Services Contract on the audit of the accounting report prepared in accordance with Russian Accounting Standards (RAS) and the audit of consolidated financial statements prepared under International Financial Reporting Standards (IFRS) for the year ended on 12/31/2017 (period subject to audit: 1 January 2017 to 31 December 2017), in the amount of 2 177 796.74 RUB (two million one hundred and seventy seven thousand seven hundred ninety four rubles 74 kopecks), including VAT (18 %) in the amount of 332 206.28 RUB. According to the last contract no payments were made to the auditor.

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

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)

1. 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. 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. Other persons who signed the present quarterly report

Name: Ebzeyev Boris Borisovich

Year of Birth: 1975

Data on primary employment:

Organization: PJSC “IDGC in the South”

Position: Director General

Name: Savin Grigory Grigoryevich

Year of Birth: **1952**

Data on primary employment:

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

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

Section II. Basic information on the financial and economic condition of the Issuer

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: **thous RUB / person**

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 9 months. | 2017, 9 months. |
| Labor productivity | 1 668.02 | 1 868.39 |
| Relative debt/equity ratio | 7.81 | 5.19 |
| The ratio of long-term debt to the amount of long-term debt and equity capital | 0.76 | 0.76 |
| Degree of cover for a debt by current income (profit) | 4.42 | 1.99 |
| Level of overdue debt, *%* | 20.95 | 8.27 |

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

The labor productivity indicator for 9 months in 2017 amounted to 1868,39 which is 12.0% higher than the same period of the last year, due to the increase of revenue in the reporting period. 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 9 months of 2016, this figure decreased to 5.19, due to the decrease of borrowing funds to 4.5% and increase of equity capital by 43.6% during the reporting period.

The ratio of long-term debt to the amount of long-term debt and equity for 9 months in 2017 was 0.76, which is at the level of the figure of the same period of the previous 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.

1. Issuer’s market capitalization

Market capitalization is calculated as the product of the number of shares of the corresponding category (type) by the market price of one share, disclosed by the trade organizer

Unit of measurement: **thou RUB**

|  |  |  |
| --- | --- | --- |
| Indicator name | As of 12/31/2016 | As of 09/30/2017 |
| Market capitalization | 2 550 328.1 | 2 740 780.64 |

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 3rd 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): 13, Bolshoy Kislovsky Lane, Moscow, Russian Federation

Tel: + 7 (495) 363-32-32, site: <http://moex.com/>

The calculation of the value of market capitalization included number of the Issuer's shares officially admitted to organized market trades and corresponding to the amount of the Issuer's authorized capital, i. e. excluding the number of all placement shares as at the date of this report.

1. Issuer’s liabilities
2. Borrowed funds and accounts payable.

As of 09/30/2017

Structure of the borrowed funds

Unit of measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | Value of index |
| Long-term borrowings | 19 392 050 |
| including: |  |
| loans | 14 392 050 |
| borrowings, excluding bonded loans |  |
| bond issues | 5 000 000 |
| Short-term borrowings | 5 696 632 |
| including: |  |
| loans | 5 597 925 |
| borrowings, excluding bonded loans | 0 |
| bond issues | 98 707 |
| Total overdue amount of borrowed funds | 0 |
| including: |  |
| loans | 0 |
| borrowings, excluding bonded loans | 0 |
| bonded loans | 0 |

Composition of accounts payable

Unit of measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | Value of index |
| Total size of accounts payables | 10 837 272 |
| including those overdue | 3 096 973 |
| including |  |
| accounts payable to the budget and State no budget funds | 1 134 133 |
| including those overdue | 0 |
| to suppliers and contractors | 7 857 096 |
| including those overdue | 2 478 804 |
| to the personnel of the organization | 240,464 |
| including those overdue | 0 |
| other | 631,586 |
| including those overdue | 271,341 |

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 30.09.2017 is 28.6% 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 long-term and short-term borrowed funds:

Full corporate name: Public Joint-Stock Company “Federal Grid Company of Unified Energy System”

Abbreviated company name: **PJSC FGC UES**

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

TIN (Taxpayer Identification Number): 4716016979

PSRN (Primary State Registration Number): 1024701893336

Amount outstanding: **6155 280 thous. RUB**

The size and terms of the overdue indebtedness (interest rate, penalties, fines): The overdue debt to PJSC FGC UES as of September 30, 2017 is 1 628 511 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: **0 %**

The share belonging to the person of the Issuer’s ordinary shares: **0 %**

Full corporate name: Public Joint-Stock Company "Sberbank of Russia"

Abbreviated company name: **Sberbank, PJSC**

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

TIN (Taxpayer Identification Number): 7707083893

PSRN (Primary State Registration Number): 1027700132195

Amount outstanding: **9 389 700 thous. RUB**

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

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

Full corporate name: «Gasprombank» (Joint-Stock Company )

Abbreviated company name: **Bank "GPB "(JSC)**

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

TIN**:** 7744001497

PSRN (Primary State Registration Number): 1027700167110

Amount outstanding: **4 342 322 thous. RUB**

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

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

Full corporate 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 (Taxpayer Identification Number): 7831000122

PSRN (Primary State Registration Number): 1027800000084

Amount outstanding: **4 249 728 thous. RUB**

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

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

1. Issuer’s credit history

The following paragraph describes the execution of liabilities by the Issuer under the credit and (or) loan agreements that were valid in the most recently completed fiscal year and current fiscal year, including agreements concluded by the issue and sale of the bonds, the amount of principal debt on which was at least 5 percent of the Issuer's book value of assets as of the end date of the most recently completed reporting period that consisted of 3, 6, 9 or 12 months and preceded the conclusion of the correspondent agreement, as well as other credit agreements and (or) loan agreements, which the Issuer considered substantial.

|  |  |
| --- | --- |
| **Types and 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 | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. |
| 0 | |
| **Types and characteristics of liabilities** | |
| **1. Bonded loan, 4B02-02-34956-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 | 9.24 |
| 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) | 01.07.2022 |
| Actual term (date) of maturity of the credit (loan) | current |
| Other data on the obligation, specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. |

1. The Issuer's obligations from provided security

There are no such obligations

1. 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.

1. 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 organization 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.

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:

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. By the Oder No. 1400 of Ministry of Energy of Russia dated December 23, 2016, PJSC "IDGC of the South" was granted awarded the status of a guaranteeing supplier in relation to the area of activity of JSC "UMEC" until the date of entry into force of the decision on granting the status of guaranteeing supplier to the winner of the tender. The business of the guaranteeing supplier of electric power selling is subject to state regulation in the retail market of electric power.

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.

The following measures are undertaken to reduce risks:

* the participation of "IDGC of the South" PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;
* interaction with the Executive authorities of subjects of the Russian Federation in state regulation of tariffs 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;
* the conduction of systematic work to reduce own costs and optimize the investment program;
* if necessary, the submission of applications for pretrial review of disputes with executive authorities of the subjects of the Russian Federation in the area of government control of tariffs in the Federal Anti-monopoly Service, as well as applications to the arbitration court (commercial disputes court) or court of general jurisdiction concerning issues related to tariff regulation.

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 technological risks

From this group of risks we can distinguish the following:

* the risk of passage to operating regime with forced (maximum permissible) flows of electric power in interconnected systems;
* risk of a one-time sudden increase in the load beyond planned in connection with natural disasters;
* the technical risks connected with equipment operation that were caused by such factors as equipment operation with limit deviations from regulatory and engineering requirements, errors committed by operational personnel, violations of the dispatch schedule and discipline.

The Company activities for the reduction of these risks are as follows:

* 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;
* the commercial insurance of property, hazardous production facilities, transport vehicles, civil responsibility, and health and accident insurance;
* the carrying out of measures on the improvement of electric power system reliability, including the measures carried out at the expense of the continuous replenishment of fuel, spares and materials.

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

The following measures are undertaken to reduce risks:

* 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.

The following measures are undertaken to reduce risks:

* the participation of "IDGC of the South" PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power 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.

1. Country and Regional Risks

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

1. Financial risks

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

1. Legal risks

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

1. Risk of loss of business reputation (reputation risk)

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

1. Strategy risk

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

1. Risks related to the issuer’s operations

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

Section III. Detailed Information on the Issuer

1. History and Development of the Issuer
2. 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 legal 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 organization) 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 over the course of its existence

Full corporate 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.

1. State registration of the issuer

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

State registration date: **28.06.2007**

Name of registering authority: Inspectorate of the Federal Tax Service in Leninskiy district, Rostov-on-Don

1. Information on the issuer's establishment and development

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

1. Contact information

Location of the Issuer: Rostov-on-Don, Russian Federation

The issuer's address specified in the unified state register of legal entities 49, Bolshaya Sadovaya St., Rostov-on-Don, Russian Federation 344002

Tel: (863) 238-58-95; (863) 238-54-64

Fax: (863) 238-55-65

Email 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. ru/portal/company.aspx ?id=11999**](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.

Tel: (863)307-08-38

Fax: It does not have any fax

Email address: [pavlovaen@mrsk-yuga.ru](mailto:pavlovaen@mrsk-yuga.ru)

It does not have any web-page.

1. Taxpayer identification number.

**6164266561**

1. Branches and representative offices of the issuer

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

1. Principal economic activity of the Issuer
2. Main types of economic activity 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 |

1. Principal economic activity of the Issuer

Types of economic activity (types of activities, types of products (work, services)) that provide for at least 10 percent of the Issuer's revenue (income) for the reporting period

Unit of measurement: **thou RUB**

Type of economic activity: **electricity transmission**

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 9 months. | 2017, 9 months. |
| The revenue volume from sales (sales volume) for this type of economic activity, thous. rub. | 22 472 237 | 24 246 520 |
| Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, % | 98.7 | 94.9 |

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 | % |
| 3rd quarter of 2017 | | | | |
| “Astrakhanenergo” | 835.76 | 766.8 | 68.69 | 8,25% |
| “Volgogradenergo” | 2 275,84 | 2 176,3 | 99.54 | 4,37% |
| “Kalmenergo” | 144.88 | 119.19 | 25.69 | 17,73% |
| “Rostovenergo” | 3 253,4 | 3 058,59 | 194.81 | 5,99% |
| TOTAL PJSC “IDGC in the South” | 6 509,88 | 6 120,88 | 389.01 | 5,98% |

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 third quarter of 2017 amounted to 389 million kWh or 5.98% in relation to the release in the network.

Amount of services rendered

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Index | Unit of measurement | Plan | Actual | Deviation, % |
| 3rd quarter of 2017 | | | | |
| The volume of services provided, including: | mln kWh | 5 705,7 | 6 006,62 | 5.3 |
| “Astrakhanenergo” | mln kWh | 702.38 | 754.44 | 7.4 |
| “Volgogradenergo” | mln kWh | 2 063,57 | 2 159,85 | 4.7 |
| “Kalmenergo” | mln kWh | 64.47 | 77.61 | 20.4 |
| “Rostovenergo” | mln kWh | 2 875,28 | 3 014,72 | 4.8 |
| Revenue, *including:* | mln RUB | 7 930,39 | 8 560,21 | 7.9 |
| “Astrakhanenergo” | mln RUB | 1 329,02 | 1 387,22 | 4.4 |
| “Volgogradenergo” | mln RUB | 2 549,2 | 2 782,42 | 9.1 |
| “Kalmenergo” | mln RUB | 146.59 | 174.21 | 18.8 |
| “Rostovenergo” | mln RUB | 3 905,57 | 4 216,36 | 8.0 |

In the third quarter of 2017, the actual volume of electricity transmission services provided amounted to 6,007 million kWh, which is higher than the target figure by 300.92 million. kWh or 5.3%. Revenues from the sale of electricity transmission services - 8,560.21 million rubles. without VAT. The revenue growth in the third quarter of 2017 amounted to 629.82 million rubles. or 7.9% of the target.

General structure of the issuer's cost price

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 9 months. | 2017, 9 months. |
| Raw and other materials, % | 2.42 | 2.4 |
| Acquired components, semi-finished products, % | 0 | 0 |
| Production, maintenance and delivery services executed by third-party organizations, % | 34.11 | 34.73 |
| Fuel, % | 0.93 | 0.94 |
| Energy, *%* | 22.98 | 23.31 |
| Labor costs, % | 18.62 | 18.34 |
| Interests on borrowings, % | 0 | 0 |
| Rental payments, % | 0.43 | 0.31 |
| Deductions for social needs, % | 5.62 | 5.55 |
| Depreciation of fixed assets, % | 10.14 | 9.44 |
| Taxes included to product costs, % | 1.31 | 1.34 |
| Miscellaneous expenses, % | 3.45 | 3.65 |
| amortization of intangible assets, % | 0.03 | 0 |
| remuneration for innovation proposals, % | 0 | 0 |
| compulsory insurance payments, % | 0.36 | 0.34 |
| entertainment expenses, % 0 | 0.005 | 0 |
| other (explain), % | 3.05 | 3.31 |
| -business trips and hospitality expenditure | 0.22 | 0.25 |
| -leasing | 0 | 0 |
| -outsourced services | 2.83 | 3.06 |
| -other costs | 0 | 0 |
| Total: costs for production and sale of products (work, services) (production costs), % | 100 | 100 |
| Reference: Revenue from sale of goods (works, services), % to cost of production | 119.22 | 125.64 |

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). 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"

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

For 9 months 2017

The Issuer’s suppliers providing no less than 10 percent of all materials and commodities (raw materials)

There is no Issuer’s suppliers providing no less than 10 percent of all materials and commodities (raw materials)

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 0.15%

1. 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 reported data for 3rd Quarter of 2017, the Company has previously concluded contracts for the provision of electric power transmission services, including 6 contracts with last resort suppliers (LRS), 42 contracts with independent electric power sales companies, 913 direct contracts with consumers, and 61 contracts with territorial grid organizations. 94.34% of the total number of the contracts concluded by IDGC of the South, PJSC are revenue agreements.

Market share of electric power transmission services to the ultimate consumers of electric power in the territory of the presence of IDGC of the South, PJSC in 3rd Quarter of 2017

|  |  |
| --- | --- |
| Branch name | Market share, % |
| IDGC of the South, PJSC |
| “Astrakhanenergo” | 93,70% |
| “Volgogradenergo” | 52,51% |
| “Kalmenergo” | 100,00% |
| “Rostovenergo” | 24,86% |
| Market coverage in the territory of the presence of IDGC of the South, PJSC | 44,94% |

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).

1. 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 VE**

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: **Groundwater extraction 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: **RST 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: **RST 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: **RST 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: **RST 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: **RST 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: **RST 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: **RST 02921 VE**

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: **RST 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: **RST 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: **RST 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: **№120752**

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-C-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 (GT No. 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**

1. Information on activities of separate categories of issuers

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

1. Additional requirements for issuers whose main activity is mining operations

The main activity of the Issuer is not mining operations

1. 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

1. Plans for the issuer’s future activity

IDGC of the South, PJSC is an interregional electric grid company that is a part of "Russian Grids", PJSC is the main territorial electric grid company that provides services for electric power transmission and technological connection of electric power consumers in the Rostov, Volgograd, and Astrakhan regions and the Republic of Kalmykia.

IDGC of the South, PJSC, as a subsidiary of Rosseti, PJSC, provides with the fulfillment of industry-wide tasks to improve the reliability, quality and availability of electric power supply to electric power consumers, increase operational and investment efficiency, increase capitalization and attract private investments in the industry.

IDGC of the South, PJSC carries out its financial and economic activities amid the recent years limitation on the growth of electric power transmission tariffs that appear in the shortage of financing the company's operating activities and investment programs.

The macroeconomic conditions that become evident in the reduction of electric power consumption, and the decrease in the solvency of electricity consumers significantly aggravates the influence of these factors and determines the necessity of complex approach to increasing the efficiency of the activities of IDGC of the South, PJSC.

Therefore, the plans related to future activities of IDGC of the South, PJSC are aimed at the following milestones:

* reduce specific operating costs per a unit of electrical equipment maintenance, pursuant to the Electrical Power Grid Complex Development Strategy of the Russian Federation approved by the Decree of the Russian Federation Government No. 511-р dated April 03, 2013;
* the reduction of specific operating costs pursuant to the Decrees of the Russian Federation Government No. 230р-P13 dated April 16, 2015, No. 230р-P13 dated March 29, 2016, No. 207р-P13, and No. 4750р-P13 dated July 04, 2016;
* the reduction of specific investment costs of electrical power grid companies (in RUB per a physical unit);
* the load growth of transformer capacities in percentage of the installed capacity on all voltage levels minus compulsory reservation;
* the increase of energy efficiency, including the reduction of energy losses (electric power consumption for process requirements);
* the increase of management efficiency with regard to the basic production assets of IDGC of the South, PJSC, the implementation of state-of-the-art technologies and the use of innovations, as well as energy efficiency improvement.

The predicted value of the interconnected capacity for 2017 is 383 MW, the corresponding indicator according to the adjusted Business Plan for 2016 was 263 MW.

The target proceeds received for the provision of technological connection services for all categories of applicants according to the adjusted Business Plan for 2016 is 461 mln RUB. The target proceeds in 2017 will amount to 350 mln RUB.

The Working Groups for the control of the performance of technological connection agreements requiring capital expenditure (Order of IDGC of the South, PJSC dd 03/03/2017 No. 134) were set up to reduce the number of technological connection agreements that were not performed by the Company within the time frames established by the Rules for the Technological Connection of Power Receivers of Electric Energy Consumers

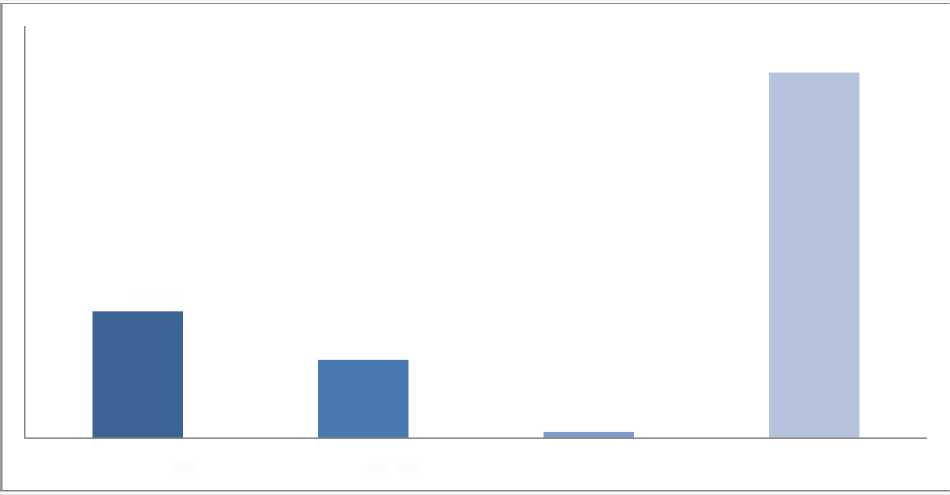
approved by the Resolution of the Russian Federation Government No. 861 dated December 27, 2004, and to unconditionally fulfill obligations under the above technological connection agreements, as well as to reduce the number of complaints and claims of applicants.

The Working Groups shall have the following goals and objectives:

* to organize the timely performance of obligations under technological connection agreements, and to take measures for the elimination of violations and prevention of further violations;
* to analyse and assess the suggested variants of technical specifications and technical design specifications that were developed for technological connections. To adopt optimal technical and economic solutions;
* to take measures for the elimination of violations and to prevent the applicants' complaints and claims;
* to define the expediency and possibility of the execution of the Company's obligations using economic resources, such as design, survey, construction and installation.

The target indicator of executing the obligations under the technological connection agreements for the category of applicants below 15 kW for 2017 is 12,134, and the capacity is 106 MW. The proceeds from the applicants under this category of technological connection services is planned in the amount of 8 mln RUB for 2017.

The target proceeds received for the provision of technological connection services with regard to branches for 2017, mln RUB



Primary

Primary

Primary

Astrakhnenergo

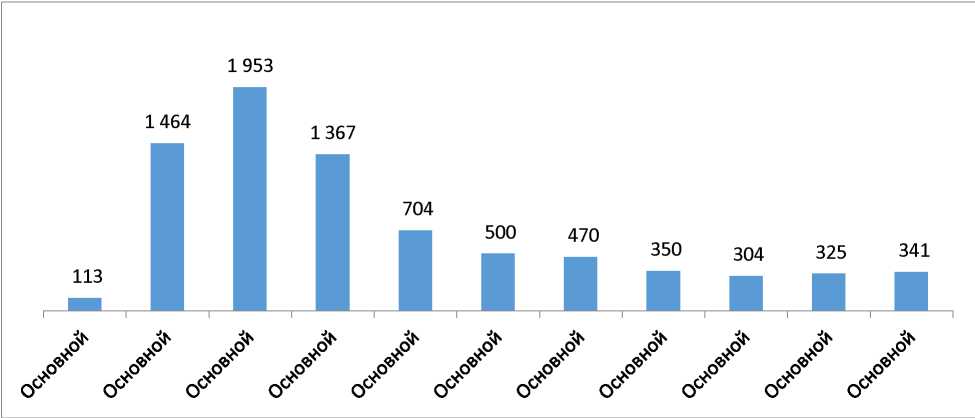
Volgogradenergo

Kalmenergo

Primary

Rostovenergo

Income flow from the provision of services for technological connection, mln RUB



In 2017 the proceeds from technological connection services is planned in the amount of 350 mln RUB that is 120 mln RUB or 25 % less than the actual indicators of 2016. This circumstance is caused by the 2016 official record of proceeds from large consumers that concluded technological connection agreements for high prices based on the investment component, and the basic criteria to form the target values of the proceeds indicator for 2017 are the analysis of the volume of existing technological connection agreements and the forecast of their performance.

It is worth mentioning that the flow in proceeds reduction related to technological connection services for the recent reporting periods is caused by the following key factors:

* Reporting periods is caused by the following key factors: The outflow of large applicants related to the unstable financial and economic conditions in the country, because the largest share in the total amount of invested funds is the proceeds from large consumers with high price caused by the  investment component. A negative dynamics in the filing applications for the technological connection of counterparties with the capacity over 150 kW had been observed from 2014 to 2016: 1,119 applications were filed in 2014, 827 applications were filed in 2015, and 718 applications were filed in 2016;
* The postponed performance time of technological connection agreements in accordance with applicants' requests, as well as the termination of existing contracts because of unfavorable macroeconomic business environment (high cost of borrowed assets, insolvency (bankruptcy) of economic entities, etc.);
* The changes entered in the procedure of pricing in the field of regulated prices in electric power industry in connection with the entry into force of Federal Law No. 83-FZ dated April 20, 2014, that lie in the fact that from October 01, 2015, the size of the investment component to cover the costs of construction of electric grid facilities included in the payment for technological connection of power receiving devices of maximum capacity of 150 kW may not exceed 50 % of the value of indicated costs.

The corresponding amounts of capital investments required for the construction of substations (SS), reconstruction and expansion of existing substations with the replacement of power transformers, and construction and reconstruction of high-voltage transmission lines were planned within the framework of the investment program of IDGC of the South, PJSC, related to each branch of the Company,.

Planned investment volume of IDGC of the South, PJSC for 2017-2022 (mln RUB):

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Names of the branches of IDGC of the South, PJSC | Investments VAT less, mln RUB | | | | | | |
|  | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2017-2022 |
| “Astrakhanenergo” | 357 | 332 | 303 | 303 | 885 | 1 239 | 3 419 |
| “Volgogradenergo” | 632 | 331 | 142 | 166 | 157 | 207 | 1 634 |
| “Kalmenergo” | 57 | 58 | 38 | 38 | 38 | 38 | 265 |
| “Rostovenergo” | 2 354 | 617 | 739 | 764 | 797 | 818 | 6 089 |
| Total in IDGC of the South, PJSC | 3 400 | 1 338 | 1 221 | 1 270 | 1 877 | 2 302 | 11 407 |

The implementation of the programs is carried out in accordance with the engineering policy adopted by the Rosseti, PJSC, that, with regard to the field of electrical grids, is determined by the following key strategic goals of the unified national energy system development:

* the creation of the network and technological infrastructures that contribute to the effective functioning of the competitive electricity market within the Russian Federation and ensure integration into international electricity markets;
* the increase of work scope related to the reconstruction and technical re-equipment (modernization of substations, reconstruction of high-voltage transmission lines, modernization and development of information infrastructure) of the fixed assets of aging electrical grids and electrical grid equipment.

The primary areas of the implementation of the investment program of IDGC of the South, PJSC, including the projected and actual implementation for 1Q 2017 are presented in the table below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Names of the branches of IDGC of the South, PJSC | **Project for 9 months of 2017** | | | | **Actual for 9 month of 2017** | | | | | | | |
| **Application of funds** | **Setting into operation** | | | **Fixed capital formation** | | **Setting into operation** | | | | | |
| mln RUB | mln RUB | MVA | Km | mln RUB | % | mln RUB | % | MVA | % | Km | % |
| **Total in IDGC of the South, PJSC** | **1 943** | **1 235** | **67.984** | **176.277** | **2 315** | **119%** | **1 994** | **162%** | **154.512** | **227%** | **265.727** | **151%** |
| “Astrakhanenergo” | 225 | 372 | 10.145 | 56.228 | 233 | 104% | 396 | 106% | 10.046 | 99% | 78.640 | 140% |
| “Volgogradenergo” | 454 | 641 | 53.729 | 17.959 | 398 | 88% | 611 | 95% | 50.929 | 95% | 14.597 | 81% |
| “Kalmenergo” | 26 | 6 | 0.000 | 0.000 | 27 | 106% | 23 | 386% | 0.382 | - | 20.520 | - |
| “Rostovenergo” | 1 238 | 215 | 4.110 | 102.090 | 1 649 | 133% | 965 | 449% | 93.155 | 2267% | 151.971 | 149% |
| Executive office |  |  |  |  | 7 | - |  | - |  | - |  | - |

The Company plans to conclude energy service contracts for the development of system of electric power technical record-keeping with the application of remote data collection in such branches of IDGC of the South, PJSC, as Astrakhanenergo,  Volgogradenergo and Rostovenergo in 2017.

The electricity network property of KalmEnergoKom, OJSC was consolidated in the territory of Elista, the Republic of Kalmykia,  on December 31, 2016 to increase the market share of services in the transmission of electric energy to end users provided by IDGC of the South, JSC. Currently, the consolidation of the electrical grid facilities of VMES, MUMP (Volgograd Interdistrict Electrical Grids, Municipal Unitary Production Enterprise) in the territory of Volgograd, Volgograd region, is worked out.

IDGC of the South, PJSC is entrusted the functions of  last resort supplier (LRS) in the territory of Elista, Republic of Kalmykia in accordance with the Decree of the Ministry of Energy of Russia No. 1400 dated December 23, 2016, On Conferring the Status of Last Resort Supplier (LRS) of Territorial Electrical Grid Organization.

Information on plans for future activities of the Company in providing services to consumers.

In third quarter of 2017, 117 departments responsible for interaction with customers operate in IDGC of the South PJSC, in cooperation with consumers of services, including 10 Customer Service Centers (CSCs) and 107 consumer service points (CSPs) in RES / PO: .

|  |  |  |  |
| --- | --- | --- | --- |
| Branch of IDGC of the South PJSC | Number of divisions | | |
|  | All offices | Customer services centers | Customer servicing point |
| **IDGC of the South PJSC, total** | **117** | **10** | **107** |
| Branch of IDGC of the South PJSC - "Astrakhanenergo" | 16 | 1 | 15 |
| Branch of IDGC of the South PJSC - "Volgogradenergo" | 42 | 6 | 36 |
| Branch of IDGC of the South PJSC - "Kalmenergo" | 14 | 1 | 13 |
| Branch of IDGC of the South PJSC "Rostovenergo" | 45 | 2 | 43 |

In 2017, in order to implement the provisions of the regulation of the RF government dated 30.06.2012 №1144-R "On the approval of the action plan (road map)" "Improving access to energy infrastructure" and implement the requirements of resolution of the Government of the Russian Federation of 27.12.2004 №861 (as amended) "On approval of Rules of technological connection of power receiving devices of consumers of electric energy, and electric grid facilities owned by grid organizations and other persons, Agreements on cooperation between IDGC of the South, JSC and GP (ESK) on creation of conditions for simplification of connection (technological connection) of applicants were concluded to electric networks:

|  |  |  |
| --- | --- | --- |
| Branches of IDGC of the South PJSC | Name of organization | Date of conclusion of the cooperation agreement |
| Branch of IDGC of the South PJSC "Rostovenergo" | 1. RostovSbyt-energo, LLC 2. TNSenergo Rostov-on-Don, PJSC | 1. 15.06.2017 2. 12.09.2017 |
| Branch of IDGC of the South PJSC - "Kalmenergo" | 1. Kalmenergo 2. Kalmenergosbyt, JSC | 1. 09.01.2017 2. 27.06.2017 |
| Branch of IDGC of the South PJSC - "Astrakhanenergo" | Astrakhan Energy Retail Company, PJSC | 10.08.2017 |

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

Name of group, holding or association: Association "NP Market Council" (Non-commercial partnership, Market Council for Organization of Efficient System of Electricity and Capacity Wholesale and Retail Trade, Association)

Term of the participation of the Issuer: **not limited**

Role (place) and functions of the Issuer in the organization:

From January 27, 2016 IDGC of the South, PJSC, is a member of Association "NP Market Council" (Non-commercial partnership, Market Council for Organization of Efficient System of Electricity and Capacity Wholesale and Retail Trade, Association). Purpose of participation of IDGC of the South, PJSC in Association "NP Market Council" is a possibility to undertake the functions of last resort supplier (LRS) in the regions of its presence.

Name of group, holding or association**:** Non-commercial Partnership of Territorial Grid Organizations, Association

Term of the participation of the Issuer: **not limited**

Role (place) and functions of the Issuer in the organization:

From March 31, 2014 IDGC of the South, PJSC, is a member of Non-commercial Partnership of Territorial Grid Organizations, Association Purpose of participation of IDGC of the South, PJSC in Non-commercial Partnership of Territorial Grid Organizations, Association is the possibility of communication with other participants of the partnership and the expansion of the best business practices in electric grids complex.

1. Entities of substantial importance controlled by the Issuer

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

1. Composition, structure and value of the Issuer's fixed assets, information on plans for the acquisition, replacement, disposal of fixed assets, as well as all facts of encumbrance of the Issuer's fixed assets

As of 09/30/2017

Unit of measure: **thou RUB**

|  |  |  |
| --- | --- | --- |
| Name of fixed assets group | Asset acquisition (reinstatement) value | Depreciation charges amount |
| Land plots | 30 511 | 0 |
| Buildings | 4 388 536 | 1 096 224 |
| Constructions, except power lines | 1 447 669 | 653,025 |
| Power lines and their devices | 23 028 941 | 10 274 456 |
| Machines and equipment | 18 596 855 | 10 286 650 |
| Transport vehicles | 845,035 | 697,977 |
| other types of capital assets | 96 549 | 87 028 |
| total | 48 434 096 | 23 095 360 |

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: **30.09.2017**

The results of the last revaluation of fixed assets and long-term leased fixed assets performed during the most recently completed fiscal year, with the indication of the date of revaluation, full and residual (less depreciation) of book value of fixed assets before revaluation, and the full and residual (less depreciation) reinstatement value of fixed assets with the consideration of 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):

**The** Issuer has no plan 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.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Information about encumbrance of fixed assets of PJSC "IDGC of the South" as of September 30, 2017. | | | | | | | |
| **Fixed assets let on lease** | | | | | | | |
| **NO.** | **Brief description of property** | | **Basis for the encumbrance (number and date of the lease agreement)** | **The Lessee** | **Start and end time of encumbrance** | | |
|  | **Name and 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 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 2. | Non-residential premises (Ikryaninsky RPG, Ikryanoe village, Chapaev str., Ikryanoye SS) | 6.0 | № 080-14-73 dd 23.11.15 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 3. | (Astrakhan oblast, Privolzhski region, Highway Energetikov,  1, Repair and Rental Center-2, bld А) | 6.5 | № 080-14-80 dd 11.12.15 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 4. | Place for the placing a container with equipment at Sovetskaya Substation | 140.0 | No. 080-14-43 dd 12/31/2014, add. agreem. No. 4 dd 12/23/2016 | MegaFon, PJSC | 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 place at a metal lighting tower for the placement of antenna feeder devices (Volodarsky Distribution Zone, Astrakhan Oblast, Volodarsky District, 39, Michurin St) | 10.81 | № 080-14-78 from 27.11.2015 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 6. | Place for placing the container and a place at the reinforced concrete support for the installation of antenna feeder devices (Ikryaninsky Distribution Zone), Ilinka settlement, 132, Zarechnaya St | 2.3х3.5 | No. 080-14-74 dd 12/27/2015 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | 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 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 8.. | Place for the placement of a container with the equipment (Pervomayskaya SS) | 10.4 | 080-14-75 dd 27.11.2015 | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 9.. | Place (part of the land plot) for the placement and operation of the equipment of cellular communication base station in Astrakhan, Sovetskiy district, 89, 1st Kotelnaya St, Substation 110/6 kV Sudostritelnaya | 40.5 | 080-14-79 dd 09.12.2015 | MegaFon, PJSC | from 31.12.2015 to 24.12.2016 | | yes |
| 10. | Non-residential premises, Enotayevsky Distribution Zone, village Zamyany, 33, Sadovaya St | 3.2 | No. 080-14-64 dd 11/12/2015 | PJSC “VimpelCom” | from 26.12.15. to 24.12.16. | | yes |
| 11. | Non-residential premises (Akhtubinski Distribution Zone, Akhtyubisk, St I. Franko, 18) | 26.1 | No. 080-14-63 dd 11/12/2015 | PJSC “VimpelCom” | from 26.12.15. to 24.12.16. | | yes |
| 12. | Place for placing the container and a place at the reinforced concrete tower for the installation of antenna feeder devices (Ikryaninsky Distribution Zone), Ikryanoye Village, 46, Chapayev St | 7.0 | № 080-14-71 from 20.11.2015 | National Tower Company, JSC | from 26.12.15. to 24.12.2016. | | yes |
| 13. | Place for the installation of antenna feeder devices (Oktyabrskaya Substation, Astrakhan, Trusovski District, 3, Gorny Side-street) | 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, Highway Energetikov, 1, Repair and Rental Center-2, part of premises 48 | 6.0 | No. 080-14-68 dd 11/20/2015 | PJSC “VimpelCom” | from 26.12.15. to 24.12.2016. | | yes |
| 15. | Place for placing equipment and a place on the antenna-mast construction (Neftebaza st.) | 15.0 | No. 080-14-67 dd 11/20/2015 | National Tower Company, JSC | from 12/26/2015 to 12/24/2016 | | yes |
| 16. | Place (a part of land plot) for the installation of equipment at: Sovetskaya Substation, Akhtubinski Region, Astrakhan Oblast | 20.0 | No. 080-14-69 dd 11/20/2015 | National Tower Company, JSC | from 12/26/2015 to 12/24/2016 | | yes |
| 17. | Place (a part of land plot) for the installation of equipment at: 89, 1st Kotelnaya St, Astrakhan | 15.0 | No. 080-14-70 dd 11/20/2015 | PJSC “VimpelCom” | from 12/30/2015 to 12/24/2016 | | yes |
| 18. | A part of land plot located at: 204, Kramatorskaya St, Astrakhan | 9.2 | No. 080-14-65 dd 11/12/2015 | PJSC “VimpelCom” | from 12/26/2015 to 12/24/2016 | | yes |
| 19. | Non-residential premises (Akhtubinski Distribution Zone, Akhtyubisk, St I. Franko, 18, administrative building, room 8) | 10.1 | № 080-14-83 from 14.12.2015 | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 20. | Non-residential premises, Astrakhan, Highway Energetikov, 1, Repair and Rental Center-2, premises 71 | 6.0 | No. 080-14-81 dd 14/12/2015 | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 21. | Place for placing communication equipment (reinforced-concrete support SK-26 and container with the equipment for cellular base stations) Astrakhan, Sovetskiy district, 1st Kotelnaya St, 89 | 32.0 | No. 080-14-82 dd 12/14/2015 | Mobile TeleSystems, PJSC | from 31.12.2015 to 24.12.2016 | | yes |
| 22. | A part of land plot located at: 204, Kramatorskaya St, Astrakhan | 15.2 | No. 080-14-84 dd 12/14/2015 | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 23. | Place for the installation of equipment and place at antenna tower construction ( 89, 1st Kotelnaya St, Astrakhan) | 4.5 | No. 080-14-84 dd 12/21/2015 | Osnova-Telecom, OJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 24. | Place for the installation of equipment and place at antenna tower construction ( 189, Staroverova St, Astrakhan) | 4.5 | No. 080-14-86 dd 12/21/2015 | Osnova-Telecom, OJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 25. | Place for the installation of equipment and place at antenna tower construction ( 1, B. Khmelnitskogo St, Astrakhan) | 3.0 | No. 080-14-89 dd 12/21/2015 | Osnova-Telecom, OJSC | from 28.12.2015 to 24.12.2016 | | yes |
| 26. | Part of non-residential premises No. with the area of 44,0 m², located at: Astrakhan Oblast, Privolzhski Region, Kulakovski Industrial Hub, 1, Energetikov Highway | 1.0 | No. 080-14-87 dd 12/21/2015 | Osnova-Telecom, OJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 27. | A place for placing a closed container (0.4 x 0.6 m) with telecommunication equipment for  basic cellular radiotelephone communication inside and place at an antenna tower construction for the installation of a three-section antenna in Astrakhan, Trusovsky District, LaneGorny, 3 | 1.0 | No. 080-14-90 dd 12/21/2015 | Osnova-Telecom, OJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 28. | Non-residential premises ( 75/69, Sun-Yat-Sen / Kulikov St, Astrakhan) | 11.9 | № 080-14-92 dd 29.12.15 | Real Medical Service LLC | from 12/30/2015 to 12/24/2016 | | yes |
| **Volgogradenergo, a branch of IDGC of the South, PJSC** | | | | | | | |
| 30 | Administrative building (canteen) at: 1, Lenin Ave, Volgograd | 133.5 | Contract No. 7/34001701002 663 dated 24.02.2017. | LLC “Lotos” | from 02/24/2017 | | Yes |
| 31 | Administrative building (room) at: 15, Lenin Ave, Volgograd | 6.4 | Contract No. 34001701004209 dated 25.04.2017 | 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. 3400170100335 0 dated 15.03.2017 | Gazprombank, JSC | from 03/01/2017 | | Yes |
| 33 | Administrative building (attic) at: 15, Lenin Ave, Volgograd | 5.2 | Agreement No. 877 dd 10/16/2006 | T2 Mobile LLC | from 10/01/2006 | | Yes |
| 34 | Radio engineering tower at: 139, Lenin Ave, Uryupinsk, Volgograd Oblast | 11.0 | Agreement No. 877 dd 10/16/2006 | T2 Mobile LLC | from 10/01/2006 | | Yes |
| 35 | Radio engineering tower at: Archedinskaya Substation, Archedinskaya settlement, Mikhaylovka, Volgograd Oblast | 18.5 | Agreement No. 877 dd 10/16/2006 | T2 Mobile LLC | from 10/01/2006 | | Yes |
| 36 | Radio engineering tower at: Kotluban Substation, Samofalovka settlement, Volgograd Oblast | 18.5 | Agreement No. 877 dd 10/16/2006 | T2 Mobile LLC | from 10/01/2006 | | Yes |
| 37 | Radio engineering tower at: Zolotari Substation, Pallasovski Region, Volgograd Oblast | 18.0 | Agreement No. 877 dd 10/16/2006 | T2 Mobile LLC | from 10/01/2006 | | Yes |
| 38 | Radio engineering tower at: Maksim Gorki Substation, Gorkovski settlement, Volgograd | 18.0 | Agreement No. 877 dd 10/16/2006 | T2 Mobile LLC | from 10/01/2006 | | Yes |
| 39 | Part of non-residential premises in the administrative building (letter A), Volgograd Region, Nikolaevsk town, 13-a Gvardeiskaya str., 52 | 74.1 | Agreement No. 3400150100397 2 dd 04/04/2015 | Gazprom Mezhregiongaz of Volgograd, LLC | 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 | Agreement No. 130 dd 07/11/2007 | T2 Mobile LLC | from 09/01/2014 | | Yes |
| 41 | Premises for canteen at cultural and sports center, Volgograd region, Mikhaylovka, Lenin St, 205 B | 224.7 | Agreement No. 3400160100899 5 dd 08/24/2016 | Dyukova I. A., Sole Ent. | from 06/25/2016 | | Yes |
| Kalmenergo, a branch of IDGC of the South, PJSC | | | | | | | |
| 42 | Non-residential premises, Type (group) of fixed asset: buildings:   1. Ketchenerovski Distribution Zone; 2. Yashkulski Distribution Zone; 3. Priyutnenskiy RPG; 4. Gorodovikovskoy PG; 5. Sarpinsky TES; 6. Elista (parking lots for motor vehicles,   Garages);  Movable property   1. Type (group) of fixed asset: machines and equipment: refrigerator, fax, call center, etc. (total units: 12) 2. Type (group) of fixed asset: production and household equipment: safe, office wall cabinet, etc. (total units: 10) | 72.26  57.3  66.5  79.9  157.4  172 | Lease relationship continues. | Kalmenergosbyt, OJSC | Lease contract No. 230 dd 01/01/2012  Validity term from 01/01/2012 to 11/01/2012  Additional agreement No. 08001501001432 dd 06/01/2015 | | yes |
| Branch of PJSC "IDGC of the South" - "Rostovenergo" | | | | | | | |
| 43 | Non-residential premises located at the territory of Rostovenergo Production Association (Central Electric Grids, Eastern Electric Grids, Northern Electric Grids, South-Western Electric Grids). The list of premises is specified in Appendix 1 to the contract. | 120.6 | 194/01/12/155505 /25/12 dd 03/01/2012 | TNS Energo Rostov-on-Don, PJSC | 01.03.2012 - 01.02.2013 | | Prolongation is provided |
| 44 | Part of the non-residential properties №10-11, located on the 1 floors of the building RC «Energetik» to the address: 48, Semashko Side-street, Rostov-on-Don Parts of the premises are granted for dance lessons according to schedule. | 238.6 | 136732/25/11 dd 10/12/2011 | Radchenko V. M. | 12.10.2011 - 12.09.2012 | | Prolongation is provided |
| 45 | Non-residential premises, Rooms No. 10- 13- 14, located at 2nd Floor of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for dance lessons in accordance with schedule. | 54.3 | 61200130000588 dd 06/26/2013 | Bardian S. V. | 26.06.2013 - 26.05.2014 | | Prolongation is provided |
| 46 | Non-residential premises, Room No. 43 with the area of 17.9 m², located at Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for the performance of the counterparty's primary activity specified in the Charter. | 36.6 | 163130/25/12 dd 07/01/2012 | Uspekh Plus, LLC | 01.07.2012 - 01.06.2013 | | Prolongation is provided |
| 47 | Non-residential premises, Room No. 19, located at basement of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for dance lessons in accordance with schedule. | 78.7 | 141058/25/11 dd 11/01/2011 | IE Krivosheina M.S. | 01.11.2011 - 01.10.2012 | | Prolongation is provided |
| 48 | Part of non-residential premises, Rooms No. 10- 11, located at 1st Floor of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for English lessons in accordance with schedule. | 34.1 | 111260/11 dd 03.02.2011 | Ankudiniova N. V. | 01.01.2011 - 30.11.2011 | | Prolongation is provided |
| 49 | Non-residential premises, located at: Rostov-on-Don, B. Sadovaya St, 49, on the 1st floor, to install ATM | 12.12 | 68895/08 dd 12/12/2008. | CB "Center-invest", PJSC | 01.01.2009 - 30.11.2009 | | Unlimited prolongation |
| 50 | non-residential premises, room №-№ 215-16-17-18-19-20-22-23-24-25-26-2728-29-30-33-35-36-37-39-40-41-42-4344-45-46-47-48-49-50, №21, №32, №38, №12B, located on the 1st floor of the non-residential building of letters: "A", located at: No. 1476, Krasnodarskaya St, Rostov-on-Don | 544.1 | 61201401000512 dd 01/30/2014 | “Don-Restoran-service” LLC | 15 years from the date of signing the agreement | | Prolongation is absent |
| 51 | Appartment. Area: total is 83 m² Floor: 3 Bldg: A.  Rostov-on-Don, Kirovsky district, Krepostnoy Lane, house No. 35, apt. 1. | 83.0 | 295 dd 01/05/2004 158918/25/12 dd 06/08/2012 | Lapteva A. V.  Nichayev A. A. | Not determined  5 years from the date of signing the agreement | | 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 share of ownership of the apartment. Area: total is 68,5 sq. m. Floor: 3. Bldg: A.  Russia, Rostov region, Rostov-on-Don, Kirovsky district, Krepostnoy Lane, house No. 35, apt. 2. | 68.5 | 296 dd 01/05/2004 | Starchenko N. Yu. | Not determined | | 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:  54, Narodnaya St, Novocherkassk | 15.0 | 63635/9/08/ AR- 12-N/97 dd 10/28/1997. | Rostov Cellular Communication, CJSC | 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. Bldg: A. Number of floors: 1  Rostov Oblast, Tarasovsky district, h. Chebotova, Central str., h. 3. | 39.1 | - | Here Baidakova N.I. lives since 1978, a pensioner. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 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 m² in the object:  The building of the fitter post at PS "Alifanovskaya". Area: total area: 115,9 sq. m. Inventory number: 8/580. Bldg: A, a, a1. Number of floors: 1. Rostov Oblast, Tatsinskiy District, h. Alifanov, Lenin str., house № 12. | 48.7 | - | Here lives a family of a pensioner Bezrodnaya N. M. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 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 area: 105,3 sq. m. Inventory number: 5102. Bldg: A, a, a1. Number of floors: 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 non-core assets, approved by the Board of Directors on October 29, 2010, 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 area: 144 sq. m. Inventory number: 5102. Bldg: A, a, a1. Number of floors: 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 dd 12/13/2012 | 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 | 171764/12/12/612 00000027627 dd 07/25/2013 | 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 the non-residential premises, with an area of 3 m², located at the address: Tsimlyansk town, Grishina str., 22 | 3 | 2-Ts/55079/07 dd 12/29/2006 | CB "Center-invest", PJSC | 29.12.2006 - 31.10.2007. | | Unlimited prolongation |
| 62 | Non-residential premises No. 1 with an area of 2.3 m²; No. 2 with an area of 18.3 m²; No. 6 with an area of 48.1 m², and a total area of 68.7 m²; located at the address: Volgodonskoy district, Progress st., Sovetskaya str., 39 | 68.7 | 389/08/64660/08 dd 01/01/2008 | Southern Telecommunications Company, PJSC | 01.01.2008. - 30.11.2008. | | Unlimited prolongation |
| 63 | Non-residential premises No. 2 with an area of 10.7 m²; No. 3 with an area of 21.6 m², and a total area of 32.2 m²; 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 | | Unlimited 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 04/01/2006 | Mengel V. T. | 01.04.2006 - 30.04.2007 | | Unlimited prolongation |
| 65 | Premises of a total area of 22,9 m²; located at the address: Tsimlyansk town, Grishina str., h.22, r.3 | 22.9 | 0-10/73618 dd 04/01/2006. | Turichenko A. A. | 01.04.2006 - 30.04.2007 | | Unlimited prolongation |
| 66 | Premises of a total area of 30,3 m²; located at the address: Tsimlyansk town, Grishina str., h. 22, room 6 | 30.3 | 0-6/73613 dd 04/01/2006 | Shlyakhtin O. N. | 01.04.2006 - 30.04.2007 | | Unlimited prolongation |
| 67 | Premises of a total area of 30,5 m²; located at the address: Tsimlyansk town, Grishina str., h. 22, room 10 | 30.5 | 0-3/73611 dd 04/01/2006 | Bezverkhova M. A. | 01.04.2006 - 30.04.2007 | | Unlimited prolongation |
| 68 | Premises of a total area of 31,5 m²; located at the address: Tsimlyansk town, Grishina str., h.22, r.8 | 31.5 | 0-2/73610 dd 04/01/2006 | Kalmykov S. I. | 01.04.2006 - 30.04.2007 | | Unlimited prolongation |
| 69 | Premises of a total area of 37,0 m²; 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 | | Unlimited prolongation |
| 70 | Premises of a total area of 23,0 m²; located at the address: Tsimlyansk town, Grishina str., h.22, r.7 | 23.0 | 0-1/73576 dd 04/01/2006 | Veresova E. G. | 01.04.2006 - 30.04.2007 | | Terminated 10/01/2015 |
| 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 | 612014010009452 dd 07/01/2014 | Ulyanov N.S. | 01.07.2014 - 31.05.2015 | | Unlimited 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 | 61201401009458 dd 07/01/2014 | Kustovski S. A. | 01.07.2014 - 31.05.2015 | | Unlimited prolongation |
|  | **PSS** | | | | | | |
| 73 | The room, with the area 11.8 sq. m., is located at the address: Russia, Rostov region, Millerovo town, Artillery str., 34, | 11.8 | 61201401004283 dd 06/05/2014 | Insurance company "Soglasie, LCC | 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 | 61201401002103 dd 03/27/2014 | 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 | 61201501006574 dd 06/19/2015 | IE Scherbakova L. N. | 08.06.2015 07.05.2016 | | Prolongation is not provided |
|  | **UzES** | | | | | | |
| 76 | The cafeteria building, Taganrog, Dzerzhinskiy str., h. 144 | 179.6 | 142617 dd 09/12/2011 | Salen LLC | 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 144 (ATM) | 8 | 142874 dd 07/01/2011 | CB "Center-invest" PJSC | 01.07.2011 - 01.06.2012 | | Prolongation is provided |
| 78 | Building of gatehouse, located at: Taganrog town, Dzerzhinsky str., h 144 | 24.8 | 142874 dd 07/01/2011 | CB "Center-invest", PJSC | 01.07.2011 - 01.06.2012 | | Prolongation is provided |
| **Fixed assets which has been placed under the operational management** | | | | | | | |
| **Item №** | **Brief description of property** | | **Grounds for arising the encumbrances** | | | **Start and end time of encumbrance** | |
| **Name** | **Area, sq. m.** |
| 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 12,052,190.08 RUB. | 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 | | | 05/12/2004  termless | |
| 2 | Personal assets in a quantity of 100 units to the amount of 36500,47 rub. |  | Basis: 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. | | | 01/05/2004  termless | |
| 3 | Movable assets in the amount of 4 units for the amount of 12,988.10 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. | | | 06/29/2004  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. | | | 08/13/2004  termless | |
| 5 | Part of the basement premises, 1 and 2 floors of the immovable property object “Construction, function: non-residential. Area: total is 7001 m² Inventory number of the building: 22069. Cadastral number of the building: 61:44:0072704:3706. Bldg A. Number of floors: 5. Number of underground floors: 1. Address (location): Russia, Rostov Region, Rostov-on-Don, Sovetskiy district, 2nd Krasnodar St, Bldg No. 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 | Bldg A, address (location): Rostov Region, Rostov-on-Don, Sovetskiy District, 2nd Krasnodaraya St, 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

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

The unit of measure for amount of uncovered loss: **thou RUB**

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 9 months. | 2017, 9 months. |
| Net profit margin, % | -0.5 | 5.9 |
| Asset turnover labor, factor | 0.51 | 0.57 |
| Return on assets, % | -0.24 | 3.38 |
| Return on equity, % | -3.05 | 32.93 |
| Total uncovered loss on the reporting date | 14 789 296 | 14 486 537 |
| Ratio of uncovered loss at the reporting date and balance sheet assets, % | 33.41 | 32.43 |

**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:

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 9 months of 2016, the net profit margin for 9 months of 2017 is increased from -0.5% to 5.9% 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 value of the indicator increased compared to the same period of the last year and amounted to 0.57%, due to the increase in revenue.

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 3.38% due to the increase in the net profit.

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 -3.05% to 32.93% due to the increase in the net profit.

Revenues for 9 months of 2017 amounted to 25,538,213 thousand rubles, which is 12.2% more compared to the 9 months of 2016. The main reason for the increase in revenue is the increase in the volume of services and inflationary developments.

The cost of production for 9 months of 2017 was 20,327,089 thousand rubles., That is more in comparison with the indicator for the similar period of the previous year by 6.4%. The main reason for the increase in cost is inflationary developments.

Gross profit for 9 months of 2017 increased compared to the same period last year to a value of 5,211,124 thousand rubles.

The net profit (loss) for 9 months of 2017 was 1,508,636 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 9 months of 2017, it was 18.4%, which is higher than the corresponding indicator for the same period last year. The reason is increase in net profit.

The ratio of capital turnover reflects the issuer's ratio of capital turnover and at the reporting date is 0.6, which is higher than the same period last year.

Factors that have influenced the change in the amount of proceeds from the Issuer's sale of goods, products, work, services and profit (loss) of the Issuer from its primary activity, thousand RUB.

|  |  |  |
| --- | --- | --- |
| **Indicator name** | **2016, 9 months.** | **2017, 9 months.** |
| Net proceeds from the sales of products (services), total | 22 766 781 | 25 538 213 |
| Cost of products (services), total, thous. rub. | 19 096 512 | 20 327 089 |
| Gross margin, total | 3 670 269 | 5 211 124 |
| Net profit (loss) | -107 004 | 1 508 636 |
| ROE (return on equity, on an accrual basis), % | -3.05 | 32.93 |
| Return on sales, % | 14.2 | 18.4 |
| Ratio of capital turnover | 0.5 | 0.6 |

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

* revenue from transfer and transit of electricity - 24 246 520 thousand rubles. or 94,9%;
* revenue from technological connection of consumers - 303 019 thousand rubles., or 1.2%;
* revenues for resale of electric power and capacity - 609 615 thousand. rub. or 2.4%;
* revenue from other activities - 379 059 thousand rubles. or 1.5%.

In comparison with the same period last year, the revenues for all activities increased by 12.2%.

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**

1. Liquidity ratios of the Issuer, capital adequacy ratio and adequacy of net current assets

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

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

Unit of measure for the indicator 'net working capital': **thou RUB**.

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 9 months. | 2017, 9 months. |
| Net working capital | -7 856 083 | 1 459 303 |
| Current liquidity ratio | 0.67 | 1.1 |
| Quick liquidity ratio | 0.63 | 1.05 |

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, the Issuer's capital adequacy to meet short-term liabilities and cover current operating expenses based on an economic analysis of the dynamics of the given indicators, describing the factors that, in the opinion of the Issuer's management bodies, had the most significant influence on the liquidity and solvency of the Issuer:

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**

1. Issuer’s financial investments

As of 09/30/2017

Financial investments of the Issuer constituting 5 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: Agricultural Enterprise Sokolovskoye, Joint-Stock Company

Abbreviated legal name of the issuer: **PSK Sokolovskoye, JSC**

Location of the Issuer: Russian Federation, Novoshakhtinsk town

TIN (Taxpayer Identification Number): 6151011887

PSRN (Primary State Registration Number): 1036151002667

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

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

Total nominal value of the 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 measurement: RUB

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

In 2013 the Company had accrued dividends in the amount of 7 thous. RUB, the dividends were paid in full in 2014.

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

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline;

the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

Further details: **N/A**

Type of securities: **shares**

Full company name of the issuer: **Energetik Recreation Center Joint- Stock Company**

Abbreviated legal name of the issuer: **Energetik Holiday Home JSC**

Location of the Issuer: 352815, Russian Federation, Krasnodar Territory, Tuapse District, Shepsi v., Shkolnay str., 3

TIN (Taxpayer Identification Number): 2355016847

PSRN (Primary State Registration Number): 1032330762463

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

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

Total nominal value of the 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 dividends have not been declared for 2016

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline;

the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

Further details: **N/A**

Investments in non-investment-grade 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:

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 September 30, 2017, the reserve for depreciation of financial investments is 153 740 886,58 rubles. including:

* on contributions to the charter capital of the subsidiaries *-105*477 653.89 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 measurement: **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.**

Further details: **N/A**

Financial investment object: **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.**

Further details: **N/A**

Amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments:

The Issuer does not have information about the alleged impending bankruptcy of the organizations (enterprises) in which the investments were made

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 No. 402-FZ dd 06.12.2011 "Concerning Accounting";
* Order No. 34n dated 07/29/1998 of the Ministry of Finance of Russia "On approval Of regulations on accounting and reporting in the Russian Federation";
* The Tax Code of the Russian Federation;
* PBU 19/02 "Accounting of financial investments", approved by the order of the Russian Ministry of Finance dd 12/10/2002 No. 126n.

1. Intangible assets of the Issuer

As of 09/30/2017

Unit of measurement: **thou RUB**

|  |  |  |
| --- | --- | --- |
| Name of intangible fixed assets group | Initial (replacement) cost | Depreciation charges amount |
| Trademark | 24 | 23 |
| The arrangement of the electromagnetic blocking switching devices | 2 905 | 1 429 |
| TOTAL | 2 929 | 1 452 |

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: **30.09.2017**

1. Information on the Issuer's policies and expenses in the field of scientific and technological development with regard to licenses and patents, and new developments and studies

"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 substations with voltage class of 35-110 kV;
* The transition to digital active-adaptive networks, distributed intelligent automation and control;
* The transition to comprehensive efficiency of business processes and automation management systems.

As of September 30, 2017, 13 agreements listed below under the text were concluded between IDGC of the South, IDGC of the South, and counterparties, with a total cost of 180,994 million rubles, of which 10 contracts are completed and 3 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 third quarter of 2017 (with an accrual for 9 months of 2017) is 0,472 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 recloses 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 September 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 recloses, as well as its commissioning.

1. 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 recloses, as well as its commissioning.

As of September 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.

1. 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 September 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.

1. 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 September 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.

1. 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 rubles (including VAT)

As of September 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.

1. 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 September 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.

1. 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 September 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.

1. 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 September 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.

1. 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 September 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.

1. 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 September 30, 2017, all DDW stages were carried out in full.

The Development Work performance actually resulted in the development of electrically-powered equipment of the simulator of switchgears of power systems, its installation at educational auditoriums Nos. 116 and 116A of the administrative building of Energetik Educational Center, located at the address: 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:

1. 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 September 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.

1. 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 September 30, 2017, 1 research-and-development stage were carried out in full, while the actual payment from the PJSC "IDGC of the South" for its implementation was not made, resulting in total actual current accounts payable of JSC "IDGC of the South" before the counterparty amounted to 8,032 million rubles.

1. The contract of 16 July 2017, No. 2089170/10001701000482 for the implementation of R&D on the subject of "The development of a monitoring system of electromagnetic environment at substations in high lightning activity" concluded with National Research University "Moscow Power Engineering Institute" and providing for the implementation of 5 stages of R&D, a total cost of 20,0 million rubles (VAT not imposed).

The planned result of the research, development and technical implementation in the framework of JSC "rosseti" and of the "national research University "Moscow power engineering Institute" complex program of increase of reliability in the field manassascity grid facilities and recommended for the execution of Scientific and technical Council of JSC "rosseti", is the creation of a mobile (portable) automated monitoring system for electromagnetic environment (EMO) at the substations, allowing:

* develop methods for measuring electromagnetic effects, select control points for the installation of sensors and their required quantity;
* Develop an algorithm for analyzing the results of monitoring;
* Form and transmit information to operational personnel about the current status of the EMO, including emergency messages;
* To develop standard measures for elimination of shortcomings and provision of EMC requirements for secondary and telecommunication equipment;
* Develop recommendations for the selection of substations for the installation of a mobile monitoring system for EMO and the duration of its use.

As of June 30, 2017, the first stage of the research, development and technical was in the execution stage of the counterparty, as a result, no actual payment was made by IDGC of the South, JSC for its implementation.

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 LAO "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 center 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 bus bars 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".

1. Analysis of the Development Trends in the Issuer’s Primary Activity

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

1. Analysis of the factors and terms affecting the Issuer's activity

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

1. Issuer’s competitors

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

Section V. Detailed data on the members of the Issuer's management bodies, the Issuer's bodies supervising its financial and economic activities, and brief data on the Issuer's employees (workers)

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

1. Information on the persons that participate in the Issuer's management bodies
2. Members of 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 that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2010 | 2012 | IDGC of the South, OJSC | Director General |
| 2013 | 2013 | Rosseti, OJSC | Deputy Executive Director - Technical Director |
| 2013 | 2013 | Rosseti, OJSC | Deputy General Director - Technical Director |
| 2013 | 2014 | Rosseti, OJSC | Deputy General Director - Chief Engineer |
| 2014 | 2014 | Rosseti, OJSC | Deputy Director General for the North Caucasus and Southern Federal Districts |
| 2014 | currently | OJSC “Rosseti” / PJSC “ROSSETI” | Chief Adviser |
| 2014 | currently | OJSC “MRSK of North Caucasus” / PJSC “MRSK of North Caucasus” | Chairman of the Board of Directors (BoD) |
| 2015 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | Chairman of the Board of Directors (BoD) |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| Human resources and compensation committee of the Board of Directors | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Deniskina Olga Sergeevna

Year of Birth: **1977**

Education: Higher

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2005 | 2013 | "FSK UES", OJSC | Head of the Judicial Work of the Department of Legal Support |
| 2013 | 2015 | Rosseti, OJSC | Head of the Legal Protection Department of the Department of Legal Support |
| 2015 | 2016 | "Rosseti", PJSC | Head of the Legal Protection Coordination Division of the Legal Defense Department |
| 2016 | Currently | "Rosseti", PJSC | Head of the Department for the provision of current activities of the Department of Legal Protection |
| 2017 | Currently | "IDGC of the South", PJSC | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Kolyada Andrey Sergeevich

Year of Birth: **1984**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 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 | "Rosseti", PJSC | Head of the Equity Capital Department of the Department of Corporate Governance and Relations with Shareholders and Investors |
| 2014 | 2014 | Yargorelectroset, OJSC | BoD Member |
| 2014 | 2015 | OJSC "Research Center of the North-West" | BoD Member |
| 2014 | 2016 | LLC “Uralenergotrans” | BoD Member |
| 2014 | 2016 | PJSC "Lenenergo" | BoD Member |
| 2014 | currently | PJSC “Dagestanian energy service company” | BoD Member |
| 2014 | currently | OJSC "Yantarenergoservis" | BoD Member |
| 2016 | currently | "IDGC of the South", PJSC | BoD Member |
| 2017 | currently | "Rosseti", PJSC | Head of Securities and disclosure of information division of Corporate Governance and Shareholder and Investor Relations Department of Rosseti PJSC |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Andrey N. Meshcheryakov

Year of Birth: **1979**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2012 | 2013 | "FSK UES", PJSC | Chief Expert |
| 2013 | 2014 | LLC "ODPS SKOLKOVO" | Engineer |
| 2014 | currently | "Rosseti", PJSC | Head of the Department for Support of Design and Survey Work and Preparation of Authorization Documents |
| 2017 | currently | "IDGC of the South", PJSC | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary 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**

Data on participation in the Committees of the Board of Directors

This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Aleksey A. Ozhereliev

Year of Birth: **1986**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Timeframe | | | | Name of organization | | Position | |
| from | | to | |
| 2011 | | 2013 | | "FSK UES", PJSC | | Deputy Head of the Department of Corporate Governance | |
| 2013 | | currently | | "Rosseti", PJSC | | 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" | | BoD Member | |
| 2014 | | 2015 | | CJSC “Kurortenergo" | | BoD Member | |
| 2014 | | 2015 | | PJSC "IDGC of the North Caucasus" | | Member of the Audit Committee | |
| 2014 | | 2017 | | PJSC "IDGC of the North Caucasus" | | BoD Member | |
| 2014 | | 2017 | | OJSC "Energoservice of Kuban" | | BoD Member | |
| 2015 | | 2016 | | PJSC "IDGC of the North Caucasus" | | Committee Member of the strategy and development | |
| 2015 | | 2017 | | PJSC "IDGC 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 | currently | | "FSK UES", PJSC | | Corporate Secretary | |
| 2017 | currently | | "IDGC of the South", PJSC | | BoD Member | |
| 2017 | currently | | JSC "Yantarenergo" | | BoD Member | |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Yuri N. Pankstyanov

Year of Birth: **1980**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2008 | 2013 | OJSC “IDGC Holding” | Head of department of tariff setting |
| 2013 | currently | OJSC “Rosseti” / PJSC “ROSSETI” | Head of Department of Tariff Policy |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Aleksey Yu. Serov

Year of Birth: **1979**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Timeframe | | | Name of organization | | Position | |
| from | to | |
| 2009 | 2012 | | CJSC “TKB Capital”(IB) | | Senior Energy Analyst, Equity Research Department | |
| 2012 | 2013 | | CJSC "Business environment" | | Analyst, Business Development Department | |
| 2013 | Currently | | "Rosseti", PJSC | | Director of the Department of Finance | |
| 2015 | 2017 | | JSC "Ingushenergo" | | BoD Member | |
| 2016 | 2017 | | "Kubanenergo", PJSC | | BoD Member | |
| 2016 | | 2017 | | JSC “RC EEC” | BoD Member |
| 2016 | | 2017 | | PJSC "TRK" | Bod member |
| 2017 | | currently | | PJSC “IDGC of Ural” | BoD Member |
| 2017 | | currently | | "IDGC of the South", PJSC | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Spirin Denis Aleksandrovich

Year of Birth: **1980**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2007 | currently | Representative Office of the Company "Prosperity Capital Management (RF) Ltd." | Director for Corporate Governance |
| 2010 | 2014 | "Territorial generating company - 6", OJSC | BoD Member |
| 2012 | 2014 | "Prokatmontazh", OJSC | Lay auditor |
| 2011 | 2015 | "Urengoytruboprovodstroy", OJSC | BoD Member |
| 2012 | currently | OJSC “TGC-2” | BoD Member |
| 2013 | currently | "Smolensk Energy Repair Company", OJSC | BoD Member |
| 2016 | currently | "IDGC of Center", OJSC/"IDGC of Center", PJSC | BoD Member |
| 2016 | 2016 | OJSC “KUNFMWP” | BoD Member |
| 2016 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

He was 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 that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2006 | 2014 | "Territorial generating company - 6", OJSC | BoD Member |
| 2009 | 2015 | Representation of the company "Prosperity Capital Management (RF) Ltd." | Co-Director, power engineering, mechanical engineering |
| 2009 | currently | OJSC “IDGC of Center” / PJSC “IDGC of Center” | BoD Member |
| 2009 | currently | OJSC “IDGC of Center and Volga region” / PJSC “IDGC of Center and Volga region” | BoD Member |
| 2011 | 2012 | "Prokatmontazh", OJSC | Lay auditor |
| 2011 | 2013 | OJSC “IDGC of North-West” / PJSC “IDGC of North-West” | BoD Member |
| 2012 | 2014 | "Kurganmashzavod" (Kurgan Machine Factory), OJSC |  |
| 2012 | 2014 | OJSC “Prokatmontazh” | BoD Member |
| 2012 | 2014 | "Noyabrskelektrosetstroy", OJSC | BoD Member |
| 2012 | 2015 | "Urengoytruboprovodstroy", OJSC | BoD Member |
| 2012 | 2016 | "Dalenergomontazh", OJSC | BoD Member |
| 2013 | currently | "Smolensk Energy Repair Company", OJSC | BoD Member |
| 2013 | currently | OJSC “TGC-2” | BoD Member |
| 2014 | currently | OJSC “IDGC of North-West” / PJSC “IDGC of North-West” | BoD Member |
| 2015 | currently | Representation of the company "Prosperity Capital Management (RF) Ltd." | Director, power engineering, mechanical engineering |
| 2016 | currently | OJSC “KUNFMWP” | BoD Member |
| 2011 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | Yes |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

He was a member of the Board of Directors of OJSC "Urengoytruboprovodstroy", against which a procedure for bankruptcy proceedings was introduced.

Name: Fadeyev Aleksandr Nikolaevich

Year of Birth: **1949**

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2011 | 2014 | "FSK UES", OJSC | Deputy Chairperson of the Board of Security |
| 2014 | 2017 | OJSC “Rosseti” / PJSC “ROSSETI” | Deputy General Director for Security |
| 2011 | 2012 | OJSC "Tyumenenergo" | BoD Member |
| 2011 | 2012 | JSC CIUS | BoD Member |
| 2012 | 2013 | OJSC "Electrosetservice" | BoD Member |
| 2013 | 2014 | "IDGC of Ural", OJSC | BoD Member |
| 2015 | 2017 | "IDGC of the Center and Volga Region", OJSC/"IDGC of the Center and Volga Region", PJSC | Chairman of the Board of Directors (BoD) |
| 2015 | 2016 | "IDGC of Ural", OJSC | Chairman of the Board of Directors (BoD) |
| 2015 | currently | OJSC “IDGC of Siberia” / PJSC “IDGC of Siberia” | Chairman of the Board of Directors (BoD) |
| 2015 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | BoD Member |
| 2017 | currently | "Rosseti", PJSC | Chief Adviser |
| 2017 | currently | "IDGC of Volga", PJSC | BoD Member |
| 2017 | currently | "Kubanenergo", PJSC | BoD Member |
| 2017 | currently | PJSC “IDGC of Ural” | BoD Member |
| 2017 | currently | PJSC "IDGC of the North Caucasus" | Chairman of the Board of Directors (BoD) |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, PJSC | Yes |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Ebzeyev Boris Borisovich

Year of Birth: **1975**

Education: *Higher Candidate of Juridical Sciences*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2012 | 2014 | "United Energy-Construction Corporation", OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | Deputy Director-General |
| 2014 | currently | OJSC "Donenergo" / JSC "Donenergo" | BoD Member |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Chairman of the Management Board, Director General |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in 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)

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

There is no additional information on the members of the Board of Directors of the Company.

1. Information on the sole executive body of the Issuer

Name: Ebzeyev Boris Borisovich

Year of Birth: 1975

Education: Higher Candidate of Juridical Sciences

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2012 | 2014 | "United Energy-Construction Corporation", OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | Deputy Director-General |
| 2014 | currently | OJSC "Donenergo" / JSC "Donenergo" | BoD Member |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Chairman of the Management Board, Director General |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

1. Members of the collegial executive body of the issuer

Name: **Ebzeyev Boris Borisovich**

Year of Birth: **1975**

Education: *Higher Candidate of Juridical Sciences*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2012 | 2014 | "United Energy-Construction Corporation", OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | Deputy Director-General |
| 2014 | recent time | OJSC "Donenergo" / JSC "Donenergo" | BoD Member |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Chairman of the Management Board, Director General |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Alaev Timur Uljumdzhievich

Year of Birth: 1971

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2008 | 2013 | IDGC of the South, OJSC | Deputy Director General, Director of "Kalmenergo" Branch |
| 2011 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |
| 2013 | 2016 | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy Director General, Director of "Astrakhanenergo" Branch |
| 2016 | currently | "IDGC of the South", PJSC | Deputy Director General, Director of "Kalmenergo" Branch |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Goncharov Pavel Viktorovich

Year of Birth: 1966

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2010 | 2013 | IDGC of the South, OJSC | Deputy Director General, Director of "Astrakhanenergo" Branch |
| 2010 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |
| 2011 | 2013 | JSC "Astrakhanelektrosetremont" | BoD Member |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy Director General for Technical Affairs, Chief Engineer |
| 2013 | currently | OJSC "Energy Service of the South" / JSC "Energy Service of the South" | Chairman of the Board of Directors (BoD) |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Rybin Aleksey Aleksandrovich

Year of Birth: 1972

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2011 | 2012 | "FSK UES", OJSC | Deputy Director for Development of Investment Activities and Services of the branch "Rostov Enterprise of Backbone Electric Grids" |
| 2012 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy General Director for Economics and Finance |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Savin Grigory Grigoryevich

Year of Birth: 1952

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2008 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | Chief Accountant – Head of the Department of tax accounting and reporting |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Chasovskoy Aleksandr Aleksandrovich

Year of Birth: 1957

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2004 | 2013 | Military unit № 2400 Pyatigorsk town | Deputy director of Administration |
| 2013 | 2013 | IDGC of the South, OJSC | Head of Security Department |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy general director for security |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Chekmarev Sergey Alekseevich

Year of Birth: 1976

Education*: Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2011 | 2013 | IDGC of the South, OJSC | Deputy Director for Branch Technical Affairs, Chief Engineer of "Kalmenergo" Branch |
| 2013 | 2014 | IDGC of the South, OJSC | Deputy Director General, Director of "Kalmenergo" Branch |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy General Director - Director of branch of PJSC "IDGC of the South" - "Rostovenergo" |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

**This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Dzhabrailova Yulianna Khasanovna

Year of Birth: 1981

Education: *Higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2007 | 2014 | IDGC of the South, OJSC | Head of Department of Administrative and Economic Support |
| 2014 | 2015 | "IDGC of the North Caucasus", OJSC | Counsellor |
| 2015 | 2016 | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy Chief of Staff |
| 2016 | currently | "IDGC of the South", PJSC | Deputy Director General, Chief of Staff |
| 2016 | currently | "IDGC of the South", PJSC | Member of Management Board |
| 2016 | currently | "IDGC of the South", PJSC | Director of the branch of PJSC "IDGC of the South" "Kubanenergo" |
| 2016 | currently | "Energetik" Recreational Center", JSC | Chairman of the Board of Directors (BoD) |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions Additional data on the members of the Management Board of the Company does not exist.

1. Remuneration and/or compensation for expenses for each management body of the issuer

Data on the amount of remuneration with regard to each management body (except for a natural person exercising the functions of the Issuer's sole executive management body). All types of remuneration, including salaries, bonuses, commissions, benefits and (or) reimbursement for expenses, as well as other financial rewards and incentives shall be indicated below:

Remunerations

Board of Directors

Unit of measure: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | 2017, 9 months. |
| Remuneration for participation in the work of the management body | 7 477 |
| Salary | 0 |
| Bonuses | 0 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| TOTAL | 7 477 |

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 a member of the Board of Directors who is simultaneously a member of the collegial executive body of the Company or the sole executive body (Director General) of the Company.

In accordance with Clause 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 Clause 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.

In accordance with 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.

Collegial executive body

Unit of measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | 2017, 9 months. |
| Remuneration for participation in the work of the management body | 1 399 |
| Salary | 27 104 |
| Bonuses | 18 329 |
| Commission fees | 0 |
| Other types of remuneration | 2 205 |
| TOTAL | 49 037 |

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).

Motivation of the members of the Management Board is carried out by the following means:

* 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.

The members of the Management Board of the Company were paid monthly remuneration in the amount of 5 (five) minimum monthly tariff rates of the first-class worker established by the sectoral tariff agreement in the electric power complex of the Russian Federation from the date of the creation of the Management Board of "IDGC of Center", OJSC (May 19, 2008) to August 31, 2011.

For the exercise of authorities from September 1, 2011 the members of the Management Board of the Company are paid monthly remuneration in the amount of 11% of the salary set to the highest manager.

Reimbursements

Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Name of the management body | 2017, 9 months. |
| Board of Directors | 9 |
| Collegial executive body | 0 |

Further details:

Payment of remuneration to members of the Board of Directors is carried out in accordance with the Regulations on the payment of remuneration and compensation to the members of the Board of Directors of the Company in a new wording (hereinafter referred to as the Regulations) approved by the Company's Annual General Meeting held on June 19, 2015 (Minutes No. 13 dated June 22, 2015).

The effect of this provision does not apply to a member of the Board of Directors who is simultaneously a member of the collegial executive body of the Company or the sole executive body (Director General) of the Company.

In accordance with clause 5.1. the 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 the reimbursement for 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.

Further details: **N/A**

1. 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 Issuer's Charter, the Audit Committee of the Company is the body controlling the financial and economic activities of the Issuer.

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 case if the Audit Committee of the Company is elected at an extraordinary General Meeting of Shareholders, the members of the Audit Committee 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.

The Members of the Company’s Audit Committee may not simultaneously be members of the Company’s Board of Directors, as well as hold other positions in the Company's management bodies.

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.

In accordance with the decision to conduct an audit (audit), the Audit Committee has the right to engage experts in the relevant fields of law, economics, finance, accounting, management, economic security and others, including specialized organizations, in order to carry out an audit (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;
* checking and analyzing the financial condition of the Company, its solvency, the functioning of the internal control system and the risk management system, the liquidity of assets, the ratio of own and borrowed funds, the 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;
* audit of the Company's economic transactions entered into according to the concluded contracts;
* 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;
* audit of the Company’s cash and assets, the efficient use of the Company’s assets and other resources, identification of reasons for non-productive losses and costs, identifications of the reserves of improvement of the Company’s financial standing;
* verification of compliance with the requirements to eliminate violations and deficiencies previously identified by the Company's 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. monitoring of the Company’s financial and economic operations;
2. independent confidence estimation of data contained in the Company’s annual report and 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> in "Corporate Governance" section.

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 annual report of the Company, the 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.

The Audit Committee of the Board of Directors was formed in the Company

The Audit Committee of the Board of Directors shall have the following main functions:

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 shall be a subsidiary advisory body of the Board of Directors of the Company. The Committee shall not be the management and control body of the Company and shall have no right to act on behalf of the Company.

The Committee shall have the purpose to facilitate the effective performance of the functions of the Board of Directors of the Company in relation to the preliminary consideration of issues related to control over the financial and economic activities of the Company.

The main tasks of the audit Committee:

* consideration of the Company's accounting (financial) statements and supervision over the process of its preparation;
* control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices;
* control over the external audit and selection of the auditor;
* provision of 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 is not intended to act as a guarantor for achieving the Company's purposes in providing the reliability of accounts and records, effectiveness of internal control systems, risk management, corporate governance practices, independence and objectivity of the internal audit function performance, and observance of the legislation, but shall perform the control over the fulfillment of the obligations of the executive bodies of the Company to ensure the fulfillment of named 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. The Committee shall perform the following functions within the scope of its competence:

1. Functions concerning accounting reports (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 reports (financial statements).
* Analysis of the Company's press releases on financial matters, any public statements regarding the external and internal audit, the Company's risk management and internal control systems, as well as 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.

1. 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.
* Control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices:
* Monitoring of observance of the statutory and regulatory requirements by the Company.

1. 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 that shall be provided to the shareholders for approval at the annual General Meeting of Shareholders of the Company with respect to the 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 over the external audit and assessment of the quality of audit and auditor's report.
* Evaluation of the effectiveness of the external audit process at least once a year.
* Development and submission of the Policy in the Provision of Non-audit Services by External Auditor to the Board of Directors of the Company for the Board's approval.
* Provision of effective interaction between the external and internal auditors of the Company.

1. 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 effectiveness of the functions of internal audit.

1. 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 with regards to the information on the potential cases of unfair acts and revealed violations of the employees, 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.

In accordance with the decision of the Board of Directors of the Company, other matters related to its competence may be submitted for consideration by the Audit Committee of the Board of Directors.

Within the framework of exercise of its powers, the Committee cooperates with

* the Board of Directors of the Company
* The executive bodies of the Company
* The Expert of the Committee
* Internal audit
* External auditor of the Company
* The Audit Committee 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 | Chairperson |
| Filkin Roman Alekseevich | Yes |
| Kolyada Andrey Sergeevich | No |
| Fadeyev Aleksandr Nikolaevich | 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 SDCs 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 Issuer of a separate structural unit (service) of internal audit, its tasks 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 the organization of internal audit, 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;

1. Provision of 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 arrangements to improve the Company's internal control, risk management and corporate governance systems;
2. Organization of efficient interaction of the Company with the external auditor of the Company, the Audit Committee of the Company, and other interested parties in matters within the competence of internal audit;
3. Preparation and submission of reports on the results of the activities of the Asset Recovery Department (including those that include information on significant risks, faults, results and effectiveness of measures to address revealed faults, results of the internal audit plan, assessment of the actual condition, reliability and effectiveness of internal control systems, risk management and corporate governance) to the Board of Directors, the Audit Committee of the Board of Directors and the Company's executive bodies.

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 SDCs:

* the development of proposals on the most optimal form of realization of the internal audit function in the Company and SDCs;
* the activity 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;
* the creation of proposals for the development of documents that define common approaches and principles for the construction, management and coordination of the internal audit function, and the participation in working groups on the development of documents on the regulatory support of internal audit activities;
* the organization and carrying in of arrangements on automation of the internal audit activities of the Company and SDCs.

1. With regard to conducting internal audit, participation in other due diligence actions in the Company and SDCs:

* planning, organization and conducting internal audits of business processes, business functions, projects, plans, programs 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;
* the inspections, fulfillment of other tasks on the instructions of the Board of Directors (Audit Committee), and the Issuer's executive bodies with regard to the matters that are considered the competence of internal audit;
* organization, planning, ensuring audit reviews of SDCs, participation in the activities of audit commissions of SDCs;
* 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;
* the provision of information to the Board of Directors (Audit Committee), the executive bodies of the Issuer on the results of audits, providing recommendations on eliminating violations and faults revealed during inspections, and proposals to improve the efficiency and effectiveness of internal control systems, risk management and corporate governance, to improve the Company's operations and SDCs;
* the monitoring of the implementation of corrective action plans aimed at eliminating violations and faults revealed during inspections, and implementing recommendations and proposals for improving the activities of the Company and SDCs;
* the organization and execution of post-audits in relation to business processes, business functions, projects, plans, programs of structural and separate subdivisions and other objects of verification.

1. Functions with regard to the provision of independent and objective guarantees concerning 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 arrangements to improve the Company's internal control, risk management and corporate governance systems:

* evaluation of the efficiency of internal control system,
* evaluation of the efficiency of risk management system,
* corporate governance evaluation,
* providing consultations to executive bodies of the issuer on internal control, risk management and corporate management.

1. 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.
2. The preparation and submission to the Board of Directors (Audit Committee) and executive bodies of the Issuer of reports on the results of internal audit activities.

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

The issuer ratified (approved) the issuer’s internal document establishing rules to prevent unauthorized use of confidential and insider information.

Data on the availability of the Issuer's internal document establishing rules for preventing the unlawful use of confidential and insiders information:

The Issuer's policy in the area of risk management and internal control is described in the internal control policy of IDGC of the South PJSC, approved by The Board Directors (Minutes od meeting No.180 dated 14.03.2016) and Risk Management Policy of IDGC of the South PJSC, approved by The Board of Directors (minutes of meeting No. 01.04.2016)

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.

In accordance with Clause 5.5. of the Regulations, a report on the implementation of measures to comply with the requirements of the relevant laws on the control of insider information in IDGC of the South, PJSC is annually submitted to the BoD of the Company.

The full text of the Regulations is freely available on the Web at: <http://www.mrsk-yuga.ru/pages/show/company_insiders>

Further details: **N/A**

* 1. 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 that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 10.2001 | 12.2013 | Accounting chamber of the Russian Federation | 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 | currently | "Rosseti", PJSC | Head of a department |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer: **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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Medvedeva Oksana Alekseevna

Year of Birth: 1978

Education: **higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2010 | 2011 | LLC "Baikal Service TC" | Head of sector for internal audit |
| 2011 | 2014 | "FSK UES", OJSC | Head of the Department of Control and Revisions |
| 2014 | currently | "Rosseti", PJSC | Chief Expert of the Administration for Audit Activity of the Control and Audit Activity Department |
| 2015 | currently | "IDGC of the South", PJSC | Lay auditor |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer: **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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Kirillov Artem Nikolaevich

Year of Birth: 1984

Education: **higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2009 | 2012 | "FSK UES", OJSC | Chief Specialist of the Department of Control and Revisions |
| 2012 | 2013 | "FSK UES", OJSC | Chief Expert of the Department of Control and Revisions |
| 2013 | currently | PJSC “ROSSETI” | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |
| 2014 | currently | PJSC “ROSSETI” | Lay auditor |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer: **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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Kabizskina Elena Aleksandrovna

Year of Birth: 1964

Education: **higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 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 | currently | PJSC “ROSSETI” | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |
| 2016 | currently | "IDGC of the South", PJSC | Lay auditor |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer: **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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

Name: Slesareva (Guseva) Elena Yuryevna

Year of Birth: 1970

Education: **higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2009 | 2013 | IDGC of the South, OJSC | Chief specialist of the internal audit and control department |
| 2013 | currently | "Rosseti", PJSC | Chief Expert of the Directorate of Internal Audit |
| 2014 | currently | "IDGC of the South", PJSC | Lay auditor |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary 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**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

**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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named 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

Name of the position of the head of a structural unit: Director for Internal Audit, Head of the Internal Audit Department

Name: Pechenkin Nikolay Vladimirovich

Year of Birth: 1983

Education: **higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 2012 | 2012 | OJSC “IDGC of the South” | Head of the Internal Control and Risk Management Department of the Internal Audit and Risk Management Department |
| 2012 | 2013 | OJSC “IDGC of the South” | Deputy Head of the Internal Audit and Risk Management Department |
| 2013 | 2016 | IDGC of the South, PJSC | Head of the Internal Audit and Control Department |
| 2016 | currently | "IDGC of the South", PJSC | Director for Internal Audit, Head of the Internal Audit Department |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary 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 Number of Issuer's shares of each category (type) that can be acquired by a person as a result of the implementation

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer: **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: **This person was never prosecuted**

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named 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

Name of the position of the head of a structural unit: Head of the Department for Internal Control and Anti-Corruption Activities

Name: Menshenin Aleksey Evgenievich

Year of Birth: 1974

Education: *higher*

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |
| 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 | "IDGC of the South", PJSC | Expert Adviser to Director General |
| 2017 | currently | "IDGC of the South", PJSC | Head of the Department for Internal Control and Anti-Corruption Activities |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: **the Issuer did not issue any options**

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

The person does not have such shares

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer: **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:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

This person did not hold the named positions

* 1. Information on the amount of remuneration and (or) compensation for expenses for the agency supervising the issuer’s financial and economic activity

Remunerations

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.

Unit of measure: **thou RUB**.

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 measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | 2017, 9 months. |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and business activities | 780 |
| Salary | 0 |
| Bonuses | 0 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| 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 Regulations, the remuneration shall be paid to the members of the Audit Committee on the results of the Company for the corporate year and depends on the degree of his/her participation in the work of the Audit Committee. For the purposes of the Regulations in order to determine the amount of remuneration payable to the members of the Audit Committee, "the corporate year" shall mean a period between the date of the election of the members of the Audit Committee at the General Meeting of Shareholders and the date of the subsequent General Meeting of Shareholders with the agenda item running "On the election of the members of the Audit Committee of the Company."

Any additional agreements with the members of the Audit Commission regarding payments, were not concluded by the Issuer.

Name of the agency supervising the issuer’s financial and business activities: **Department of Internal Audit**

Remuneration for participation in the work of the control body

Unit of measure: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | 2017, 9 months. |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and business activities | 0 |
| Salary | 2 964 |
| Bonuses | 1 983 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| TOTAL | 4 947 |

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.

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 measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | 2017, 9 months. |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and business activities | 0 |
| Salary | 1 480 |
| Bonuses | 597 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| TOTAL | 2 077 |

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.

Reimbursements

Unit of measurement: **thou RUB**

|  |  |
| --- | --- |
| Name of the control body (structural subdivision) | 2017, 9 month |
| Department of Internal Audit and Control | 0 |
| Department of Internal Control and Anti-Corruption Activities | 0 |
| Auditing Committee of PJSC “IDGC of the South” | 67 |

Further details:

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. In accordance with Clause 3.1. of the Regulations, Audit Committee members, who are not subject to the restrictions listed in Clause 1.3. of the Regulation, in case of visiting the Company's facilities, participation in the meetings of the Audit Committee held on the actual location of the Company, as well as other tasks of the Audit Committee of the Company, the Company compensates for documented expenses associated with the participation in the activities of the Audit Committee of the Company.

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.

Further details: **N/A**

* 1. Number of the issuer’s employees (workers), their categories and changes in their number

Unit of measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | 2017, 9 months. |
| Average number of employees, person. | 13 668.6 |
| Fund of the accrued wages of employees for the reporting period | 4 661 386.6 |
| Payments of social nature made to employees during the reported period | 15 271.4 |

There were no significant changes in the number of employees (personnel) 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 01.07.2017 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;

Personnel management, organizational design, organization of labor rating and remuneration, 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);

* "Volgogradenergo", branch of the "IDGC of the South", PJSC (15, Lenin Ave, Volgograd, 400066, Russia);
* Branch of PJSC "IDGC of the South" - "Kalmenergo" (358007, Republic of Kalmykia, Elista, Northern

Industrial Zone);

* "Kubanenergo", branch of "IDGC of the South", PJSC (2, Stavropolskaya St, 350033, Russia);
* "Rostovenergo", branch of "IDGC of the South", PJSC (49, Bolshaya Sadovaya St, Rostov-on-Don, 344002, Russia).

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/>.

1. 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 (workers) 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

1. Total number of the issuer’s shareholders (members)

Total number of persons registered in the Register of Shareholders of the Issuer as of the end date of the reported quarter: **11 257**

Total number of nominee shareholders of the Issuer: **10**

Total number of persons included in the most recently recorded list of persons who had (who have) the right to participate in the General Meeting of Shareholders of the Issuer (the nominal holders of the Issuer's shares represented data on the persons for the benefit of whom they owned (own) shares of the Issuer in order to create another list for recording the persons acting to execute (sell) rights on the shares of the Issuer): **11199**

Date of the preparation of the list of the persons included in the latest list of those who had (have) the right to participate In the General Meeting of the Shareholders of the Issuer (the date, when nominal holders of the Issuer's shares represent data on the persons for the benefit of whom they owned (own) shares of the issuer in order to create another list for recording the persons acting to execute (sell) rights on the shares of the Issuer): **19.05.2017**

Holders of the ordinary shares of the Issuer that are subject to be inserted in the above 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

Own shares on the Issuer's balance sheet: none

Information on the number of Issuer's shares belonging to the organizations controlled by it

**There are no shares in the issuer belonging to the organizations controlled by it**

1. 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 corporate name: "Rosseti", Public Joint Stock Company

Abbreviated company name: **"Rosseti", PJSC**

Registered address: *121353 Russian Federation, Moscow, Belovezhskaya str.,*

TIN (Taxpayer Identification Number): 7728662669

PSRN (Primary State Registration Number): 1087760000019

The share of participation of the individual in the Issuer's authorized capital: **65.118%**

The share belonging to the person of the Issuer’s ordinary shares: **65.118%**

Information on those controlling this shareholder 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 his ordinary shares

1.1.

Full corporate name: Full company name: The Russian Federation as represented by the Federal Agency for State Property Management

Abbreviated company name: Full company name: The Russian Federation as represented by the Federal Agency for State Property Management

Registered address: *Russian Federation 109012, Moscow, Nikolsky pereulok 9*

TIN (Taxpayer Identification Number): 7710723134

PSRN (Primary State Registration Number): 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): **participation in a legal entity, being participant (shareholder) of the Issuer**

The fact that the person controlling the issuer's participant (shareholder) has exercised such control: the right to dispose of more than 50 percent of votes in the Supreme governing body of the legal entity that is the Issuer's shareholder

Type of control: direct 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 participant (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: **88.89%**

Other information specified by the issuer at its sole discretion: **None**

Participants (shareholders) of the issuer owning at least five percent of its authorized capital or at least five percent of its ordinary shares

*2.*

Full corporate name: **PROTSVETANIYE HOLDINGS LIMITED**

Abbreviated company name: **not provided**

Registered address: Giannou Kranidioti, 9, 2nd Floor, Flat/Office 210,1065, Nicosia, Cyprus

TIN (Taxpayer Identification Number): not assigned

PSRN (Primary State Registration Number): not assigned

size of this shareholder's share in the Issuer's authorized capital: **7,7122%**

size of this shareholder's share in the Issuer's ordinary shares:: **7,7122%**

Information on those controlling this shareholder 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 his ordinary shares

2.1.

Full corporate name: **The Russian Prosperity Fund**

Abbreviated company name: **N/A**

Registered address: Winward I, Regatta Office Park, P.O. Box 897, Grand Cayman, KYI-1103

TIN (Taxpayer Identification Number): not applicable

PSRN (Primary State Registration Number): not applicable

Type of control under which the Issuer's shareholder is located in relation to the controlling person: **direct control**

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**

The fact that the person controlling the issuer's participant (shareholder) has exercised such control: the right to dispose of more than 50 percent of votes in the Supreme governing body of the legal entity that is the Issuer's shareholder

Size of this shareholder's share in the Issuer's authorized capital: **100%**

Size of this shareholder's share in the Issuer's ordinary shares: **the Issuer's shareholder is not a joint-stock company**

Person's share ownership in the Issuer's authorized capital: **0%**

Size of the share of the Issuer's ordinary shares belonging to him: **0%**

Other information specified by the issuer at its sole discretion: **none.**

1. 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

Registered address: 109012 Moscow, Nikolsky lane 9,

Participating Interest of the Issuer's Authorized Capital owned by the government (federal government or federal subjects of the Russian Federation) or a municipal formation: **0.1**

Persons who exercise the functions of a Participant (Shareholder) of the Issuer on behalf of the Russian Federation, a federal subject of the Russian Federation or a municipal formation

None

Availability of a special right for participation of the Russian Federation, federal subjects of the Russian Federation, municipal formations in management of the Issuer (Joint Stock Company) (“golden share”):

No such right is provided.

1. Restrictions on participation in the issuer’s charter capital

**Restrictions on participation in the Authorized Capital of the Issuer: None**

1. 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.

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: **18.04.2016**

List of Shareholders (Participants)

Full corporate name: **"Russian Grids", Public Joint-Stock Company**

Abbreviated company name: **"Rosseti", PJSC**

Registered address: 4, Belovezhskaya St, Moscow, 121353

TIN (Taxpayer Identification Number): 772866266

PSRN (Primary State Registration Number): 1087760000019

Person's share ownership in the Issuer's authorized capital, %: **51.66**

Share of the Issuer's ordinary shares that is owned by the person, %: **51.66**

Full corporate name: **Lancrenan Investments Limited**

Abbreviated company name: **Issuer does not have any information**

Registered address: 1065 Giannou Kranidioti, 9, 2nd floor, Flat/Office 210,1065, Nicosia, Cyprus

It is not a resident of the Russian Federation

Person's share ownership in the Issuer's authorized capital, %: **9.28**

Share of the Issuer's ordinary shares that is owned by the person, %: **9.28**

Full corporate name: **PROTSVETANIYE HOLDINGS LIMITED**

Abbreviated company name: **Issuer does not have any information**

Registered address: 9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;

It is not a resident of the Russian Federation

Person's share ownership in the Issuer's authorized capital, %: **6.96**

Share of the Issuer's ordinary shares that is owned by the person, %: **6.96**

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: **13.03.2017**

List of Shareholders (Participants)

Full corporate name: **"Russian Grids", Public Joint-Stock Company**

Abbreviated company name: **"Rosseti", PJSC**

Registered address: 4, Belovezhskaya St, Moscow, 121353

TIN (Taxpayer Identification Number): 7728662669

PSRN (Primary State Registration Number): 1087760000019

Person's share ownership in the Issuer's authorized capital, %: **60.64**

Share of the Issuer's ordinary shares that is owned by the person, %: **60.64**

Full corporate name: **PROTSVETANIYE HOLDINGS LIMITED**

Abbreviated company name: **Issuer does not have any information**

Registered address: 9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;

It is not a resident of the Russian Federation

Person's share ownership in the Issuer's authorized capital, %: **8.703**

Share of the Issuer's ordinary shares that is owned by the person, %: **8.703**

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: **19.05.2017**

List of Shareholders (Participants)

Full corporate name: **"Russian Grids", Public Joint-Stock Company**

Abbreviated company name: **"Rosseti", PJSC**

Registered address: 4, Belovezhskaya St, Moscow, 121353

TIN (Taxpayer Identification Number): 7728662669

PSRN (Primary State Registration Number): 1087760000019

Person's share ownership in the Issuer's authorized capital, %: **60.64**

Share of the Issuer's ordinary shares that is owned by the person, %: **60.64**

Full corporate name: **PROTSVETANIYE HOLDINGS LIMITED**

Abbreviated company name: **Issuer does not have any information**

Registered address: 9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;

It is not a resident of the Russian Federation

Person's share ownership in the Issuer's authorized capital, %: **8.703**

Share of the Issuer's ordinary shares that is owned by the person, %: **8.703**

Further details: **N/A**

1. Data on the related-party interest transactions conducted by the Issuer

The specified transactions were not made

1. Data on the amount of accounts receivable

As of 09/30/2017

Unit of measurement: **thou RUB**

|  |  |
| --- | --- |
| Indicator name | Value of index |
| Trade receivables | 11 701 922 |
| including overdue | 8 867 597 |
| Notes payable | 0 |
| including overdue | 0 |
| Receivables from partners (founders) on contributions to authorized capital | 0 |
| including overdue | 0 |
| Other receivables | 1 611 657 |
| including overdue | 903,228 |
| Total accounts receivable | 13 357 270 |
| including the total amount of overdue accounts receivable | 9785111 |

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period.

Full corporate 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 (Taxpayer Identification Number): 3441010181

PSRN (Primary State Registration Number): 1023402460620

Amount of accounts receivable: **2 956 065**

Unit of measurement: **thou RUB**

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 2,767,660 thousand rubles. The claim work is being carried out.

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

Full corporate name: Public joint stock company “Astrakhan energy service company”

Abbreviated company name: PJSC "Astrakhan energy service company"

Registered address: 414000 3, John Reed Square, Astrakhan

TIN (Taxpayer Identification Number): 3017041554

PSRN (Primary State Registration Number): 1053000000041

Amount of accounts receivable: **1 862 567**

Unit of measurement: **thou RUB**

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 1,318,599 thousand rubles. The claim work is being carried out.

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

Full corporate 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 (Taxpayer Identification Number): 6168002922

PSRN (Primary State Registration Number): 1056164000023

Amount of accounts receivable: **1 709 214**

Unit of measurement: **thou RUB**

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 818 694 thousand rubles. The claim work is being carried out.

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

Full corporate name: Volgogradenergosbyt (Volgograd Energy Retail Company), Public Joint-Stock Company

Abbreviated company name: Volgogradenergosbyt, PJSC

Registered address: 14, Kozlovskaya St, Volgograd, Russian Federation, 400001

TIN (Taxpayer Identification Number): 3445071523

PSRN (Primary State Registration Number): 1053444090028

Amount of accounts receivable: **3 043 667**

Unit of measurement: **thou RUB**

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 2,728,452 thousand rubles. The claim work is being carried out.

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

**Further details: N/A**

Section VII. Issuer’s accounting (financial) statements and other financial information.

* 1. Annual accounting (financial) statements of the issuer.

Not subject to presentation in this reporting quarter.

* 1. 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 30.09.2017;
* Report on the financial results of PJSC "IDGC of the South" for 9 months 2017.

The information is given in Appendix No. 1 to this quarterly report.

* 1. Consolidated financial statements of the issuer

The Issuer is under an obligation to prepare interim consolidated financial statements prepared in accordance with International Financial Reporting Standards or other internationally recognized rules

Accounting Period

Year: 2017

Quarter: 2016, 6 months

Standards (rules), under which the compiled consolidated financial statements are disclosed in this clause of the quarterly report:

IFRS/GAAP

The information is given in Appendix No. 2 to this quarterly report.

* 1. Accounting policy of the issuer

Order No. 909 dated December 29, 2016 of IDGC of the South, PJSC confirmed the Accounting Policy of the Company for 2017. Order No. 932 dated December 30, 2016 and No. 714 dated September 28, 2017 of IDGC of the South, PJSC introduced alterations in the Accounting Policy of the Company for 2017. The wordings have been clarified on the cost estimate for the maintenance of specialized capital construction units, in terms of creating a provision for doubtful accounts receivable, the provisions of the Accounting Policy of the  Company and the "Unified Corporate Accounting  Principles" Corporate Standard under the Russian Accounting Standards (RAS) have been unified. (Information is given in Annex No. 4 to this Quarterly Report).

Accounting Policy of the Company was formed based on the following assumptions:

Business entity assumption. This assumption means that the assets and liabilities of each of the Companies exist separately from the assets and liabilities of other entities. At the same time, only those assets are accounted on the Company's balance sheet that are controlled by it in accordance with the law or the contract. Going concern assumption.

Going concern This assumption means that the Company will continue its activities in the foreseeable future and it has no intentions and the need to liquidate or significantly reduce its activity and, consequently, the liabilities of the Company will be repaid in accordance with the established procedure.

Consistency assumption. This assumption means that the accounting policy adopted by the Company is applied consistently from one reported year to another.

Accrual assumption. This assumption means that the facts of the Company's economic activity refer to the reported period, when they occurred, regardless of the actual time of receipt or payment of funds connected with these facts.

In forming the Accounting Policy with regard to a specific matter of accounting the Company selects one method among several methods allowed by the "Unified Corporate Accounting Principles" Corporate Standard, and in the event that this matter is not considered in the "Unified Corporate Accounting Principles" the Company may select one of several methods allowed by the legislation of the Russian Federation and (or) normative legal acts on accounting.

If methods of accounting are not established with regard to a specific matter in regulatory legal acts, as well as in the Unified Corporate Accounting Principles, then in developing the Accounting Policy the Company shall develop a corresponding method based on other provisions on accounting, as well as International Financial Reporting Standards.

The information is given in Appendix No. 3 to this quarterly report.

* 1. Data on the total amount of exports, as well as on the share of exports in total sales

The Issuer does not export products (goods, works, services)

* 1. 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

Further details: **N/A**

* 1. 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. Consideration of the case was appointed on November 20, 2017

1. 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 decision of 09.10.2017 in the satisfaction of claims - denied.
* 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.

1. 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). 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 Arbitration Court of Penza Oblast on October 20, 2016, based on the results of consideration of the cassation appeal of Volgogradenergosbyt PJSC, canceled the judicial acts, the case was sent for re-examination to the 12th Arbitration Court of Appeal 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 In accordance with the decision of the Court of Arbitration of Penza Oblast of April 4, 2017, the decision of the 12th Arbitration Court of Appeal was left unchanged, cassation complaint of PJSC "IDGC of the South" was not satisfied.

The definition of the Armed Forces pf RF dated 31.07.2017 denied the acceptance of a complaint to the proceedings.

* 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 Arbitration Court of Volgograd Oblast 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. In accordance with the decision of the Court of Arbitration of Penza Oblast of March 20, 2017, the decision of the 12th Arbitration Court of Appeal was left unchanged, cassation complaint of PJSC "IDGC of the South" was not satisfied.

The definition of the Armed Forces of RF dated 14.07.2017 denied the acceptance of a complaint to the proceedings.

* 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. In accordance with the decision of the Court of Arbitration of Penza Oblast of June 16, 2017, the decision of the 12th Arbitration Court of Appeal was left unchanged, cassation complaint of PJSC "IDGC of the South" was not satisfied.

The definition of the Armed Forces of RF dated 06.10.2017 denied the acceptance of a complaint to the proceedings.

* 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). Volgogradenergosbyt, PJSC, presented counter claim on the collection of the value of electric power losses in the amount of 138,534,746.03 RUB. 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" - 27 076 268,25 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.

In accordance with the decision of the Court of Arbitration of Penza Oblast of 20.06.2017, the decision of 12AAC was abolished, the case was sent to 12ААС for a new consideration.

By the decision of 12 AAC (new consideretain) of August 28, 2017, the decision of the court of first instance was changed. In favor of PJSC "Volgogradenergosbyt" was collected from PJSC "IDGC of the South" (by offset) 59 687 247 rubles. 60 copecks.

* PJSC “IDGC in the South” to OPJS “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). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC to collect the cost of losses in the amount of 37,427,290.74 RUB for the same period. By the decision of the Arbitration Court of Volgograd Oblast dated September 30, 2016, the requirements were partially satisfied, 53,040,109.93 RUB were collected from Volgogradenergosbyt, PJSC and 29,042,264.62 RUB were collected from IDGC of the South, PJSC. On the strength of the resolution of 12th Arbitration Court of Appeal dated April 13, 2017, the decision of the Arbitration Court of Volgograd Oblast was changed, 68,209,257.13 RUB was collected in favor of IDGC of the South, PJSC, and 16,981,591.03 RUB was collected in favor of Volgogradenergosbyt, PJSC.

The decision of the Court of Arbitration of Penza Oblast of July 07, 2017 decision of AS VO and the decision of 12 AAC left unchanged.

* IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC for the collection of debts for electricity transmission services for the period September-November 2015 in the amount of 501,048,718 RUB (Case No. A12-890/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC on recovering the cost of losses in the amount of 45,464,957 RUB for the same period. By the decision dated April 20, 2017 the proceedings were suspended until May 25, 2017 in connection with the examination. The case was resumed, the court session was scheduled for 01.11.2017.
* IDGC of the South, PJSC filed claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission  services for the period of April-June 2015 in the amount of 539,410,117.04 RUB (Case No.  A12-46023/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC to recover the cost of  losses in the amount of 270,719,161.67 RUB for the same period. By the decision of October 27, 2017 the proceedings were suspended until December 29, 2016 because of the examination.  On the strength of January 12, 2017 the period for carrying out the examination was extended to March 17, 2017. On the strength of March 30, 2017 the period for carrying out the examination was extended to October 10, 2017.

On the strength of AS VO of September 8, 2017 the case was resumed, the court session was scheduled for 07.11.2017.

* IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission services for the period of July-August 2015 in the amount of 425,681,781.95 RUB (Case No. A12-65582/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC on recovering the cost  of losses in the amount of 123,890,458.84 RUB for the same period. By the decision of January 23, 2017 the proceedings were suspended until March 31, 2017 in connection with the examination. The period for carrying out the examination was extended to October 8, 2017.

On the strength of AS VO of September 28, 2017 the case was resumed, the court session was scheduled for 08.11.2017.

* IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC on the collection  of debts for electric energy transmission services for the period September-October  2016 in the amount of 506,254,720.17 RUB (case No. A12-858/2016). "Volgogradenergosbyt", PJSC filed a counter claim against "IDGC of the South", PJSC to recover the cost of losses in the amount of 98,874,601.74 RUB for the same period. By the decision of April 05, 2017 the proceedings were suspended until June 16, 2017 in connection with the examination. The period for carrying out the examination was extended to November 16, 2017.
* Volgogradenergosbyt, PJSC appealed to the court with a claim IDGC of the South, PJSC debts on payment of losses of electric energy in electric networks for November, December 2016 in amount of 220,858,751,34 rubles. IDGC of the South, PJSC appealed to the court with a claim Volgogradenergosbyt, PJSC to recover of debts of payment for the electric energy transmission services rendered in November, December 2016, in amount of 340,600,810,01 rubles (case No. А12-7246/2017) By decision of Arbitration Court of Volgograd Oblast dd 23.06.2017 expertise was appointed in the case.

On the strength of AS VO of October 23, 2017 the case was resumed, the court session was scheduled for 02.11.2017.

* IDGC of the South, PJSC appealed to Arbitration Court of Volgograd Oblast with claim Volgogradenergosbyt, PJSC about collecting of percent for using another's money resources under the contract of rendering of services in transmission of electric energy No. 425 from 28.12.2012 claim the interest on borrowed funds, calculated on the disputed portion of the debt under the contract №425 from 28.12.2012 for the period from 16.02.2015 till 05.12.2015 in previously stated the amount of RUB 6 931 281 rubles 39 kopecks, penalties for late payment, accrued from 06.12.2015 on 21.08.2017 in the amount of 45 512 754 rubles 97 kopecks, calculated using the Bank of Russia refinancing rate of 9% per annum. (The Case A12 - 15858/2017)

Volgogradenergosbyt, PJSC filed a counterclaim against PJSC "IDGC of the South" on recovery of interest for the use of other people's money for the period from 24.02.2015. to 31.12.2015. in the amount of 9 954 996 rubles 25 kopecks, penalties for late payment for the period from 01.01.2016 at 11.09.2017 in the amount of 50 170 942 rubles 37 kopecks with application of the refinancing rate of the Bank of Russia, valid at the date of consideration of the case by the court, at 8.5% per annum.

By decision of AS VO dd 23.10.2017 by offset of satisfied requirements for initial and counter claims collected from PJSC "IDGC of the South" in favor of PJSC "Volgogradenergosbyt" 5 949 583 RUB 16 kopecks.

* PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period January-February 2017 in the amount of 65 006 499,58 rubles. (case No. A12-15859 / 2017). PJSC “Volgogradenergosbyt” filed a counter claim to PJSC “IDGC in the South” on the recovery of the cost of losses in the amount of 86 788 967,88 rubles for the same period. By the decision of 21.07.2017 the proceedings were suspended until November 11, 2017 in connection with the examination.

On the strength of October 13, 2017 the case was resumed, the court session was scheduled for

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* PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement to of a claim for collection of debts for electricity transmission services 280 019 665 rubles 39 kopecks debt for March, April 2017 under the contract for the provision of electricity transmission services No. 425 of 28.12.2002 (case No. A12-22534 / 2017). Volgogradenergosbyt, PJSC filed a counterclaim against PJSC "IDGC of the South" to recover of debts of payment the amount of 146 530 715 rubles 61 kopecks for the same period. By the decision of September 20, 2017 the proceedings were suspended until December 11, 2017 in connection with the examination.
* PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement to of a claim for collection of debts for electricity transmission services 410 017 666,78 rubles debt for May-June 2017 under the contract for the provision of electricity transmission services No. 425 of 28.12.2002 (case No. A12-31414/2017) PJSC “Volgogradenergosbyt” filed a counterclaim against PJSC "IDGC of the South" to recover of debts of payment the amount of 50 000 rubles for the same period. The court session is scheduled for 07.11.2017.

-PJSC “IDGC in the South” appealed to Arbitration Court of Volgograd Oblast with a claim to in the South” to PJSC “Volgogradenergosbyt” (case No. А12-21679/2017) for the penalty fee for the period from October-December 2012, March-April 2013, October-November 2013, March 2014, may-July 2014, December 2014, may-December 2016, January-March 2017 for the period from 27.09.2016 to 26.04.2017 in the amount of 356 293 118,24 RUB. By the decision of Arbitration Court of Volgograd Oblast from 26.09.2017 the claims of PJSC “IDGC in the South” partially satisfied, to PJSC “Volgogradenergosbyt” collected 145 267 315,79 rubles, expenses on payment of the state duty in the amount of 188,161 rubles.

“IDGC in the South” filed an appeal against the decision of the court of first instance.

* PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement to of a claim about collecting 5 728 901,82 rubles interest for the use of other people's money due to default for the period from 16.08.2016 to 05.12.2015 for the settlement period July-August 2014, 47 570 556.11 rubles. penalties in accordance with the Federal Law "On Electric Power Industry" for the period from 06.12.2015 to 03.02.2017 for the accounting period July-August 2014 and December 2015, January 2016 (case No. A12-9868 / 2017). PJSC “Volgogradenergosbyt” filed a counterclaim against PJSC "IDGC of the South" to recover of debts of on the collection of interest for the use of other people's money for the settlement period July-August 2014 from August 22, 2014 to December 31, 2015 in the amount of 6 685 781.97 rubles. and 22 314 398.83 rubles. penalties for the period from 01/01/2016 to 26/12/2016.

By decision of Arbitration Court of Volgograd Oblast from 08.09.2017 the claim of PJSC “IDGC in the South” was partially satisfied. With PJSC "Volgogradenergosbyt" 5 728 901,82 rubles were recovered. interest for the use of other people's money, 18 552 516.88 rubles. penalties, as well as 182,149.70 rubles. expenses on payment of the state fee, total 24 463 568.40 rubles. counterclaim was partially satisfied with PJSC “IDGC in the South” in favor of PJSC "Volgogradenergosbyt", 6 685 781,97 rubles were collected. interest for the use of other people's money, 9669572.83 rubles. penalties, as well as expenses for payment of state duty in the amount of 2000 rubles, and only 16,357,354.80 rubles.

Subject to the offset requirements, PJSC "Volgogradenergosbyt" in favor of PJSC “IDGC in the South” recovered 8106213,60 RUB.

PJSC “IDGC in the South” filed an appeal against the decision of the Arbitration Court of Volgograd Oblast. The court session is scheduled for 01.11.2017.

Section VIII. Further information on the issuer and equity securities placed by the issuer

1. Further information on the issuer
2. Data on the amount and structure of the authorized capital of the Issuer

Amount of the Issuer's Authorized Capital as of the end date of the reported quarter, Rub: **6117 813 941.7**

Ordinary shares

Total nominal value: **6117813 941.7**

Participating Interest of the Authorized Capital, %: **100**

Preference shares

Total nominal value: **0**

Participating Interest of the Authorized 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 30.09.2017.

1. Information about any change in the amount of the issuer's authorized capital

If within the most recently completed fiscal year preceding the end date of the reported quarter, as well as within the period from the beginning of the current year to the end date of the reporting quarter, there was an alteration in the amount of the issuer's authorized capital, the following data shall be indicated with regard to each fact of changes occurred:

Date of the alteration of the Authorized Capital: **10.05.2017**

Amount of the Authorized Capital before its alteration (RUB): **4 981109 606.4**

The structure of AC before making any changes

Ordinary shares

Total nominal value: **4 981109 606.4**

Participating Interest of the Authorized Capital, %: **100**

Preference shares

Total nominal value: **0**

Participating Interest of the Authorized Capital, %: **0**

Amount of the Authorized Capital after its alteration (RUB): **6117 813 941.7**

Structure of the Authorized Capital after its alteration

Ordinary shares

Total nominal value: **6117813 941.7**

Participating Interest of the Authorized Capital, %: **100**

Preference shares

Total nominal value: **0**

Participating Interest of the Authorized Capital, %: **0**

Name of the Issuer's management body that took a decision to change the amount of the Issuer's Authorized Capital: **Annual General Meeting of Shareholders of the Company**

Date of drawing up the Minutes of the Meeting (session) of the Issuer's management body, when the decision to change the amount of the Issuer's Authorized Capital was adopted: **09.06.2016**

Minutes No. **15**

1. Convening and holding a meeting (session) of the issuer’s supreme management body.

Name of the Issuer's supreme management body: **General Meeting of Shareholders**

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:

1. 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 notice of the General Meeting of Shareholders may be additionally sent in electronic form to those shareholders of the Company who informed the Company or the registrar of the e-mail addresses to which such notices can be sent.

The notice of the General Meeting of Shareholders shall state:

* the Company’s full corporate name and registered address;
* form of the General Meeting of Shareholders (meeting or absentee voting);
* date, place (including information on the premises), time of the General Meeting of Shareholders and the mailing address for sending completed ballots;
* 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;
* e-mail address for sending completed ballots, and (or) address of the site on the information and telecommunication network Internet where the electronic form of bulletins can be filled if such methods of sending and (or) filling the bulletins is provided for by the decision of the Board of Directors of the Company during the preparation for the General Meeting of Shareholders;
* information on 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.

In case if a person registered in the register of shareholders is a nominal holder of shares, notification of the General Meeting of Shareholders and information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders in preparation for the General Meeting of Shareholders of the Company shall be provided in accordance with the rules of the Russian Federation legislation on securities for the provision of information and materials to persons exercising rights in 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 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 notice of the General Meeting of Shareholders may be additionally sent in electronic form to those shareholders of the Company who informed the Company or the registrar of the e-mail addresses to which such notices can be sent.

The notice of the General Meeting of Shareholders shall state:

* the Company’s full corporate name and registered address;
* form of the General Meeting of Shareholders (meeting or absentee voting);
* end date of accepting voting ballots and postal address to where the completed ballots shall be sent;
* 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;

In case if a person registered in the register of shareholders is a nominal holder of shares, notification of the General Meeting of Shareholders and information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders in preparation for the General Meeting of Shareholders of the Company shall be provided in accordance with the rules of the Russian Federation legislation on securities for the provision of information and materials to persons exercising rights in 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) that have the right to convoke (demand holding) an extraordinary meeting (session) of the Issuer's supreme management body, as well as the procedure for sending (presenting) such requests:

In accordance with clauses 14.2 -14.5 of the Charter of the Issuer:

1. 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.
2. The convocation of an extraordinary General Meeting of Shareholders on demand of the Company's Audit Commission, the Company's Auditor or shareholders (shareholder) owning at least 10 (Ten) percent of the Company's voting shares shall be carried out by the Board of Directors of the Company.

Such General Meeting of Shareholders shall be held within 40 (fourty) days from the moment of the submission of the request to hold an Extraordinary General Meeting of Shareholders of the Company, except for the case stipulated in Clause 14.9 of the Company Charter.

1. The request to hold the Extraordinary General Meeting of Shareholders of the Company shall contain the issues to be included into the Meeting agenda.

Persons (person) requiring convocation of an extraordinary General Meeting of Shareholders of the Company are entitled to submit a draft decision of the extraordinary General Meeting of Shareholders of the Company, a 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.

1. In case if the request to convene an extraordinary General Meeting of Shareholders of the Company comes from a shareholder (shareholders), it must contain the name of the shareholder (shareholders) requesting the convocation of the meeting, indicating the number, category (type) of shares of the Company.

The requirement to convene an extraordinary General Meeting of Shareholders of the Company shall be signed by a person (persons) demanding the convocation of an extraordinary General Meeting of Shareholders of the Company.

The procedure for determining the date of the meeting (session) of the Issuer's supreme management body:

In accordance with clause 11.1 of the Issuer's Charter:

1. 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 Company's Board of Directors (supervisory board) shall determine the date until which proposals of shareholders on nominating candidates for election to the Company's Board of Directors (supervisory board), will be accepted.

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 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 when the decision on its conduct was adopted by the board of directors (supervisory board) of the company, if an earlier period 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.

Persons who have the right to make motions for the agenda of the meeting (session) of the supreme management body of the issuer, as well as the procedure for making such motions:

In accordance with clauses 13.1 -13.7 of the Charter of the Issuer:

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.
2. The proposal to include issues in the agenda of the General Meeting of Shareholders and the proposal to nominate candidates shall be introduced with the name of the shareholders (shareholder) submitting them, the number and category (type) of their shares and shall be signed by the shareholders (shareholder) or their representatives. Shareholders (shareholder) of the company who are not registered in the company's shareholder register have the right to submit proposals to the agenda of the general meeting of shareholders and proposals for nominating candidates also by giving appropriate instructions to a person who registering their rights to shares. Such directions (instructions) are given in accordance with the rules of the legislation of the Russian Federation on securities.
3. The proposal to include issues in the agenda of the General Meeting of Shareholders should contain the wording of each proposed issue, and the proposal for nominating candidates — the name and data of the identity document (series and (or) document number, date and place of issue, issuing authority) of each proposed candidate, the name of the body for which he is proposed to be elected.
4. The Board of Directors of the Company is obliged to consider the proposals received and take decisions on their inclusion in the agenda of the General Meeting of Shareholders of the Company or on the refusal to include them in this agenda not later than 5 (Five) days after the end of the period specified in P.
5. of this article.
6. 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.
7. A motivated decision of the Board of Directors of the Company on refusal to include the issue in the agenda of the General Meeting of Shareholders of the Company or a candidate to the list of candidates for voting for election to the relevant body of the Company shall be sent to the shareholder (shareholders) who submitted the question or nominated the candidate not later than 3 (Three) days from the date of such decision. If these proposals were received by the company from persons who are not registered in the register of shareholders of the company and gave an instruction to the person who registering their rights to shares, the 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 rules of the Russian Federation legislation on securities to provide information and materials to persons exercising the rights on securities.
8. 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 the matters proposed for entry in the agenda of the General Meeting of Shareholders by shareholders, as well as in the lack of such proposals, the lack or insufficient number of candidates proposed by the shareholders for the formation of a relevant body, the Board of Directors of the Company is entitled to include matters or candidates in the agenda of the General Meeting of Shareholders at their discretion.

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 issues in the agenda of the general meeting of shareholders and the proposal to nominate candidates shall be introduced with the name of the shareholders (shareholder) submitting them, the number and category (type) of their shares and shall be signed by the shareholders (shareholder) or their representatives. Shareholders (shareholder) of the company who are not registered in the company's shareholder register have the right to submit proposals to the agenda of the general meeting of shareholders and proposals for nominating candidates also by giving appropriate instructions to a person who registering their rights to 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:

1. Information (materials) on the agenda items of the General Shareholders’ Meeting shall be made available to the persons entitled to attend the General Shareholders’ Meeting within Twenty (20) days, and in case of a General Shareholders’ Meeting with the agenda item on the Company’s reorganization, within Thirty (30) days prior to the General Shareholders’ Meeting, for review in the premises of the Company’s executive body and other locations at the addresses indicated in the notice of the General Shareholders’ Meeting as well as on the Company's website in the Internet information and communications network at [www.mrsk-yuga.ru](http://www.mrsk-yuga.ru). Specified information (materials) should be available to persons participating in the General Meeting of Shareholders during its holding. 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.
2. 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. The fee charged by the company for the provision of these copies may not exceed the costs 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. In case if a person registered in the register of shareholders is a nominal holder of shares, notification of the General Meeting of Shareholders and information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders in preparation for the General Meeting of Shareholders of the Company shall be provided in accordance with the rules of the Russian Federation legislation on securities for the provision of information and materials to persons exercising rights in 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 adopted by the General Meeting of Shareholders and the results of voting may be announced at the General Meeting of Shareholders during which the voting was conducted and also shall be brought to the attention of persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a Report on the results of voting in the procedure provided for the notice of the General Meeting of Shareholders no later than four work days after the closing date of the General Meeting of Shareholders.

If on the date of determination (fixing) of persons entitled to attend the General Meeting of Shareholders the person registered in the register of shareholders of the Company was a nominal holder of shares, the information contained in the Report on the voting results is provided to the nominal holder of shares in accordance with the rules of the Russian Federation legislation on securities for the provision of information and materials to persons exercising the rights on securities.

In accordance with clause 12.8 of the Charter of the Issuer:

1. Decisions adopted by the General Meeting of Shareholders and the results of voting be brought to the attention of persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a Report on the results of voting in the procedure provided for the notice of the General Meeting of Shareholders no later than four work days after the deadline for the receipt of the ballots at the General Meeting of Shareholders in the form of absentee voting.

If on the date of determination (fixing) of persons entitled to attend the General Meeting of Shareholders the person registered in the register of shareholders of the Company was a nominal holder of shares, the information contained in the Report on the voting results is provided to the nominal holder of shares in accordance with the rules of the Russian Federation legislation on securities for the provision of information and materials to persons exercising the rights on securities.

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):

Decisions adopted by the General Meeting of Shareholders and the results of voting may be announced at the General Meeting of Shareholders when the voting was conducted, as well as the persons included in the list of persons that have the right to participate in the General Meeting of Shareholders shall be informed on the above decisions and results of the voting in the form of the Report on the results of voting in accordance with the procedure provided for the notice of the convocation of the General Meeting of Shareholders no later than four business days after the date when the submission of the ballots is closed if the General Meeting of Shareholders shall be held in the form of absentee balloting.

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.

1. 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 corporate name: Agricultural Enterprise Sokolovskoye, Joint-Stock Company

Abbreviated company name: **Agricultural Sector Enterprise Sokolovskoye, JSC**

Registered address: *Russian Federation, Novoshakhtinsk town*

TIN (Taxpayer Identification Number): *6151011887*

PSRN (Primary State Registration Number): *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%**

1. Full corporate name: Energetik Recreation Center Joint- Stock Company

Abbreviated company name: **Energetik Holiday Home JSC**

Registered address: *352815, Russian Federation, Krasnodar Territory, Tuapse District, Shepsi v., Shkolnay str., 3*

TIN (Taxpayer Identification Number): *2355016847*

PSRN (Primary State Registration Number): *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%**

1. Full corporate name: Joint-stock company "Energoservice of South"

Abbreviated company name: **JSC "EnergoserviceYuga"**

Registered address: *Rostov-on-Don, Russian Federation*

TIN (Taxpayer Identification Number): *6164301167*

PSRN (Primary State Registration Number): *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%**

1. Major transactions conducted by the issuer

The named transactions were not concluded in this period

1. Data on the Issuer's credit ratings

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

1. Data on each class (type) of share of the Issuer

Class of stocks: **ordinary**

Nominal (par) value of each share (RUB): **0.1**

Number of shares outstanding (number of shares that are not redeemed or canceled): **61178139 417**

The number of additional shares that may be placed or are in the process of placement (the number of shares of the additional issue, the official registration of which was effected, but the official registration of the report on the results concerning this additional issue was not carried out or the notice on the results of the additional issue was not provided, if, according to the Federal Law "On the Securities Market", the official registration of the report on the results of the additional issue of shares is not carried out): 13 015 185 446

Number of announced shares: **19 711 060 583**

Number of shares placed at the disposal (on the balance sheet) of the Issuer: **0**

The number of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of the fulfillment of obligations on the Issuer's options: **0**

Issues of shares of this category (type):

|  |  |  |
| --- | --- | --- |
| Date of state registration | | 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 IDGC of the South, PJSC, a person owning shares of the Company pursuant to the laws of the Russian Federation and the Company's Charter is recognized as a shareholder of the Company.

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 the Company's ordinary registered shares have the right:

1. to participate personally or through representatives in the General Meeting of Shareholders of the Company with the right to vote on all issues within his 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. of the preferential purchase of additional shares and equity 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. to receive a part of its property in case of liquidation of the Company
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. to demand compensation for damages caused to 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. to 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 the shareholder contributes to the Company's property must be preliminary approved by the decision of the Board of Directors of the Company.

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. to participate in decision-making without which the Company can not continue its activities in accordance with the law if his participation is necessary for making such decisions;
4. not to perform actions that are 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;
6. 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 Issuer's shares in the cross ownership of its subsidiaries and (or) dependent companies: **None, the Issuer's subsidiaries and dependent companies do not own any of the Issuer's shares.**

Other data concerning liabilities specified by the Issuer at its own discretion:

In accordance with the notice of the Federal Financial Markets Service of Russia dated August 12, 2008 No. 08-EK-03/17099, the following 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 state register number 1-01-34956-E-004D dd 20.03.2008, 005D State registration number1-01-34956-E-005D dd 20.03.2008, 006D State registration number 1-01-34956-E-006D dd 20.03.2008.

1. Data on previous issues of securities of the Issuer except for the Issuer's shares
2. Information on the issues, all securities of which are redeemed

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

1. Data on the issues with non-redeemed securities

Type of security: exchange-listed/commercial bonds

Form of security: certificated bearer share

Series: BO-02

Other identification characteristics of securities: 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.

Issue of the securities was not subject to the state registration: **Yes**

Identification Number of the Issue: **4B02-02-34956-E**

Date when this identification number was allotted: **04.09.2014**

Organization that allotted the specific identification number to the securities issue:  **MICEX Stock Exchange, Close Joint-Stock Company**

Number of the securities of the issue, pcs: **6 000 000**

Amount of securities issue at par value, RUB: **6 000 000 000**

Nominal, RUB: **1 000**

In accordance with the relevant laws of the Russian Federation, the nominal value of this type of securities is not stipulated: **No**

State of the securities of the issue: **are in circulation**

The official registration of the report on the results of the issue was not carried out: **Yes**

The number of interest (coupon) periods for which the payment of income (coupons, interest) on the securities of the issue is made: **20**

Term (date) of the repayment of issue securities: **01.07.2022**

The following data shall be accurately indicated: **No**

URL address of the Web page where the text of the resolution on the issue of securities and the prospectus of securities was published: [**http://www.mrsk-yuga.ru/aktsioneru-investoru/obligatsii/**](http://www.mrsk-yuga.ru/aktsioneru-investoru/obligatsii/)

Additional issues of securities: **No**

Unfulfilled obligations on the securities of the issue: None

Type of security: exchange-listed/commercial bonds

Form of security: certificated bearer share

Series: 001Р

Other identification characteristics of securities: certificated interest-bearing non-convertible bearer listed bonds of series 001Р subject to mandatory deposit, with the repayment on the date that will occur no later than on the 10,920th day from the date when the placement of the issue of listed bonds will start within the frames of the program of publicly offered listed bonds.

Issue of the securities was not subject to the state registration: **Yes**

Identification Number of the Issue: **4-34956-E-001Р-02E**

Date when this identification number was allotted: **12.08.2016**

Organization that allotted the specific identification number to the securities issue:  **MICEX Stock Exchange, Close Joint-Stock Company**

Number of the securities of the issue, pcs: will be determined in the relevant issue conditions

Amount of securities issue at par value, RUB: **25 000 000 000**

Nominal, RUB: will be determined in the relevant issue conditions

In accordance with the relevant laws of the Russian Federation, the nominal value of this type of securities is not stipulated: **No**

State of the securities of the issue: **placement has not yet started**

The official registration of the report on the results of the issue was not carried out: **Yes**

The number of interest (coupon) periods for which the payment of income (coupons, interest) on the securities of the issue is made:

Term (date) of the repayment of issue securities: will be determined in the relevant issue conditions **Yes**

URL address of the Web page where the text of the resolution on the issue of securities and the prospectus of securities was published: [**www.mrsk-yuga.ru/aktsioneru-investoru/obligatsW**](http://www.mrsk-yuga.ru/aktsioneru-investoru/obligatsW)

Additional issues of securities: **No**

Unfulfilled obligations on the securities of the issue: None

1. 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 did not register the prospectus of secured bonds, the admission of secured listed bonds to exchange trades was not carried out

1. Additional data on mortgage coverage on the Issuer's mortgage-backed bonds

The issuer did not place any mortgage bonds with obligations not fulfilled yet

1. Additional data on the mortgage security of monetary claims on the Issuer's bonds with the mortgage security of monetary claims

The Issuer did not place bonds with the mortgage security of monetary claims, the obligations on which have not yet been fulfilled

1. Organizations keeping records of rights for the issuer’s equity securities

Information on the registrar

Full corporate name: R.O.S.T. Registrar, Joint-Stock Company

Abbreviated company name: **R.O.S.T. Registrar, JSC**

Registered address: 18, Stromynka Street, Bldg 13, Moscow 107996

TIN (Taxpayer Identification Number): 7726030449

PSRN (Primary State Registration Number): 1027739216757

Data on the securities holders’ register keeping license

No.: 10-000-1-00264

Issue date: **13.12.2002**

Expiry date: *Termless*

License issuing authority: **Federal Securities Commission of Russia (Federal Financial Markets Service of Russia)**

Starting date of the registrar’s keeping of the Issuer’s securities holders register: **18.12.2010**

The Issuer's certificated securities subject to mandatory deposit are currently outstanding

Depositary

Full corporate name: National Settlement Depository, Joint-Stock Company, Non-banking Credit Organization

Abbreviated company name: National Settlement Depository, JSC, NCO

Registered address: 12, Spartakovskaya St, Moscow, 105066, Russia

TIN (Taxpayer Identification Number): 7702165310

PSRN (Primary State Registration Number): 1027739132563

Data on the License on depository activities of stock market professional participant

No.: **045-12042-000100**

Issue date: **19.02.2009**

Expiry date: *Termless*

License issuing authority: **Federal Securities Commission of Russia (Federal Financial Markets Service of Russia)**

Extra: Data on separate subdivisions of the Registrar nearest to the Company's location serving the shareholders of the Company:

Transfer agent’s name: branch of JSC NRC in Rostov-on-Don:

Postal address and location of the transfer agent: 42/105, Goroda Volos Street, Rostov-on-Don 344010

Phone/Fax: (863) 244-10-26

Full information on all the separate subdivisions of the Registrar is available on its website at [www.rrost.ru](http://www.rrost.ru).

1. 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

1. Data on the declared (accrued) and (or) paid dividends on the Issuer's shares, as well as on income on the Issuer's bonds
2. Dividends declared and paid on the Issuer’s shares:

Information for the last five completed reported years, or for each completed reported year, if the Issuer has been operating for less than five years, as well as for the period from the beginning of the current year to the end date of the reported quarter

|  |  |
| --- | --- |
| Indicator name | Index value for the reported period: 2012, full-year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |
|  | |
| Indicator name | Index value for the reported period: 2013, full-year | |
| The category of shares, for preference shares - type | ordinary | |
| The Issuer's management body that made decision to declare dividends, the date of adoption of such decision, the date of drawing up and the number of the minutes of the meeting (session) of the Issuer's management body when the decision was adopted | The General Shareholders' Meeting of OJSC “IDGC in the South” (annual), June 25, 2014, Minutes No. 11 of June 25, 2014 | |
| Amount of declared dividends per share, RUB | 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 | |
| The reported period (year, quarter) for which (as a result of which) declared dividends are (were) paid | 2013, full year | |
| Deadline (date) for the 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 the payment of declared dividends (monetary funds, other property) | Cash | |
| Source of the payment of declared dividends (net profit of the reported year, undistributed net profit of previous years, special fund) | Net profit of the reported year | |
| Share of declared dividends in the net profit of the reported year, % | 25.65 | |
| Total amount of dividends paid on shares of this class (type), RUB | 6 884 032,91 | |
| The proportion of the paid dividends in the total amount of declared dividends on the shares of this category (type), % | 98.72 | |
| If the declared dividends are not paid or are not paid by the Issuer in full, the reasons for non-payment of declared dividends | The reason for non-payment of the remainder of declared dividends is the lack of requisites for the transfer of funds. | |
| Other data on the declared and (or) paid dividends, specified by the Issuer at its own discretion | Payment of dividends for 2013 was made in the 3rd quarter of 2014. | |
|  | | |
| Indicator name | Index value for the reported period: 2014, full-year | |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | | |
|  | | |
| 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 made decision to declare dividends, the date of adoption of such decision, the date of drawing up and the number of the minutes of the meeting (session) of the Issuer's management body when the decision was adopted | The General Shareholders' Meeting of PJSC “IDGC in the South” (annual), 06.06.2016, Minutes No. 15 of 09.06.2016 | |
| Amount of declared dividends per share, RUB | 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 | |
| The reported period (year, quarter) for which (as a result of which) declared dividends are (were) paid | 2015, full year | |
| Deadline (date) for the 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 the payment of declared dividends (monetary funds, other property) | Cash | |
| Source of the payment of declared dividends (net profit of the reported year, undistributed net profit of previous years, special fund) | Net profit of the reported year | |
| Share of declared dividends in the net profit of the reported year, % | 95.00 | |
| Total amount of dividends paid on shares of this class (type), RUB | 140 418 818,72 | |
| The proportion of the paid dividends in the total amount of declared dividends on the shares of this category (type), % | 98.82 | |
| If the declared dividends are not paid or are not paid by the Issuer in full, the reasons for non-payment of declared dividends | The reason for non-payment of the remainder of declared dividends is the lack of requisites for the transfer of funds. | |
| Other data on the declared and (or) paid dividends, specified by the Issuer at its own discretion | Date of drawing up the list of persons eligible to receive dividends is June 24, 2016. Payment of dividends for 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 | |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | | |
|  | | |
| Indicator name | The value of the index for the corresponding reporting period of 2017, 9 month | |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | | |

Another information is not available

1. 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 security: **bonds**

Form of security: certificated bearer share

Series: 02

non-convertible interest-bearing documentary bonds with mandatory centralized custody interest

Official registration number of the Issue: **4-02-34956-Е**

Date of the 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 certificated bearer bonds subject to mandatory deposit of 02 series in the amount of 6,000,000 (six million) pieces with a par value of 1,000 (one thousand) RUB each with a maturity on the 1,820 (one thousand eight hundred and twentieth) day from the date of the beginning of placement, publicly offered, registration number 4-02-34956-E dated December 16, 2008, allotted at the Federal Financial Markets Service of Russia on September 8, 2009.

Number of bonds in the issue, pcs: **6 000 000**

Par value of each bond, RUB: **1 000**

Amount of the issue at par value: **6 000 000 000**

|  |  |  |
| --- | --- | --- |
| Basic data on the incomes on the bonds of the issue: Indicator name | Accounting Period | |
| Type of securities (bonds), series, form and other identification features of the bond issue | non-convertible interest-bearing documentary bearer bonds of series 02 with mandatory centralized custody | |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4-02-34956-Е dd 16 December 2008 | |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | Face value and coupon | |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 1 040,39 RUB. / 28.80 USD. USD | |
| 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 USD | |
| Established term (date) of the payment of income on bonds of the issue | 26.08.2014 | |
| Form of payment of income on the bonds of the issue (cash, other property) | Cash | |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | 3,199,509,686.52 RUB/88,579,757.16 USD |
| 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-listed/commercial bonds

Form of security: certificated bearer share

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 Number of the Issue: **4B02-01-34956-E**

Date when this identification number was allotted: **04.09.2014**

Organization that allotted the specific identification number to the securities issue: Public joint stock company "Moscow Exchange MCSE-RTS"

Number of bonds in the issue, pcs: **5 000 000**

Par value of each bond, RUB: **1 000**

Amount of the issue at par value: **5 000 000 000**

|  |  |  |
| --- | --- | --- |
| Basic data on the incomes on the bonds of the issue: Indicator name | Accounting Period | |
| Type of securities (bonds), series, form and other identification features of the bond issue | 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. | |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4В02-01-34956-Е dd 04 September 2014 | |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | Face value and eighth coupon | |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 1 033,66 rubles / 18,13 USD | |
| 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 USD | |
| Established term (date) of the payment of income on bonds of the issue | | 12.06.2017 |
| Form of payment of income on the bonds of the issue (cash, other property) | | Cash |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | | 6 333 450 000,00 rub./109 110 572,08 USD |
| 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 | | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 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 12.06.2017 |

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 confirmed at 8.1 (eight point one-tenth) percent per annum on the Issuer's 02 series bonds (non-convertible interest-bearing certificated bearer bonds subject to mandatory deposit). 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 84 kopecks in 2014.

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.

Information on the persons that organized the trade and the quotation list, in which the Company's securities are included:

|  |  |
| --- | --- |
| 1. Full company name MICEX | Stock Exchange, Close Joint-Stock Company |
| Abbreviated company name: Registered address: | MICEX Stock Exchange, CJSC  13, Bolshoy Kislovski Side Street, Moscow, 13 |
| Web site: | [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 |
| Validity of the Stock Exchange License: | Not limited |
| Authority that issued the Stock Exchange License: | The Federal Service for the Financial Markets of Russia |

1. Other data

None

1. 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 submitted securities, the ownership to which is certified by Russian depositary receipts

**Appendix No. 1 to this Quarterly Report.  
Intermediate accounting (financial) statements of the Issuer.**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Balance sheet** | | | | | | |  |  |
| as of | | | **September 30,** | **2017** | | y. |  | **Codes** |
|  | | | | | | Form by OKUD | | 0710501 |
|  | | | | | | Date (day, month, year) | | 30/09/2017 |
| Organisation | **IDGC of the South, PJSC** | | | | | | by OKPO | 80380011 |
| Taxpayer identification number. | | | | | | | TIN | 6164266561 |
| Type of activities | | **electricity transmission** | | | | | av. |  |
| RNCEA | 35.12 |
| Type of business organization/form of incorporation | | | | |  | | as per OKOPF/OKFS | 12247/49 |
| **Public joint-stock company / private property** | | | | | | |
| Unit of measure: thous. rub. | | | | | | | in OKEI | 384 |
| Location (address) | | | **344002, Rostov-on-Don, Bolshaya Sadovaya str., h. 49.** | | | |  |  |

| **Clarifications** | **Indicator name** | **Line code** | **As of September 30,  2017  (1)** | **As of December 31,  2016  (2)** | **As of December 31,  2015  (3)** |
| --- | --- | --- | --- | --- | --- |
|  | **ASSETS** |  |  |  |  |
|  | **I. NON-CURRENT ASSETS** |  |  |  |  |
| 5.1.1.-5.2.2. | Intangibles | 1110 | 1477 | 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 | 20005 | 17 040 | 18 190 |
| 5.2.2. | including costs of uncompleted research and study | 1121 | 16507 | 9 700 | 820 |
|  |  |  |  |  |  |
|  | Intangible development assets | 1130 |  |  |  |
|  |  |  |  |  |  |
|  | Intangible development assets | 1140 |  |  |  |
|  |  |  |  |  |  |
| 5.3.1 .-5.3.5. | Fixed assets | 1150 | 28 477 627 | 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 | 25 151 646 | 25 030 267 | 26 190 347 |
|  | other asset types | 1153 | 155,579 | 196,043 | 233,066 |
| 5.3.5. | construction in progress | 1154 | 2 916 606 | 3 070 922 | 2197 090 |
| 5.3.6. | advances issued under capital construction and acquisition of fixed assets | 1155 | - | 424 | 1 391 |
|  | raw materials and other materials intended for use in the creation of fixed assets\* | 1156 | 220,285 | 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 | 147,499 | 147,910 | 144,929 |
|  | investments in subsidiary companies | 1171 | 141,080 | 141,080 | 140,710 |
|  | investments in affiliates | 1172 | - | - | - |
|  | investments in other organizations | 1173 | 6 419 | 6 830 | 4 219 |
|  | loans made to organizations for more than 12 months | 1174 | - | - | - |
|  | financial investments | 1175 | - | - | - |
|  |  |  |  |  |  |
| 5.7.2. | Deferred tax assets | 1180 | 296,452 | 433,755 | 369,907 |
|  |  |  |  |  |  |
|  | Other non-current assets | 1190 | 85 870 | 103,546 | 125,059 |
|  | **Total for Section I** | **1100** | **29 028 930** | **29 268 054** | **29 555 564** |
|  | **II. CURRENT ASSETS** |  |  |  |  |
| 5.5.1-5.5.2. | Inventories | 1210 | 792,243 | 613,275 | 720,902 |
|  | raw materials, supplies and other such assets | 1211 | 792,049 | 741,784 | 718,504 |
|  | costs of work in progress | 1212 | - | - | - |
|  | finished products and goods for resale | 1213 | 69 | 39 | 2 398 |
|  | shipped goods | 1214 | 126 | 71 452 | - |
|  | other inventories and expenses | 1215 | - | - | - |
|  |  |  |  |  |  |
|  | Value-added tax on purchased assets | 1220 | 1049 | 2 983 | 13 207 |
|  |  |  |  |  |  |
| 5.8.1.-5.6.4. | Trade and Other Receivables | 1230 | 13 357 270 | 12 992 602 | 10 407 250 |
|  |  |  |  |  |  |
|  | Payments on which are expected more than 12 months after the reporting date | 1231 | 3 485 | 4 644 | 22 053 |
|  | from buyers and clients | 123101 | 2 072 | 2 694 | 2112 |
|  | bills receivable | 123102 | - | - | - |
|  | advances paid | 123103 | 1 413 | 1 912 | 7 290 |
|  | other receivables | 123104 | - | 38 | 12 651 |
|  |  |  |  |  |  |
|  | Payments expected within 12 months after the reporting date | 1232 | 13 353 785 | 12 987 958 | 10 385197 |
|  | from buyers and clients | 123201 | 11 699 850 | 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 | 42 278 | 26 651 | 63 245 |
|  | other receivables | 123206 | 1 611 657 | 1 556 259 | 1 263 473 |
|  |  |  |  |  |  |
| 5.4.1-5.4.3. | Financial investments (save as cash equivalents) | 1240 | 236,257 | 779,257 | 403,000 |
|  | loans made to organizations for less than 12 months | 1241 | - | - | - |
|  | other short-term financial investments | 1242 | 236,257 | 779,257 | 403,000 |
|  |  |  |  |  |  |
| F.4 | Monetary assets and cash equivalents | 1250 | 1 023 793 | 690,528 | 1 581168 |
|  | cash | 1251 | 54 | - | 6 |
|  | settlement accounts | 1252 | 1 021 347 | 662,485 | 1 576 092 |
|  | currency accounts | 1253 | - | - | - |
|  | other cash assets | 1254 | 2 392 | 8 043 | 5 070 |
|  |  |  |  |  |  |
|  | Other current assets | 1260 | 229,838 | 271,034 | 218,042 |
|  | **Total for section II** | **1200** | **15 540 450** | **15 549 679** | **13 343 569** |
|  | BALANCE SHEET | 1600 | 44 569 380 | 44 817 733 | 42 899 133 |
|  | **LIABILITY** |  |  |  |  |
|  | **III. CAPITAL AND RESERVES** |  |  |  |  |
| 3.1 | Authorized capital (joint capital, authorized fund, partners' contributions) | 1310 | 6 117 814 | 4 981 110 | 4 981 110 |
| 3.1 | Capital (before registration of amendments) | 1311 | 786,092 | 143,909 | - |
| 3 1 | Treasury shares purchased from shareholders | 1320 | - | - | - |
| 5.3.1- 5.1.1 | Revaluation of non-current assets | 1340 | 14 637 675 | 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 | (14 486 637} | (15 010 534) | (14 888 464) |
|  | prior years | 1371 | (15 995 173) | (15010 534) | (14 888 464) |
|  | reporting period | 1372 | 1 508 636 | - | - |
|  | **Section III Total** | **1300** | **7 212 518** | **3 924 995** | **4 934 450** |
|  | IV. LONG-TERM LIABILITIES |  |  |  |  |
| 5.6 7-5 6.6. | Borrowed funds | 1410 | 19 392 050 | 17 232 022 | 13 403 376 |
|  | bank credits to be repaid more than 12 months after the reporting date | 1411 | 14 392 050 | 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 | 5 000 000 |
|  | ) |  |  |  |  |
| 5.7.2. | Deferred tax liabilities | 1420 | 889,109 | 776,603 | 362,562 |
|  |  |  |  |  |  |
| 5.7.1 | Estimated liabilities | 1430 | - | - | - |
|  |  |  |  |  |  |
| 5.6.5 -5.5.5 | Other Liabilities | 1450 | 2 964 653 | 118 948 | 118,914 |
|  | **Section IV Total** | **1400** | **23 245 812** | **18 127 573** | **13 864 854** |
|  | V. SHORT-TERM LIABILITIES |  |  |  |  |
| 5.6.7-5 5 6 | Borrowed funds | 1510 | 5 696 632 | 7 223 581 | 11 630 194 |
|  | bank loans due for repayment within 12 months after the reporting date | 1511 | 5 697 925 | 7 188 421 | 11 598 753 |
|  | loans to be repaid within 12 months after the reporting date | 1512 | 98707 | 35 140 | 31 441 |
|  |  |  |  |  |  |
| 5.6.5 -5.6.6 | Accounts payable | 1520 | 7 678 619 | 13 572 980 | 9 672 852 |
|  | to suppliers and contractors | 1521 | 5 138 141 | 10 411 233 | 7 535 500 |
|  | payment bills | 1522 | - | - | - |
|  | debt to the company's personnel | 1523 | 240,464 | 293,457 | 248,132 |
|  | debt to State non-budgetary funds | 1524 | 133,819 | 168,318 | 137,076 |
|  | debt on taxes and duties | 1525 | 567,632 | 377,952 | 452,453 |
|  | advance payments received | 1525 | 1 000 314 | 1 002 756 | 956,524 |
|  | debt to participants (founders) in respect of distribution | 1527 | 1 766 | 1 812 | 94 |
|  | other accounts payable | 1528 | 631,586 | 1 317 452 | 343,073 |
|  |  |  |  |  |  |
|  | Deferred income | 1530 | 33 366 | 35 632 | 59 123 |
|  |  |  |  |  |  |
| 5.7.1 | Estimated liabilities | 1540 | 607,321 | 1 931 821 | 2 709 437 |
|  |  |  |  |  |  |
|  | Other Liabilities | 1550 | 1 090 | 1 171 | 6 223 |
|  | **Section V Total** | **1500** | **14 211 050** | **22 765 165** | **24 079 829** |
|  |  | 1700 | 44 669 380 | 44 817 733 | 42 899 133 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Supervisor | |  |  | Rybin A.A. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
| Chief Accountant | |  |  | Savin G. G. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
|  | | | | | |
| 25 | October | | 2017 | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Income Statement** | | | | | | |  |  |
| in favor | | | **9 months** | **20** | **17** | y. |  | **Codes** |
|  | | | | | | Form by OKUD | | 0710002 |
|  | | | | | | Date (day, month, year) | | 30/09/2017 |
| Organisation | **IDGC of the South, PJSC** | | | | | | by OKPO | 80380011 |
| Taxpayer identification number. | | | | | | | TIN | 6164266561 |
| Type of activities | | **electricity transmission** | | | | | av. |  |
| RNCEA | 35.12 |
| Type of business organization/form of incorporation | | | | | |  | as per OKOPF/OKFS | 12247/49 |
| **Public joint-stock company / private property** | | | | | | |
| Unit of measure: thous. rub. | | | | | | | in OKEI | 384 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Clarifications | Indicator name | Code | For 9 months  2017  (1) | For 9 months  2016  (2) |
| 1 | 2 | 3 | 4 | 5 |
|  | Revenues | 2110 | 25 538 213 | 22 766 781 |
|  | including |  |  |  |
|  | revenues from electricity transmission | 2111 | 24 246 520 | 22 472 237 |
|  | revenue from tech. connection | 2112 | 303,019 | 167 506 |
|  | 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 | 2114 | 609,615 | . |
|  | income from participation in other organizations | 2115 | - | - |
|  | rental income | 2116 | 31 451 | 38 229 |
|  | the proceeds from the sale of other products, goods, works, services of industrial character | 2117 | 346,039 | 77 241 |
|  | the proceeds from the sale of other products, goods, works, services of nonindustrial character | 2118 | 1 569 | 11 568 |
|  |  |  |  |  |
| 2.1 | Cost of sales | 2120 | (20 327 089) | (19 096 512) |
|  | including |  |  |  |
|  | electric-power transmission prime cost | 2121 | (19 556 818) | (18 908 515) |
|  | prime cost from tech. connection | 2122 | (88 004) | (79 833) |
|  | 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 | (580 305) | - |
|  | prime cost of participation of other organizations | 2125 | - | - |
|  | cost of production of services of the lease | 2126 | (9 541) | (26 773) |
|  | the cost of other products, goods, works, services of industrial character | 2127 | (78 339) | (58 887) |
|  | the cost of other products, goods, works, services of nonindustrial character | 2128 | (14 082) | (22 504) |
|  |  |  |  |  |
|  | Gross profit (loss) | 2100 | 5 211 124 | 3 670 269 |
| 2.1 | Distribution costs | 2210 | (20 014) | - |
| 2.1 | Administrative expenses | 2220 | (493 442) | (445 636) |
|  | Income (loss) from sales | 2200 | 4 697 666 | 3 224 633 |
|  | Income from participation in other organizations | 2310 | 148 | 3 298 |
|  | Interest income | 2320 | 46 029 | 76 282 |
|  | Interest expenses | 2330 | (2 007 725) | (2 062 247) |
| 5.11 | Other income | 2340 | 3 610 385 | 3 253 621 |
| 5.11 | Other expenses | 2350 | (4 798 730) | (4 591 097) |
|  | Profit (loss) before tax | 2300 | 1 546 776 | (95 510) |
| 2.3 | Current profit tax | 2410 | (214 563) | (212 374) |
| 2.3 | including permanent tax liabilities (assets) | 2421 | 119,219 | 353,026 |
| 2.3 | Changes in deferred tax liabilities | 2430 | (67 664) | (34 731) |
| 2.3 | Changes in deferred tax assets | 2450 | (126 357) | (86 819) |
| 2.3 | Miscellaneous | 2450 | 390,434 | 322,430 |
|  | Net profit (loss) | 2400 | 1 508 636 | (107 004) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Clarifications | Indicator name | Code | For 9 months  2017  (1) | For 9 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 | 1 508 636 | (107 004) |
| 2.2 | Basic profit (loss) per share | 2900 |  |  |
| 2.2 | Basic profit (loss) per share | 2910 |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Supervisor | |  |  | Rybin A.A. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
| Chief Accountant | |  |  | Savin G. G. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
|  | | | | | |
| 25 | October | | 2017 | | |

**2.1. Cost of sales of goods, works, services by cost element**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Index | | For 9 months | For 9 months | |
| Name | Code | 2017 | 2016 | |
| 1 | 2 | 3 | 4 | |
| Production expenses | 6510 | 20 327 089 | 19 096 512 | |
| Including   material costs | 6511 | 12 624 882 | 11 657 394 | |
| labor costs | 6512 | 3 726 975 | 3 556 986 | |
| allocations for social needs | 5513 | 1 126 332 | 074,264 | |
| depreciation | 3514 | 1 918 683 | 1 942 813 | |
| other expenses | 6515 | 930,217 | 865,075 | |
|  |  |  |  | |
| Reference: Reference: The change of reserves and provisions (increase [+], decrease [-]): | 6520 | (71 296) | 69 093 | |
| including   work in process | 6521 | - | - | |
| finished goods | 6522 | - | - | |
| purchased goods | 6523 | 30 | (2 369) | |
| shipped goods | 6524 | (71 326) | 71 452 | |
| auxiliary raw materials | 6525 | - | - | |
|  |  |  |  | |
| Total cost of sales (goods, works, services) | 6500 | 20 398 385 | 19 027 419 | |
| including; |  |  |  | |
| Cost of goods sold | 6530 | - | - | |
| services of management to other party | 6540 | - | - | |
|  |  |  |  | |
| Distribution costs | 6550 | 20 014 | - | |
| including |  |  | - | |
| material costs | 6551 | 5 265 | - | |
| labor costs | 6552 | 7 133 | - | |
| allocations for social needs | 6553 | 2 141 | - | |
| depreciation | 6554 | 67 | - | |
| other expenses | 6555 | 5 408 | - | |
|  |  |  |  | |
| Administrative expenses | 6560 | 493,442 | 445,636 | |
| including |  |  |  | |
| material costs | 6561 | 23 215 | 28- 591 | |
| labor costs | 5562 | 279,372 | 272,209 | |
| allocations for social needs | 6563 | 73 877 | 68 741 | |
| depreciation | 6564 | 7 051 | 7 860 | |
| other expenses | 6565 | 100,887 |  | |
|  |  |  |  | |
| **Reference:** |  | | |
| - rent expenses for the power grid facilities   * taxes and fees (including land lease) * premiums * expenses for the services of infrastructure organizations (JSC "ATS", CJSC “FEC") * the costs of the purchased electric power on compensation of losses * by taking into account the allowances | 65001 | 3329 | 3378 |
| 65002 | 327076 | 30532? |
| 65003 | 1202349 | 11430D3 |
| 65004 | 560 | 0 |
| 65005 | 4339347 | 4238736 |
| 65006 | 6988311 | 6 453 363 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Supervisor | |  |  | Rybin A.A. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
| Chief Accountant | |  |  | Savin G. G. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
|  | | | | | |
| 25 | October | | 2017 | | |

**2.2. Profit attributable to one share, diluted earnings per share**

|  |  |  |  |
| --- | --- | --- | --- |
| Index | | For 9 month 2017 | For 9 month 2015 |
| Name | Code |
| 1 | 2 | 3 | 4 |
| Net profit (uncovered loss) of the reporting period | 6610 | 1 508 636 | (107 004) |
| Preferred dividends3 | 6611 | - |  |
| Basic profit (loss) of the reporting period | 6612 | 1 508 636 | (107 004) |
| weighted average number of ordinary shares in circulation during the reporting year, shares | 6613 |  |  |
| Basic profit (loss) per share | 6620 |  |  |
| 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 | 66321 | - | . |
| 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 | 66331 | - | - |
| 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. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
| Chief Accountant | |  |  | Savin G. G. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
|  | | | | | |
| 25 | October | | **2017** | | |

**2.3 Taxation of profit**

|  |  |  |  |
| --- | --- | --- | --- |
| Index | Code | For  2017 | For  2016 |
| 1 | 2 | 3 |  |
| Profit (loss) before tax | 6710 | 1 546 776 | (95 510) |
| including taxable at the rate: |  |  |  |
| 20% | 67101 | 1 546 776 | (95 510) |
| other rates | 67102 | - | - |
| not taxable | 67103 | - | - |
| Permanent differences | 6711 | 596,093 | 1 765 125 |
| Reference: For reference: permanent differences, corresponding with temporary differences | 67111 | - | - |
| Change in temporary deductible differences | 6712 | (631 785) | (434 093) |
| Change of temporary taxable differences | 6713 | (438 270) | (173 654) |
| Tax base | 6714 | 1 072 814 | 1 061 868 |
| Loss/(gain) for income taxes | 6720 | 309,355 | (19 102) |
| Conditional loss/(gain) for income taxes | 5721 | 309,355 | (19 102) |
| Permanent tax liability (asset) | 6722 | 119,219 | 353,026 |
| Reference: changes in deferred taxes attributed to profit and loss | 67221 | \_ | . |
| Loss (gain) for deferred taxes | 6723 | (214 011) | (121 550) |
| including: | 67231 | (126 357) | (86 819) |
| change in deferred tax asset |
| amendment of the deferred tax liabilities | 67232 | (87 654) | (34 731) |
| Current profit tax | 6724 | (214 563) | (212 374) |
| Specification of amounts of profit tax for past tax periods | 6725 |  | . |
| Other tax payments and sanctions from profit | 6730 | 390,434 | 322,430 |
| including under essential articles | 6731 | - | - |
| Profit (loss) on ordinary activities | 6740 | 1 508 636 | (107 004) |

|  |  |  |  |
| --- | --- | --- | --- |
| Supervisor |  |  | Rybin A.A. |
|  | (Signature) |  | (print full name) |
|  |  |  |  |
| Chief Accountant |  |  | Savin G. G. |
|  | (Signature) |  | (print full name) |

**3.3. Net assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicator name | Code | As of September 30  2017 | As of December 31  2016 | As of December 31  2015 |
| Net assets | 3500 | 7 245 906 | 3 980 627 | 4 993 573 |

|  |  |  |  |
| --- | --- | --- | --- |
| Supervisor |  |  | Rybin A.A. |
|  | (Signature) |  | (print full name) |
|  |  |  |  |
| Chief Accountant |  |  | Savin G. G. |
|  | (Signature) |  | (print full name) |

**3.4 Calculation of cost estimation net assets of joint stock companies**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator name | | Balance Sheet line code | As of September 30, 2017  (8) | As of December  2016  (7) | As of December  2015  (6) |
| 1 | | 2 | 3 | 4 | 5 |
| I. | Assets |  |  |  |  |
| 1. | Intangibles | 1110 | 1 477 | 1 689 | 6 |
| 2. | Research and development results | 1120 | 20 005 | 17 040 | 18190 |
| 3. | Intangible development assets | 1130 | - | - | - |
| 4. | Intangible development assets | 1140 | - | - | - |
| 5. | Fixed assets | 1150 | 28 477 627 | 28 564 113 | 28 897 473 |
| 6. | Income investments in material assets | 1160 | - | - | - |
| 7. | Long-term and short-term investments | 1170+ 1240 | 383,756 | 927,167 | 547,929 |
| 8. | Other non-current assets2 | 1180+1190 | 382,322 | 537,302 | 494,966 |
| 9 | Inventories | 1210 | 792,243 | 813,275 | 720,902 |
| 10. | Value-added tax on purchased assets | 1220 | 1 049 | 2 363 | 13 207 |
| 11. | Receivables 2 | 1230 | 13 357 270 | 12 992 602 | 10 407 250 |
| 12. | Monetary assets and cash equivalents | 1250 | 1 023 793 | 690,528 | 1 581 168 |
| 13. | Other current assets1 | 1260 | 229,838 | 271,034 | 218,042 |
| 14. | Total assets taken for calculation (the sum of the items 1-13) |  | 44 669 380 | 44 817 733 | 42 899 133 |
| II. | Obligations |  |  |  |  |
| 15. | Long-term borrowings | 1410 | 19 392 050 | 17 232 022 | 13 403 378 |
| 16. | Deferred tax liabilities | 1420 | 889,109 | 775,603 | 362,562 |
| 17, | Estimated liabilities | 1430+1540 | 607,321 | 1 931 821 | 2 709 437 |
| 18. | Other long-term liabilities | 1450 | 2 964 653 | 118 948 | 118,914 |
| 19. | Short-term borrowings | 1510 | 5 696 632 | 7 223 561 | 11 630 194 |
| 20 | Account payable4 | 1520 | 7 872 619 | 13 572 980 | 9 672 852 |
| 21. | Other short-term liabilities5 | 1550 | 1 090 | 1 171 | 8 223 |
| 22. | Total liabilities accepted for settlement (the sum of these items is 15 - 21) |  | 37 423 474 | 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)) |  | 7 245 906 | 3 960 627 | 4 993 573 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Supervisor | |  |  | Rybin A.A. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
| Chief Accountant | |  |  | Savin G. G. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
|  | | | | | |
| 25 | October | | **2017** | | |

**5.11. Other incomes and expenses**

| **Index** | | **For 9 month  2017 (1)** | **For 9 month  2016 (2)** |
| --- | --- | --- | --- |
| **Name** | **Code** |
| 1 | 2 |  |  |
| Other income total | 8000 | 3 610 386 | 3 253 621 |
| including: |  |  |  |
| From the sale of fixed assets, except apartments | 8001 | 78 029 | 1 116 |
| From the sale of apartments | 8002 | - | - |
| From the sale of inventories | 8003 | 3 268 | 9 985 |
| From the sale of currency | 8004 | - | - |
| From the sale of intangible assets | 8005 | - | - |
| From the sale of securities | 8006 | 543,000 | 1 000 |
| From the sale of other assets | 8007 | 182 | 77 |
| From joint activities | 8008 | - | - |
| Profit 2016 identified in the reporting period | 8009 | 175,898 | - |
| Profit 2015 identified in the reporting period | 8010 | 72 953 | 18 382 |
| Profit 2014 identified in the reporting period | 8011 | 7 173 | 30 175 |
| Profit before 2015 identified in the reporting period | 8012 | 10 715 | 11 532 |
| Penalties, fines and forfeits recognized or for which the court (arbitration court) has obtained its decisions on recovery | 8013 | 919,099 | 705,812 |
| Accounts payable, for which the limitation period has expired (more than three years) | 8014 | 2 608 | 3 827 |
| Difference in rates of exchange. | 8015 | - | - |
| The property, which turned out to be surplus by the inventory | 8016 | 15 498 | 248 |
| Donated assets, except fixed assets and intangible assets | 8017 | - | - |
| The income from gratuitously received OS, determined in accordance with the established procedure | 8018 | 5 392 | 4 714 |
| 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 | 473 | 2 801 |
| Income from reduction (write-off) of the provision for doubtful debts | 8021 | 1 336 948 | 1 865 530 |
| Income from reduction (write-off) of a reserve under estimated liabilities | 8022 | 203,107 | 536,874 |
| Income from reduction (write-off) of reserve for decline in value of inventories | 8023 | 775 | - |
| Revenues under claim assignment agreements | 8024 | 24 652 | - |
| Income from identified non-contractual electricity consumption | 8025 | 14 423 | 21 033 |
| Insurance payments receivable | 8026 | 38 631 | 18 010 |
| Income related to participation in MC of other organizations | 8027 | - | - |
| Recovery of previously written-off receivables | 8028 | 59 | 66 |
| 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 | 79 972 | - |
| 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 | - | - |
| Other | 8035 | 77 511 | 22 439 |
| Other expenses total | 8100 | (4 795 730) | (4 591 097) |
| including: |  |  |  |
| From the sale of fixed assets, except apartments | 8101 | (71 471) | (1 178) |
| From the sale of apartments | 8102 | - | - |
| From the sale of inventories | 8103 | (1 654) | (7 059) |
| From the sale of currency | 8104 | - | - |
| From the sale of intangible assets | 8105 | - | - |
| From the sale of securities | 8108 | (543 000) | (1 000) |
| From the sale of other assets | 8107 | (70) | (77) |
| Other Taxes | 8108 | - | - |
| Expenses on payment of Bank's services | 8109 | (653) | (375) |
| Expenses for the implementation of financial investments | 8110 | - | - |
| Provision for bad debts | 8111 | (896 201) | (1 334 543) |
| Provision for financial investments impairment | 8112 |  | - |
| Reserve for decrease in value of material assets | 8113 | (501) | - |
| Result of discontinued operations | 8114 | - | - |
| Reserve for estimated liabilities | 8115 | (95 638) | (1 098 954) |
| The assets retirement without income | 8116 | - | (10 342) |
| VAT on gratuitously transferred property | 8117 | - | - |
| Loss 2016 identified in the reporting period | 8118 | (516 136) | - |
| Loss 2015 identified in the reporting period | 8119 | (434 376) | (164 553) |
| Loss 2014 identified in the reporting period | 8120 | (200 478) | (337 790) |
| Loss before 01.01 2014, identified in the reporting period | 8121 | (217 343) | (539 370) |
| Penalties, fines and forfeits recognized or for which the court (arbitration court) has obtained its decisions on recovery | 8122 | (1 308 844) | (566 631) |
| State duties on economic contracts | 8123 | (9 682) | (6201) |
| Revaluation of financial investments at fair value | 3124 | (884) | - |
| Discount on promissory notes | 8125 | - | - |
| Expenses under claim assignment agreements | 3125 | (24 662) | - |
| Non-refundable VAT | 8127 | (180) | (295) |
| Expenses on identified non-contractual electricity consumption | 8128 | (3 759) | (1 636) |
| Contributions to associations and funds | 8129 | (4 285) | (4 059) |
| Accounts receivable, for which the limitation period has expired (more than three years) | 3130 | (543) | (3 051) |
| Difference in rates of exchange. | 8131 | - | - |
| Payments on lien or judgment | 8132 | (30 952) | (30 357) |
| Thefts, shortages | 8133 | - | (288) |
| Expenses on executive production | 8134 | (316) | (1 044) |
| Repayment of cost of apartments of employees | 8135 | - | - |
| Other material (financial) assistance and other payments to employees | 8135 | (142 459) | (138 482) |
| Financial aid to pensioners (including lump sum payments, compensation of utility bills) | 8137 | (1 967) | (2 480) |
| Expenditures for sporting events | 8133 | (5 763) | (2 604) |
| Expenses for social activities | 8139 | (4 521) | (2 527) |
| 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 | (2 630) | (5 142) |
| Discount of the articles of fixed assets | 8144 | - |  |
|  | 8145 | (279 731) | (308 456) |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Supervisor | |  |  | Rybin A.A. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
| Chief Accountant | |  |  | Savin G. G. |  |
|  | | (Signature) |  | (print full name) |  |
|  | |  |  |  |  |
|  | | | | | |
| 25 | October | | **2017** | | |

# Appendix No. 2 to this Quarterly Report. Consolidated financial statements of the Issuer.

Consolidated intermediate condensed financial   
statements

***Of the Interregional   
Distribution Grid Company of the South, Public Joint-stock Company and its subsidiary   
companies***

for three and six months ending on June 30, 2017

(unaudited)

*August 2017*

|  |  |  |
| --- | --- | --- |
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|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Group of companies “IDGC of the South”** | | | | | | | | |
| **Consolidated interim condensed statement of profit or loss and other  comprehensive income for 3 and 6 months, ended on June 30, 2017  (unaudited)** | | | | | | | | |
| *(in thousands of Russian Rubles unless otherwise stated)* | | | | | | | | |
|  |  | **For three months ended on June 30** | | |  | **For six months ended on June 30** | | |
|
|  | **Note** | **2017** |  | **2016** |  | **2017** |  | **2016** |
| Revenues | 7 | 8 003 807 | 7 098 666 | 16 640 259 | 15 070 635 |
| Operating costs | 8 | (7 211 224) | (7 351 182) | (16 047 242) | (15 058 915) |
| Net other income | 8 | 275,960 | (76 991) | 903,591 | 741,649 |
| **Operating result** |  | 1 068 543 | (329 507) | 1 496 608 | 753,369 |
| Finance income |  | 15 808 | 24 078 | 28 234 | 51 849 |
| Financial costs |  | (705 943) | (685 436) | (1 399 152) | (1 345 754) |
| **Net financial expenses** |  | (690 135) | (661 358) | (1 370 918) | (1 293 905) |
| **Income/(expenditure) before tax assessment** |  | 378,408 | (990 865) | 125,690 | (540 536) |
| (Costs)/ savings for income tax |  | (130 414) | 396,304 | (243 246) | 262,475 |
| **Income/(expenditure) for the period** |  | 247,994 | (594 561) | (117 556) | (278 061) |
| **Other comprehensive income** |  |  |  |  |  |
| *Items that could be reclassified or may be subsequently reclassified to profit or loss:* |  |  |  |  |  |
| Revaluation of defined benefit pension plans |  | 991 | (6 619) | (1 926) | (13 081) |
|  |  | 991 | (6 619) | **(1 926)** | **(13 081)** |
| *Items that could be reclassified or may be subsequently reclassified to profit or loss:* |  |  |  |  |  |
| Net changes in the fair market value of financial assets available for sale |  | (297) | 802 | (548) | 1 400 |
| Respective income tax |  | 59 | (160) | 109 | (280) |
|  |  | (238) | 642 | **(439)** | **1 120** |
| **Other aggregate (expenditure)/income less profits tax** |  | 753 | (5 977) | (2 365) | (11 961) |
| **Total aggregate income/ (expenditure)** |  | 248,747 | (600 538) | (119 921) | (290 022) |
| **Profit/(loss) payable to:**  Company’s owners |  | 247,994 | (594 561) | (117 556) | (278 061) |
| **Total aggregate income/ (expenditure) payable to:**  Company’s owners |  | 248,747 | (600 538) | (119 921) | (290 022) |
| **Profit/(loss) per stock – underlying and diluted (in Russian Rubles)** | 11 | 0.004 | (0,012) | (0,002) | (0,006) |

Consolidated interim condensed financial statements were approved and signed on behalf of the management of the Company on 22 August 2017

Director General B. B. Ebzeyev

Chief Accountant G. G. Savin

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Group of companies “IDGC of the South”** | | | | |
| **Consolidated interim condensed statement of financial position as of  June 30, 2017  (unaudited)** | | | | |
| *(in thousands of Russian Rubles unless otherwise stated)* | | | | |
|  | | | | |
|  | **Note** | **June 30, 2017** |  | **31 of December, 2016** |
| **ASSETS** |  |  |  |
| Non-current assets |  |  |  |
| Fixed assets | 9 | 21 079 002 | 20 575 783 |
| Intangibles |  | 130,408 | 148,101 |
| Trade and other receivables |  | 4 145 | 26 558 |
| Investments into financial assets |  | 5 946 | 6 830 |
| Deferred tax assets |  | 452,855 | 791,043 |
| **Total Non-Current Assets** |  | 21 672 356 | 21 548 315 |
| **Current assets** |  |  |  |
| Inventories |  | 930,433 | 773 315 |
| Income tax receivable |  | 585,793 | 656,356 |
| Trade and other receivables |  | 12 510 057 | 13 747 826 |
| Cash and Cash Equivalents |  | 2 216 192 | 702 084 |
| **Total of current assets** |  | **16 242 475** | **15 879 581** |
| **TOTAL ASSETS** |  | 37 914 831 | **37 427 896** |
| **EQUITY AND LIABILITIES** |  |  |  |
| **Equity** |  |  |  |
| The Share Capital | 10 | 6 117 814 | 4981 110 |
| Provision for share issue | 10 | - | 143,909 |
| Capital provisions |  | (209 808) | (207 443) |
| Retained profit |  | (8 140 411) | (8 022 855) |
| **Total equity** |  | **2 232 405** | **(3 105 279)** |
| **Long-term liabilities** |  |  |  |
| Borrowings | 12 | 20 228 434 | 17 232 022 |
| Trade and other payables |  | 3 089 539 | 118 948 |
| Employee’s remuneration payable |  | 111,959 | 107 195 |
| **Total long-term liabilities** |  | 23 429 932 | **17 458 165** |
| **Short-term liabilities** |  |  |  |
| Borrowings | 12 | 3 942 440 | 7 223 561 |
| Trade and other payables |  | 12 430 548 | 14 831 074 |
| Provisions | 13 | 344,316 | 1 202 375 |
| **Total current liabilities** |  | **16 717 304** | **23 075 010** |
| **TOTAL LIABILITIES** |  | **40 147 236** | **40 533 175** |
| **TOTAL EQUITY AND LIABILITIES** |  | **37 914 831** | **37 427 896** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Group of companies “IDGC of the South”** | | | | | | | | | | | |
| **Consolidated interim condensed statement of profit or loss and other comprehensive income for 6 months, ended on June 30, 2017 (unaudited)** | | | | | | | | | | | |
| *(in thousands of Russian Rubles unless otherwise stated)* | | | | | | | | | | | |
|  | | | | | | | | | | | |
|  | **Capital payable to the owners of the Company** | | | | | | | | | | |
|  | **The Share Capital** |  | **Provision for share issue** |  | **Revaluation reserve for available-for-sale financial assets** |  | **Revaluation reserve for pension plan with given pay-offs** |  | **Undivided**  **(income)/expenditure** |  | **Total equity** |
| **Balance as at 1 January 2016** | **4 981 110** | **-** | **1 307** | **(206 060)** | **(6 534 733)** | **(1 758 376)** |
| Loss for the period | - | - | - | - | (278 061) | ((278 061) |
| Net changes in the fair market value of financial assets available for sale |  | \_ | 1 400 | - |  | 1400 |
| Revaluation of defined benefit pension plans | - | - | - | (13 081) | - | (13 081) |
| Income tax on other aggregate income | - | - | (280) | - | - | (280) |
| **Total aggregate profit/(loss) for the period** | **-** | **-** | **1 120** | **(13081)** | **(278 061)** | **(290 022)** |
| *Transactions with owners, reflected directly in equity* |  |  |  |  |  |  |
| Dividends | - | - | - | - | (142 096) | (142 096) |
| **Total transactions with owners, reflected directly in equity** |  |  |  |  | **(142 096)** | **(142 096)** |
| **Balance as of June 30, 2016** | **4 981 110** | **-** | **2 427** | **(219 141)** | **(6 954 890)** | **(2 190 494)** |
| **Balance on 1 of January, 2017** | **4 981 110** | **143,909** | **2 149** | **(209 592)** | **(8 022 855)** | **(3 105 279)** |
| Profit for the period | - | - | - | - | (117 556) | (117 556) |
| Net changes in the fair market value of financial assets available for sale | - | - | (548) | \_ |  | (548) |
| Revaluation of defined benefit pension plans | - | - | - | (1 926) | - | (1 926) |
| Income tax on other aggregate income | - | - | 109 | - | - | 109 |
| **Total aggregate (loss)/profit for the period** | **—** | **-** | **(439)** | **(1 926)** | **(117 556)** | **(119 921)** |
| *Transactions with owners, reflected directly in equity* |  |  |  |  |  |  |
| Provision for share issue | - | 992,795 | - | - | - | 992,795 |
| Capital increase | 1 136 704 | (1 136 704) | „ | - | \_ | - |
| **Total transactions with owners, reflected directly in equity** | **1 136 704** | **(143 909)** |  |  |  | **992,795** |
| **Balance as of June 30, 2017** | **6 117 814** | **-** | **1 710** | **(211 518)** | **(8 140 411)** | **2 232 405** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Group of companies “IDGC of the South”** | | | | |
| **Consolidated interim condensed statement of profit or loss and other comprehensive income  for 6 months, ended on June 30, 2017 (unaudited)** | | | | |
| *(in thousands of Russian Rubles unless otherwise stated)* | | | | |
|  | | | | |
|  | **Note** | **For 9 months, ended on June 30, 2017** |  | **For 9 months, ended on June 30, 2016** |
| **OPERATIONAL ACTIVITY** |  |  |  |
| **Income/(expenditure) before tax assessment** |  | 125,690 | (540 536) |
| *Adjustments:*  Depreciation | 8 | 1 045 626 | 1 125 461 |
| Provision for impairment of trade and other accounts receivable | 8 | (95 038) | (133 104) |
| Provisions | 13 | (77 550) | 823 764 |
| Financial costs |  | 1 399 152 | 1 345 754 |
| Finance income |  | (28 234) | (53 849) |
| Income/(loss) from retirement of capital assets | 8 | 2 182 | 2 647 |
| Other non-cash transactions |  | (963) | (5 318) |
| **Cash flows from operating activities excluding changes in working capital** |  | **2 370 865** | **2 566 819** |
| *Revision:* |  |  |  |
| Receivables and prepayments receivable |  | 1 337 259 | (1 279 713) |
| Funds |  | (156 929) | (137 867) |
| Trade and other payables |  | (226 724) | 985,252 |
| Provisions | 13 | (598 509) | (775 285) |
| Employee’s remuneration payable |  | (1 581) | (486) |
| **Cash flows from operating activities before income tax** |  | **(2 724 381)** | **1 358 720** |
| Income tax payment |  | - | (664 922) |
| Paid interests |  | (1 498 216) | (1 391 727) |
| **Net cash flow (used in)/from operating business** |  | **2 012 190** | **(697 929)** |
| **INVESTMENT ACTIVITY** |  |  |  |
| Purchase of fixed assets |  | (1 293 377) | (485 222) |
| Acquisition of intangible assets |  | (420) | (4 335) |
| Receipts from fixed assets sale |  | 21 824 | 5 193 |
| Interest received |  | 25 100 | 49 352 |
| **Net cash flows used in investing activities** |  | **(1 246 873)** | **(435 012)** |
| **FINANCIAL ACTIVITY** |  |  |  |
| Loans and credits received |  | 30 957 254 | 4 692 381 |
| Loans and credits repaid |  | (11 201 254) | (4 919213) |
| Receipts from share issue |  | 1 778 820 | - |
| Dividends paid |  | (4) | - |
| **Net cash flow from/(used in) financial business** |  | **1 534 816** | **(226 832)** |
| Net increase/ (decrease) of cash and cash equivalents |  | 1 514 108 | (1 359 773) |
| **Cash and its equivalents as of the start of reporting period** |  | **702 084** | **1 587 751** |
| **Cash and its equivalents as of the end of reporting period** |  | **2 216 192** | **227,978** |

1. **Group and its operations**

**General Information**

Interregional Distribution Grid Company of the South Public Joint Stock Company (earlier, Open Joint Stock Company) (hereinafter the “Company”, or “IDGC of the South PJSC”) was founded on June 28, 2007, according to Resolution No. 192 of RAO Unified Enegy Systems of Russia -- Russian Open Joint Stock Company (hereinafter “RAS UES of Russia OJSC”) adopted on June 22, 2007.

The Company was registered at the following address: 49, Bolshaya Savodaya St., Rostov-on-Don, 344002, Russia.

Address for correspondence: 49, Bolshaya Savodaya St., Rostov-on-Don, 344002, Russia.

In the course of reforms, on March 31, 2008, according to Resolution No. 266, adopted by the Board of Directors, RAO UES of Russia OJSC, on November 30, 2007, and Resolution No. 1795pr/9, adopted by the Administrative Board of RAO UES of Russia OJSC, on December 25, 2007, the Company merged with the following enterprises: Astrakhanenergo OJSC, Kalmenrego OJSC, and Rostovenergo OJSC,

OJSC “Volgogradenergo”. Merger with these enterprises was carried out by exchange of the shares issued by the Company for the shares of the acceding companies. As a result of the merger, the above enterprises ceased to exist as the separate legal entity, and the Company became their legal successor.

Subsidiaries and affiliates of IDGC of the South, PJSC, are shown in Appendix 4

The core line of business of the Company and its subsidiaries (hereinafter “Groups”, or “IDGC of the South Group of Companies”) is electricity transmission and connection of consumers to power grids. The Group business is a nation-wide monopoly controlled and supported by the Russian Government. The Russian Government influences the Group’s business by state regulation of tariffs. The Group’s tariffs are set by the executive bodies of the Russian Federation constituent entities in charge of governmental tariff regulation and are controlled by the Federal Anti-Trust Service.

On January 1, 2017, the guarantee supplier status was assigned to the Company in the Republic of Kalmykia with respect to the area of business of the former guarantee supplier, Southern Interregional Power Company JSC, by order of the Ministry of Energy of the Russian Federation dd December 23, 2016, No. 1400, Assigning of the Guarantee Supplier Status to the Territorial Grid Company. Revenues and operating costs from the said line of business are disclosed in Notes 7 and 8.

As of July 1, 2008, RAO UES of Russia OJSC terminated its existence as the sole legal entity and transferred the shares in the Company to the newly established Holding of Interregional Distribution Grid Company (Open Joint Stock Company).

To further develop and coordinate the management of the Russian power grid facilities, on November 22, 2012, the Russian President signed Decree No. 1567, Russian Grids Open Joint Stock Company. 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 June 30, 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 develop, but are associated with the risk of ambiguous interpretation of their requirements, which are, moreover, susceptible to frequent changes, which, together with other legal and fiscal obstacles, creates additional problems for the enterprises 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 management believes that it is taking the necessary efforts to maintain the economic stability in the Group in the current environment.

1. **Fundamental principles of drafting financial statements**

**Statement of compliance**

These consolidated interim condensed financial statements for the three months ended June 30, 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**

Russian rubles are the national currency of the Russian Federation (RUB), and the same currency is the Company’s and its subsidiaries’ functional currency as well as the currency in which these consolidated intermediate financial statements are submitted. All the numeric figures presented in rubles are rounded to the nearest thousand.

**Going concern**

These Consolidated intermediate condensed financial statements were drafted on the going concerns basis.

As of June 30, 2017, the shortage of the working capital of the Group (mostly related to short-term loans and credits) amounted to RUB 474,829,000 (as of December 31, 2016: 7 195 429 rubles).

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 6 months 2017, the Group plans to raise a bond issue and long-term bank loans for RUB 7,672,000,000, which will be fully channeled towards refinancing of earlier raised loans.

To enhance the efficiency of the working capital management, the Group focuses on increasing collections of receivables, including doubtful. On a quarterly basis, the Group develops the schedules of efforts aimed at mitigating past-due debts for provided electricity transmission services and at settlement of differences and submits the schedules and their performance results to the Company’s Board of Directors for review. As part of the long-term program of development and reduction in receivables for provided electricity transmission services, the Company developed and had approved by the Board of Directors the schedule of repayment during 12 months 2017 of the past-due debts for provided electricity transmission services that existed as of January 1, 2017. The repayment schedule fulfillment is reviewed at the Company’s Board of Directors on a quarterly basis.

In the Management opinion, repayment of loans and credits as well as trade and other receivables will be covered with the operating or financial cash flows. Thus, the Management believes that there is no material uncertainty as to the Group’s ability to continue as the going concern.

**Use of estimates and professional judgments**

Drafting of IFRS consolidated intermediate condensed financial statements necessitates that the management should use professional judgments, assumptions and estimates that influence the way how the accounting policy provisions are applied and in which amounts the assets, liabilities, income and costs are recorded. Actual results could differ from those estimates.

When drafting these consolidated intermediate condensed financial statements, the professional judgments of the management made in the course of application of the Group’s accounting policy and the main sources of uncertainty assessment remained the same as those applied to the consolidated financial statements for the year ended on December 31, 2016.

Some amounts in comparative information for the transition period were reclassified to make sure they are compatible with the data presentation procedure in the current period. Incurred reclassifications are unessential.

1. **Main accounting policy provisions**

The accounting policy provisions have been applied consistently in all reporting periods shown in these consolidated intermediate condensed financial statements and are uniform for companies of the Group.

**New standards and interpretations of not yet adopted for use**

A series of newly issued standards, changes to standards and explanations have not yet taken effect and have not been applied ahead of time by the Group when drafting these consolidated intermediate condensed financial statements. The following of the below standards may have potential impact on the Group’s operations:

* IFRS 16, *Lease* (takes effect with respect to the annual periods starting from January 1, 2019, or after that date). The Standard obliges tenants to recognize assets and liabilities for most lease agreements. Minor changes occurred for landlord as compared with the current rules established in IFRS (IAS) 17, *Lease.* Early introduction of the standards is allowed if a new revenues standard, IFRS 15, *Revenues from Contracts with Buyers,* have already been introduced or introduced simultaneously with IFRS 16.
* IFRS 9, *Financial Instruments: Classification and Assessment* (takes effect with respect to the annual periods starting from January 1, 2018, or after that date, early introduction is allowed). The standard introduces new requirements to financial instrument classification and assessment, depreciation accounting and hedging.
* IFRS 15, *Revenues under Transactions with Buyers* (takes effect with respect to the annual periods starting from January, 1, 2018 or after that date, early introduction is allowed). 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 on the contractual price should be referred to individual elements of contracts with buyers. If the remuneration varies for any reason, the minimum amounts should be recognized, unless they are susceptible to the significant revision risk. The costs incurred to secure contracts with buyers should be capitalized and amortized during the entire period of deriving benefits from the contract.

The Group review the impact of these standards on its consolidated financial statements and plans to introduce them as soon as they take effect.

1. **Subsidiaries**

Consolidated intermediate condensed financial statements of the Group as of September 30, 2017, and December 31, 2016, includes the Company and its subsidiaries:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Ownership share %** | | | | |
| **Subsidiary’s name** | **Principa l activity** | **June 30, 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 |
| Energetik Holiday Home JSC | Health-improving services | 100 | 100 | 100 |
| Energy Service Company of the South JSC | Repairs and Maintenance | 100 | 100 | 100 |

1. **Fair valuation**

Certain provisions of the Group’s accounting policy and some disclosures necessitate the assessment of the fair value of both financial and non-financial assets and liabilities.

When drafting these consolidated intermediate condensed financial statements, the same methods to determine the fair value were applied as when drafting the consolidated financial statements for the year ended on December 31, 2016.

1. **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 comparative services of electricity transmission and technological connection to power grids but are managed separately. Internal management reports for each of the strategic business units are reviewed by the Management Board, the responsible authority in the Group for making operating decisions.

The Other category includes transactions of the Company’s subsidiaries and Kubanenergo branch. These transactions do not conform to the quantitative criteria for distinguishing them as separate reporting segments either for three and six months ended on June 30, 2017, or for three and nine months ended on June 30, 2016.

Undistributed indicators include the performance of the company's executive apparatus, which is not an operational segment in accordance with IFRS 8.

Below is provided information on performance of each of the reporting segments. Financial results of business are estimated based on pre-tax profit of the segment recorded in the internal management reports reviewed by the Management 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 Management Board for review with similar indicators of these consolidated financial statements includes reclassifications and adjustments required for aligning the financial statements with IFRS.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Information on the reporting segments for the three months ended on June 30, 2017: | | | | | | | | | | | |
|  |  |  | **Electricity transmission** | | |  |  |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Other** |  | **Total** |
| **Reporting segment revenues** |  |  |  |  |  |  |
| Electricity transmission | 1 085 027 | 2 350 339 | 143,388 | 3 768 487 | - | 7 347 241 |
| Technological connection to the electricity networks | 32 327 | 3 277 | 124 | 158,470 | - | 194,198 |
| Electricity and capacity sale | - | - | 164,931 | - | - | 164,931 |
| Other revenues | 11 184 | 9 285 | 4 622 | 238,078 | 33 506 | 296,675 |
| Revenues from sales between segments |  | - | - | 116 | - | 116 |
| **Total revenue of the reporting segment** | 1 128 538 | 2 362 901 | 313 065 | 4 165 151 | 33 506 | 8 003 161 |
| **Profit/(loss) of the reporting segment before taxation** | (211 705) | 794,417 | (507 215) | 37 827 | (4 905) | 108,419 |
| Information on the reporting segments for the three months ended June 30, 2016: | | | | | | | | | | | |
|  |  |  | **Electricity transmission** | | |  |  |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Other** |  | **Total** |
| **Reporting segment revenues** |  |  |  |  |  |  |
| Electricity transmission | 1 004 112 | 2 331 049 | 193 576 | 3 445 459 | - | **6 974 196** |
| Technological connection to the electricity networks | 5 903 | 7 848 | 46 | 33 847 | - | **47 644** |
| Other revenues | 8 510 | 11 263 | 4 500 | 15 447 | 37 038 | **76 788** |
| Revenues from sales between segments | - | - | - | 28 | - | **28** |
| **Total revenue of the reporting segment** | **1 018 525** | **2 350 160** | **198,122** | **3 494 811** | **37 038** | **7 098 656** |
| **Profit/(loss) of the reporting segment before taxation** | **(653 099)** | **221,268** | **(619 918)** | **(37 178)** | **(8 901)** | **(1 097 828)** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Information on reporting segments for six months ended on June 30, 2017: | | | | | | | | | | | |
|  |  |  | **Electricity transmission** | | |  |  |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Other** |  | **Total** |
| **Reporting segment revenues** |  |  |  |  |  |  |
| Electricity transmission | 2 296 669 | 4949 142 | 303,450 | 8 137 050 | - | 15 686 311 |
| Technological connection to the electricity networks | 34 499 | 6 222 | 156 | 178 553 | - | 219 430 |
| Electricity and capacity sale | - | - | 383 517 | - | - | 383 517 |
| Other revenues | 15 733 | 16 052 | 8 900 | 255 631 | 53 160 | 349 476 |
| Revenues from sales between segments | *-* | - | - | 233 | - | 233 |
| **Total revenue of the reporting segment** | **2 346 901** | **4 971 416** | **696 023** | **8 571 467** | **53 160** | **16 638 967** |
| **Loss/(profit) of the reporting segment before taxation** | **(500 916)** | **1 172 348** | **(782 297)** | **148,823** | **(15 818)** | **22 140** |
| Information on reporting segments for six months ended on June 30, 2017: | | | | | | | | | | | |
|  |  |  | **Electricity transmission** | | |  |  |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Other** |  | **Total** |
| **Reporting segment revenues** |  |  |  |  |  |  |
| Electricity transmission | 2 154 198 | 4 865 086 | 422,305 | 7 421 505 |  | 14 863 094 |
| Technological connection to the electricity networks | 14 147 | 11 509 | 94 | 50 513 |  | 76 263 |
| Other revenues | 15 364 | 20 914 | 8 490 | 32 275 | 54 041 | 131 084 |
| Revenues from sales between segments | - | - | - | 56 | - | 56 |
| **Total revenue of the reporting segment** | **2 183 709** | **4 897 509** | **430,889** | **7 504 349** | **54 041** | **15 070 497** |
| **Loss/(profit) of the reporting segment before taxation** | **(912 050)** | **1 110 193** | **(885 748)** | **(40 975)** | **(19 034)** | **(747 614)** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Information on reporting segments as of June 30, 2017: | | | | | | | | | | | |
|  |  |  | **Electricity transmission** | | |  |  |  |  |  |  |
|  | **Astrakhanenergo** | **Volgogradenergo** | |  | **Kalmenergo** |  | **Rostovenergo** |  | **Other** |  | **Total** |
| **Reporting segment assets** | 6 624 786 |  | **12 934 172** | **3 083 476** | 19 455 078 | 657,591 | **42 755 103** |
| *Including fixed assets* | 4 693 229 |  | 6 223 867 | 2 585 699 | 15 257 161 | 239,122 | 28 999 078 |
|  | | | | | | | | | | | |
| Information on reporting segments as of December 31, 2016: | | | | | | | | | | | |
|  |  |  | **Electricity transmission** | | |  |  |  |  |  |  |
|  | **Astrakhanenergo** |  | **Volgogradenergo** |  | **Kalmenergo** |  | **Rostovenergo** |  | **Other** |  | **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 pre-tax profit (loss) indicators in reporting segments

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For three months  which have ended  June 30** | | |  | **For six months  which have ended  June 30** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** |
| **Pre-tax profit/(loss) of reporting segments** | **108,419** | **(1 097 828)** | **22 340** | **(747 614)** |
| Adjustment of the provision for receivables impairment | (14 045) | - | (225 634) | - |
| Adjustments of residual value of fixed assets | 134 839 | 102 254 | 269 786 | 192 764 |
| Admission of the employee benefits liabilities | (360) | (1 277) | (2 838) | (4 095) |
| Financial instrument discounting | 150 | 175 | 194 | 1 142 |
| Adjustment of prepaid expenses | 1 784 | 10 768 | 5 799 | 25 081 |
| Other adjustments | 147 507 | (4 957) | 55 986 | (7 814) |
| Other unallocated amounts | 134 | - | 257 | - |
| **Consolidated pre-tax profit/ (loss)** | **378,408** | **(990 865)** | **125,690** | **(540 536)** |

Revenues from transactions with enterprises affiliated with the state is provided by all of the Group’s segments and disclosed in Note 17.

For three and six months ended on June 3, 2017, the Group had two buyers: sales companies in two Russian regions with individual sales volumes exceeding 10% of the Group’s total revenues. Revenues for three and six months ended on June 30, 2017, according to these customers amounted 943,819,000 rubles and 2,015,329,000 rubles, respectively (Astrakhanenergo) and 2,089,88,000 rubles and 4,576,242,000 rubles, respectively (Rostovenergo).

For the three and six months ending 30 June 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 and six months ended June 30, 2017, according to these customers amounted to 892 877 rubles, respectively (Astrakhanenergo) and 1 927 908 rubles and 4 141 249 rubles, respectively (Rostovenergo).

1. **Revenues**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For three months ended on  June 30** | | |  | **For nine months ended on  June 30** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** |
| Electricity transmission | 7 347 241 | 6 974 196 | 15 686 313 | 14 863 094 |
| Electricity and capacity sale | 164,931 | - | 383 517 | - |
| Technological connection to power grids | 194,198 | 47 644 | 219 430 | 76 263 |
| Other revenues | 297,437 | 76 826 | 351 001 | 331 278 |
|  | **8 003 807** | **7 098 666** | **16 640 259** | **15 070 635** |

1. **Income and expenses**

**(a) Operating costs**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For three months  which have ended  June 30** | | |  | **For six months  which have ended  June 30** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** |
| **Production work and services, including** | **2 463 429** | **2 064 736** | **4 863 250** | **4 192 404** |
| *Electricity transmission services* | 2 392 966 | 2 012 129 | 4 768 590 | 4 116 834 |
| *Repair and maintenance services* | 53 548 | 34 516 | 67191 | 49 087 |
| *Other production, maintenance and delivery works and services* | 18 915 | 18 091 | 27 469 | 26 483 |
| Employees’ remuneration costs | 1 835 490 | 1 750 674 | 3 616 960 | 3 477 062 |
| **Material expenses, including** | **1 552 226** | **1 209 395** | **4 044 775** | **3 685 252** |
| *Electricity in order to compensate process losses* | 976,805 | 929,970 | 3 321 918 | 3 163 802 |
| *Purchased electricity* and *heat for own needs* | 32 003 | 26 549 | 140,104 | 124 790 |
| *Purchased electricity and capacity for sales* | 61 111 | - | 149169 | - |
| *Other material expenses* | 282 309 | 252 876 | 433 584 | 396 660 |
| **Depreciation** | **520 091** | **555 098** | **1 045 626** | **1 125 461** |
| **Other material expenses including** | **178 327** | **140 790** | **374 711** | **297 114** |
| *Consulting, legal and auditing services* | 5 760 | 4 230 | 50 626 | 6555 |
| *Management services* | 33 275 | 33 275 | 66549 | 66 549 |
| *Expenses related to the maintenance of property* | 31 846 | 18 682 | 62 646 | 60287 |
| *Security* | 23 697 | 21361 | 46 229 | 42 128 |
| *Communications services* | 19497 | 16 841 | 38264 | 36 092 |
| *Transport services* | 12844 | 3 759 | 22 667 | 7 039 |
| *The cost of software and support* | 8 181 | 6 957 | 15 94! | 13 067 |
| *Other services of third-parties, including* | 43 227 | 35 685 | 71 789 | 65 364 |
| Provisions | - | 660 514 | - | 823 764 |
| Penalties, fines, forfeits submitted to the Company for violation of contractual conditions | 394 183 | 365 182 | 802 540 | 478 805 |
| Taxes except profit tax | 107 341 | 96 659 | 209 994 | 190 756 |
| Lease | 26 272 | 51 926 | 48 890 | 102 174 |
| Travel expenses | 35 268 | 25 451 | 52 924 | 40 659 |
| Insurance | 15 050 | 14 954 | 29 957 | 30 1)8 |
| Loss from withdrawal of fixed assets | 2 170 | 1 474 | 2 382 | 2 647 |
| Other expenses | 281 377 | 414 329 | 955 433 | 612 699 |
|  | 7 211 224 | **7 351 182** | **16 047 242** | **15 058 915** |

For the three months ended June 30, 2017, as part of fines, penalties, penalties for breach of contractual terms, expenses under contracts with PJSC "FSK UES" in the amount of 108 998 thousand rubles and 245 329 thousand rubles. PJSC "Astrakhan Energy Retail Company" - 153 064 thousand rubles and 269 029 thousand rubles, PJSC TNS Energo Rostov-on-Don - 39 317 thousand rubles and 150 395 thousand rubles, JSC Energia - 51 000 thousand rubles and 75 176 thousand rubles. (for the three months ended June 30, 2016: 230,962 thousand rubles and 244 722 thousand rubles, 80,028 thousand rubles and 133,852, thousand rubles; 0 rubles and 0 rubles, 0 rubles and 31,111 rubles respectively), recognized in the court judgment.

For three and six months ended on June 30, 2017, other costs include losses of previous years in the amount of 272,473 rubles and 927,031 rubles respectively (for three and six months ended on June 30, 2016: 385 969 rubles and 578 923 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 ended on June 30** | | |  | **For six months ended on June 30** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** |
| Reversal of the receivables impairment reserve | 549 400 | 503 890 | 657 514 | 569 373 |
| Penalties and fine | (338 791) | (593 712) | 95 038 | 133 104 |
| Income from reimbursement of costs at the court judgment | 40 367 | - | 40 367 | - |
| Compensation for insured events | 4 722 | - | 77 550 | - |
| The revealed non-contractual electric energy consumption | 13 483 | 156 | 22 920 | 14 675 |
| Write-off of trade and other accounts payable | 5 225 | 9 673 | 7 647 | 17 403 |
| Donated assets, including surplus | 805 | 1 542 | 1 150 | 2 981 |
| Income/(loss) from retirement of capital assets | 655 | 1 365 | 1 311 | 2 269 |
| Governmental subsidies | 94 | 95 | 94 | 1 844 |
|  | **275,960** | **(76 991)** | **903,591** | **741,649** |

For three and six months ended on June 30, 2017, penalties and fines included the income recognized at the court judgment under contracts with Astrakhan Power Sales Company PJSC (140,544 thousand rubles and 156,463 thousand rubles), with TNS Energo Rostov-on-Don PJSC (5,656 thousand rubles and RUB 52,565 thousand rubles), Volgogradenergosbyt PJSC (333,414 thousand rubles and 333,414, thousand rubles respectively (for three and six months ended on June 30, 2016: 15,548 thousand rubles and 63,888 thousand rubles, 0 rubles and 0 rubles, 371,531 thousand rubles and 371,531 thousand rubles respectively).

1. **Fixed assets**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Real estates and buildings** |  | **Power grids** |  | **Transformer**  **substation** |  | **Other** |  | **Construction in progress** |  | **Total** |
| *Value/ conventional initial value* **Balance as of January 1, 2016** | **3 094 292** | **18 962 044** | **12 193 863** | **6 352 134** | **2 443 868** | **43 046 201** |
| Reclassification between groups | - | 58 862 | (58 923) | 61 | - | - |
| Receipts | - | 711 | 10 | 15 498 | 389 916 | 406 135 |
| Commissioning | 8 716 | 95 463 | 56 436 | 48 001 | (208 616) | - |
| Withdrawals | (500) | (5 014) | (1 019) | (15711) | (9 731) | (31 975) |
| **Balance as of June 30, 2016** | **3 102 508** | **19 112 066** | **12 190 367** | **6 399 983** | **2 615 437** | **43 420 361** |
| **Balance on 1 of January, 2017** | **3 145 751** | **19 851 743** | **12 414 980** | **6 393 063** | **3 327 099** | **45 132 636** |
| Reclassification between groups | (3 785) | 90 869 | (366 043) | 278 964 | - | - |
| Receipts | 354 | - | - | 20 554 | 1 529 297 | 1 550 205 |
| Commissioning | 297 66» | 461 037 | 516519 | 170 865 | (1 446 082) | - |
| Withdrawals | (3 111) | (11 214) | (10333) | (9 549) | (11 111) | (45 318) |
| **Balance as of June 30, 2017** | **3 436 870** | **20 392 435** | **12 555 118** | ***6* 853 897** | **3 399 203** | **46 637 523** |

**9 Property, Plant and Equipment (continued)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Real estates and buildings** |  | **Power grids** |  | **Transformer**  **substation** |  | **Other** |  | **Construction in progress** |  | **Total** |
| *Depreciation and impairment losses* |  |  |  |  |  |  |
| **Balance as of January 1, 2016** | **(1 298 555)** | **(10 686 082)** | **(6 030 406)** | **(4 088 5310)** | **(12 862)** | **(22 116 436)** |
| Reclassification between groups | - | - | 5 | (5) | - | - |
| Accrued for the period | (65 154) | (469 305) | (336 580) | (247 156) | - | (1 118 195) |
| Introduction and composition of fixed assets | (40) | (4 598) | (1 190) | - | 5 828 | - |
| Withdrawals | 440 | 4 424 | 628 | 9 261 | - | 14 753 |
| **Balance as of June 30, 2016** | **(1 363 309)** | **(11 155 561)** | **(6 367 543)** | **(4 326 431)** | **(7 034)** | **(23 219 878)** |
| **Balance on 1 of January, 2017** | **(1 491 355)** | **(11 869 132)** | **(6 758 749)** | **(4 428 054)** | **(9 563)** | **(24 556 853)** |
| Reclassification between groups | (39 916) | (29 772) | 335,677 | (265 989) | - | - |
| Accrued for the period | (62 372) | (438 270) | (320 748) | (206 696) | - | (1 028 086) |
| Introduction and composition of fixed assets | - | (22) | (145) | *-* | 167 | - |
| Withdrawals | 2 999 | 7 536 | 6 680 | 9 166 | 37 | 26418 |
| **Balance as of June 30, 2017** | **(1 590 644)** | **(12 329 660)** | **(6 737 285)** | **(4 891 573)** | **(9 359)** | **(25 558 521)** |
| *Residual value* |  |  |  |  |  |  |
| **Balance as at 1 January 2016** | **1 795 737** | **8 275 962** | **6 163 457** | **2 263 603** | **2 431 006** | **20 929 765** |
| **Balance as of June 30, 2016** | **1 739 199** | **7 956 505** | **5 822 824** | **2 073 552** | **2 608 403** | **20 200 483** |
| **Balance on 1 of January, 2017** | **1 654 396** | **7 982 611** | **5 656 231** | **1 965 009** | **3 317 536** | **20 575 783** |
| **Balance as of June 30, 2017** | **1 846 226** | **8 062 775** | **5 817 833** | **1 962 324** | **3 389 844** | **21 079 002** |

1. **Equity**

**The Share Capital**

As of June 30, 2017, registered and issued share capital consists of 61,178,139,417 ordinary shares (as of December 31, 2016: 49,811,096,064 ordinary shares). Par value of the share is RUB 0,1

**Additional issue of securities**

On June 6, 2016, the annual General Meeting of the Company’s Shareholders approved the resolution to increase the Company’s share capital by issue of additional 11615 110 154 ordinary registered uncertified shares with the par value of 0.1 rub. per share. The share issue was registered by the Bank of Russia on 4 August, 2016. By December 22, 2016, shareholders were able to exercise the pre-emptive right to purchase 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. Until the moment of the state registration of changes in the Company's charter capital, the contribution in total of 143,909 thousand rubles was recognized as a reserve for the issue of shares directly in equity as of December 31, 2016. 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. Changes in the Company’s share capital were registered on May 10, 2017, in which connection the Company’s share capital increased by RUB 1,136,704,000, to RUB 6,117,814,000 (as of December 31, 2016: RUB 4,981,100).

On April 7, 2017, the extraordinary General Meeting of the Company’s Shareholders approved the resolution to increase the share capital by placing additional 13,015,185,446 ordinary registered uncertified shares with the par value of RUB 0.1 per share, for the total amount of RUB 1,301,519,000. The share issue was registered by the Bank of Russian on June 1, 2017. By July 20, 2017, inclusively, shareholders were able to exercise the pre-emptive right to purchase the Company’s shares. As of June 30, 2017 as part of the implementation of this right, the parent company contributed 786 025 thousand rubles to the authorized capital of the Company. Prior to the registration by the Registrar of shares acquired by the parent company on its personal account, a contribution in the amount of 786 025 thousand rubles was recognized by the Group as part of trade and other payables as at 30 June 2017.

**Retained earnings and dividends**

The Company’s RAS financial statements forms the basis for profit allocation and other payments. Due to differences between RAS and IFRS accounting rules, the Company’s profit in financial statements may be different from the values shown in IFRS consolidated financial statements.

According to Russian law, the Company’s provisions available for allocation are limited to the unallocated profit recorded in the Company’s RAS financial statements.

Annual General Meeting of the Company’s Shareholders held on June 13, 2017, resolved not to pay dividends for 2016.

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 RUB 142,096,000 (RUB 0.002852693 per one ordinary share of the Company) for the year 2015. As of December 31, 2016, RUB 140,378,000 dividends were paid. During nine months ended on September 30, 2017, the Company paid dividends in total RUB 46,000. As of September 30, 2017, dividends payable in the amount of RUB 1,766,000 are reflected in the Consolidated Statement of Financial Position of the Group as part of trade and other payables (as of December 31, 2016: RUB 1,812,000).

1. **Earnings 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 ended on June 30** | | |  | **For six months ended on June 30** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** |
| Weighted average number of ordinary shares for the period (‘000 pcs) | 61 178 139 | 49 811 096 | 58 034 288 | 49 811 096 |
| Profit/(loss) due to the Company’s owners | 247,994 | (594 561) | (117 556) | (278 061) |
| **Profit/(loss) per share (RUB) - base and diluted** | **0.004** | **(0,012)** | **(0,002)** | **(0,006)** |

1. **Borrowings**

This Note contains information on the contractual conditions of raising by the Group of credits and loans.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **June 30, 2017** |  | **31 of December, 2016** |
| **Long-term loans and borrowings** |  |  |
| Insecure bank credits | 22 682 022 | 17 882 022 |
| Issued unsecured bonds | - | 5 000 000 |
|  | **22 682 022** | **22 882 022** |
| *After deduction of the current maturity of long-term loans and borrowings* | (2 453 588) | (5 650 000) |
|  | **20 228 434** | **17 232 022** |
|  |  |  |
| **Short-term loans and current portion of long-term loans and credits** |  |  |
| Insecure bank credits | 1 478 109 | 1 528 109 |
| Interest on bank credits | 4 743 | 10312 |
| Insecure third parties’ loans | 6 000 |  |
| Interest on outstanding bonds | - | 35 140 |
| *Current maturity of long-term loans and borrowings* | 2 453 588 | 5 650 000 |
|  | **3 942 440** | **7 223 561** |

Terms and schedule of loans and borrowings payments:

***Long-term loans and borrowings***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Effective interest rate** | | |  |  |  | **June 30, 2017** | | |  | **31 of December, 2016** | | |
| **Lender’s/loaner's name** | **June 30, 2017** |  | **31 of December, 2016** | **Year of repayment** | **Face value** |  | **Book value** | **Face value** |  | **Book value** |
| *Insecure bank credits* |  |  |  |  |  |  |  |
| Gazprombank JSC\* | Russian Central Bank's key rate +1% | 11,00%, | 2019 | 1 842 322 | 1 842 322 | 1 342 322 | 1 342 322 |
| Gazprombank JSC\* | 10,80% | 10.80% | 2019-2020 | 3 100 000 | 3 100 000 | 1 500 000 | 1 500 000 |
| Sberbank PJSC\* | 9,95% | 12,50%) | 2018 | 2 804 700 | *2* 804 700 | 2 804 700 | 2 804 700 |
| Sberbank PJSC\* | 9,95- 10,41% | 11,25- 12,45%. | 2018-2019 | 4 131 412 | 4 131 412 | 6 585 000 | 6 585 000 |
| JSC "AB "RUSSIA" | 10,90-11% | - | 2020 | 6 350 000 | 6 350 000 | - | - |
| VBRR Bank JSC | 10,74% | - | 2020 | 2 000 000 | 2 000 000 | - | - |
|  |  |  |  | **20 228 434** | **20 228 434** | **12 232 022** | **12 232 022** |
| *Bond issues* |  |  |  |  |  |  |  |
| Bond issue\*\* | - | 13,50%. |  | - | - | 5 000 000 | 5 000 000 |
|  |  |  |  | - | - | **5 000 000** | **5 000 000** |
|  |  |  |  | **20 228 434** | **20 228 434** | **17 232 022** | **17 232 022** |

***Short-term loans and borrowings and current portion of long-term loans and borrowings***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Effective interest rate** | | |  |  |  | **June 30, 2017** | | |  | **31 of December, 2016** | | |
| **Lender’s/loaner's name** | **June 30, 2017** |  | **31 of December, 2016** | **Year of repayment** | **Face value** |  | **Book value** | **Face value** |  | **Book value** |
| *Insecure bank credits of* Sberbank PJSC**\*** | 11,56% |  | 11,81% | 2017 | 1 478 109 | 1 478 109 | 1 528 109 | 1 528 109 |
|  |  |  |  |  | **1 478 109** | **1 478 109** | **1 528 109** | **1 528 109** |
| *Unsecured loans from third parties* IE Nechaenko Andrey Vladimirovich | 0% |  | - | 2017 | 6 000 | 6 000 | - | - |
|  |  |  |  |  | **6 000** | **6 000** | **-** | **-** |
| *Interests on loan against bonds\*\** | \_ |  | \_ |  | - | - | 35 140 | 35 140 |
| *Interests on unsecured bank loans* | - |  | - | - | 4 743 | 4 743 | 10312 | 10312 |
|  |  |  |  |  | **4 743** | **4 743** | **45 452** | **45 452** |
| *Current maturity of long-term loans and borrowings* |  |  |  |  |  |  |  |  |
| Sberbank PJSC\* | 9,95% |  | 9,39- 11,85% | 2017-2018 | 2 453 588 | 2 453 588 | 5 650 000 | 5 650 000 |
|  |  |  |  |  | 2 453 588 | 2 453 588 | **5 650 000** | **5 650 000** |
|  |  |  |  |  | 3 942 440 | 3 942 440 | **7 223 561** | **7 223 561** |

\* — Credits obtained from banks affiliated with the state

\*\* - Bond issue repurchased by the parent company - All credits and loans of the Group are denominated in Russian rubles.

The Company has certain, limited liabilities related to the bank loans As of June 30, 2017, and December 31, 2016, the Company complied with all limiting circumstances.

As of June 30, 2017, and December 31, 2016, there are no bank credits secured the fixed assets pledge.

1. **Provisions**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For six months  ended on  June 30, 2017** |  | **For six months  ended on  June 30, 2016** |
| **Start-of-period balance** | **1 020 375** | **1 935 907** |
| Provisions accrued for the period | 7 568 | 1 235 218 |
| Change in assessments for the period | (149 118) | (411 454) |
| The use of the reserve for the period | (598 509) | (775 285) |
| **End-of-year balance** | **344,316** | **1 984 386** |

Provisions relate to legal proceedings under claims against the Group and unsettled differences with sales companies involving electricity purchase for making up for technological losses. The Group recognized the provision for legal proceedings and unsettled differences if the Group believes the economic resources are likely to flow out as a result of dispute settlement.

1. **Financial risk management**

During the reporting period, the Company was exposed to the same financial risks as existed in the year ended on December 31, 2016, and applied the same approach to the financial risk management as in the year ended on December 31, 2016.

The Group management believes that the fair market value of financial assets and financial liabilities as of September 30, 2017, and as of December 31, 2016, is close to their book value.

1. **Capital liabilities**

As of June 30, 2017, the amount of total liabilities under contracts involving purchase and construction of fixed assets is 2,206,009 rubles, net of VAT (December 31, 2016: RUB 3,258,096,000).

1. **Contingent liabilities**

*Insurance*

The Company has taken out comprehensive insurance protection of its production facilities against losses caused by business interruption, obligations to third parties in connection with the damage to real estate or environment as a result of accidents or the Company’s operations.

*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 Company’s opinion, there are no legal proceedings against the Group that could have had adverse effect on the operating results, the financial standing or cash flows of the Group, and which are not recorded in the consolidated financial statements of the Group or the notes to them.

*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 tax assessment in the reporting period can be verified during three subsequent calendar years; however, this period may be extended in certain circumstances. 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 result in much higher tax risks in the Russian Federation than in other countries. The Group’s management, proceeding from its understanding of Russian tax law, official explanations, and court judgments believes that tax liabilities are recorded adequately. 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 electricity transmission in 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 assesses its environmental liabilities.

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. Considering the situation with fulfillment of regulations and laws of the Russian Federation, the Group Management believes that the Group does not have any material environmental liabilities.

*Guarantees*

As of June 30, 2017 and December 31, 2016, the Group does not have any guarantees.

1. **Related party transactions**

*Control relationships*

As of June 30, 2017, and December 31, 2016, the Company was controlled by Rosseti PJSC The ultimate controlling party is the state represented by the Government of the Russian Federation that holds a majority stake in Rosseti PJSC.

The Group’s related party transactions are shown below:

**Revenues and other income**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For three months ended on  June 30** | | |  | **For six months ended on June 30** | | |  | **Book value** | | |
|  | **2017** |  | **2016** |  | **2017** |  | **2016** |  | **June 30, 2017** |  | **31 of December, 2016** |
| **Parent company** |  |  |  |  |  |  |  |  |  |  |  |
| Lease | 410 |  | 410 |  | 810 |  | 820 |  | - |  | - |
| Other revenues and income | 21 388 |  | 85 |  | 31 314 |  | 85 |  | 7 658 |  | 346,251 |
| **The enterprises are under common control of the parent company** | | | | | | | | | | | |
| Revenues from electricity transmission | 93 982 |  | 101 847 |  | 200 361 |  | 216 287 |  | 96 332 |  | 86 979 |
| Lease | 2 156 |  | 6316 |  | 4 293 |  | 12 630 |  | 17 275 |  | 36 462 |
| Revenues from other services | 233 |  | 88 |  | 320 |  | 175 |  | 34 295 |  | 59 657 |
|  | **118,169** |  | **108,746** |  | **237,108** |  | **229,997** |  | **155,560** |  | **529,349** |

**Expense**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For three months ended on  June 30** | | |  | **For six months ended on June 30** | | |  | **Book value** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** | **June 30, 2017** |  | **31 of December, 2016** |
| **Parent company**  Management services | 33 275 | 33 275 | 66 549 | 66 549 | 20 941 | 7 853 |
| Technical Authority | 7 133 | 7 134 | 14 26$ | 14 268 | 4 328 | 1 522 |
| Bond issue and interest | 131,350 | 162,143 | 292,176 | 324,411 | - | 5 035 140 |
| Other services | 1 343 | - | 2 580 | - | - | - |
| **The enterprises are under common control of the parent company** | | | | | | | | | | | |
| Electricity transmission | 1 745 725 |  | 1 585 477 |  | 3 523 571 |  | 3 186 786 |  | 7 493 466 |  | 6 235 184 |
| Electricity purchased to make up for losses | 46 097 | 36 570 | 116,810 | 101,761 | - | - |
| Lease | 1 376 | 1 001 | 2 745 | 2 669 | 277 | 277 |
| Other | 201,245 | 236,973 | 227 22$ | 259,087 | 727,556 | 902,907 |
|  | **2 167 344** | **2 062 573** | **4 245 927** | **3 955 531** | **8 246 568** | **12 182 883** |

As of June 30, 2017, the balance of prepayments given to related parties came to RUB 20,260, and prepayments received from related parties, RUB 0 (as of December 31, 2016: RUB 20,501,000 and RUB 29,293,000, 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 June 30, 2017 and December 31, 2016, there is no debt to the parent company for the payment of dividends.

*Transactions with key management personnel*

The Group regards members of the Board of Directors, Management Boards and top managers of the Group as the key management staff.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For three months ended on  June 30** | | |  | **For six months ended on June 30** | | |
|  | **2017** |  | **2016** | **2017** |  | **2016** |
| Salaries and bonuses | 37 934 | 66 632 | 57 841 | 82 739 |

The amount of remuneration to key management personnel disclosed in the table represent the costs of the current period to key management personnel recognized as expenses on employee benefits.

As of June 30, 2017, and December 31, 2016, the Group does not have any liabilities under the defined benefit plans for the key management personnel

***Operations with state-affiliated companies***

The Group applies the exemption on disclosures on related party transactions according to IFRS (IAS) 24, *Related Parties.*

In its operating activities, the Group enters into transactions with companies affiliated with the state. These transactions are entered into as applicable at the regulated tariffs.

The share of revenues generated from transactions with the companies affiliates with the state, for three and six months ended in June 30, 2017, amounted to 26% and 23%, respectively (for three and six months that ended on June 30, 2016: 12% and 13%) of total revenues of the Group, including 23% and 22% (for three and six months ended on June 30, 2016: 12% and 13%), resulting from electricity transmission transactions.

The costs incurred in connection with electricity transmission transactions with the companies affiliates with the state, for three and six months ended in June 30, 2017, amounted to 7% and 6%, respectively (for three and six months that ended on June 30, 2016: 6% and 6%) of total electricity transmission costs.

Information on credits and loans received from the companies affiliated with the state is shown in Note 12.

1. **Events after the reporting date**

On July 4, 2017, 7 860 248 600 pieces of ordinary shares of the company were credited to the personal account of the parent company for a total amount of 786 025 thousand rubles The specified event is the moment of transfer of the property right to the parent company to the securities issued by the Company.

On July 19, 2017, the Group placed documentary interest-bearing non-convertible stock exchange bearer bonds that mature in 2022 for RUB 5,000,000,000, with 9.24% coupon rate. The bond issue is paid by the parent company in full.

After the reporting date, the Group raised long-term bank loans to be repaid in 2019/2020, for RUB 3,299,728,000, and also prepaid RUB 5,000,000,000 long-term bank loan that matures in 2020 and RUB 1,478,109 short-term bank loan that matures in 2017.

The Management believes there are no other economic facts that influenced or may influence the financial standing, the cash flow or the performance of the Group, and which occurred in the period between the reporting date and the date the consolidated intermediate condensed financial statements for three and six months ended on June 30, 2017, were signed.

Appendix No. 3 to this Quarterly Report.  
Accounting policy of the issue

|  |  |  |
| --- | --- | --- |
|  |  | INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE SOUTH |
| *22 September 2017* | **ORDER**  Rostov-on-Don | №714 |

Amendment to the order of IDGC of The South, PJSC from December 29, 2016

No. 909 "On Accounting policy of PJSC "IDGC of The South" for 2017"

In accordance with clause 43 of the Corrective Action Plan for the elimination of deficiencies identified as a result of the audit of financial activities of IDGC of the South, PJSC for 2016, approved by the order of PJSC "IDGC of the South" dated 31.07.2017 No. 543

IT IS ORDERED AS FOLLOWS:

1. Amend the Provision on accounting policy for accounting purposes of PJSC "IDGC of the South" for 2017, approved by the order of PJSC "IDGC of the South" dated 29.12.2016 N ° 909 "On accounting policy of IDGC of the South, PJSC for 2017", changes in accordance with the Appendix to this order.
2. Control over the execution of the order is entrusted to Savin G.G., Chief Accountant-Head of the Department of Accounting and Tax Accounting and Reporting.

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| --- | --- | --- |
| The acting General Manager |  | S. A. Chekmarev |

M.V. Petrova

8 (863) 307-09-09

Form No. 002575

Appendix

to the order of PJSC "IDGC of the South"

From «*28*» *September*2017 No. 714

**Revision to Appendix № 1 to order of PJSC "IDGC of the South" from 29.12.2016 No. 909**

| NO. | Paragraph/subparagraph of section of Appendix No. 1 to the order of PJSC "IDGC of the South" No. 909 dd. 29.02.2016 in the revised version of Appendix No. 1 to order of PJSC "IDGC of the South" No. 932 dd. 30.12.2016 | Revision | Cause of revision |
| --- | --- | --- | --- |
| 1 | 3.1.7. Estimation of expenses on the maintenance of specialized divisions of capital construction and its control. | To state the clause in the following wording:  Costs for the maintenance of specialized units (CCS, ACS) that perform the functions of customers (developers) and construction control costs for the construction / reclamation, as provided in the consolidated estimates of construction costs, are made from funds intended for the financing of capital construction. The specified expenses within the limit of estimate documentation are included in other capital works and expenses and are reflected in account 08 "Investments in non-current assets". The analytical accounting in the composition of other works and costs is conducted separately for the cost of maintaining the customer (the developer) and for construction control. In the future, the cost of maintaining the customer (the developer) and construction controls are included in the inventory value of commissioned facilities.  The current costs for the maintenance of the divisions of the branches that supervise the construction of facilities (capital construction management, hereinafter - the UKS), both economically and contractually, are included in the cost of capital | Clarification in connection with the execution of the following the results of the audit of the financial and economic activities for 2016 |
|  |  | investments (monthly), in proportion to the size of the planned capital costs to this facility in the reporting year under the investment plan (investment program). In case of adjustment of the investment plan within a year, the redistribution of costs of the past months is not made.  The distribution of current costs is made only for open capital investments in new construction, expansion, reconstruction and modernization.  Distribution by objects in percentage terms and the limit of the estimate documentation in an amount of money shall be compiled monthly by the branch, signed by the deputy director for capital construction of the branch (to the Rostovenergo branch - the head of the capital construction department of the Company) and provided to the UBINUiO branch (for the branch "Rostovenergo" accounting of fixed assets, capital investments and reserves in the Rostov region). Distribution by object, in total terms, of the current costs of the branch office, is carried out by the branch office of the branch (for the branch "Rostovenergo" by the department of fixed assets, capital investments and reserves in the Rostov region).  The indicated current costs are: wages, including all types of bonuses, rewards, compensations; insurance contributions to wages; the costs of voluntary insurance and employee training; travel expenses. The list of costs is not exhaustive.  Expenditures of the structural subdivisions of the executive body of the Company that perform the functions of providing and managing investment |  |
|  |  | projects and construction are included in the value of capital investment objects of the branches. The distribution is carried out monthly, in proportion to the share of the branch in the investment plan (investment program) of the Company in the reporting year. |  |
| 2 | 3.11.16. Reserve of doubtful debts. Paragraph 4, 10 | Under the paragraph, the words "the procedure for creating a provision for doubtful accounts receivable" shall be replaced by the words "methodology for estimating the amount of provision for doubtful debts". | Clarification of the name in connection with the release of the Order of PJSC "IDGC of the South" dated 31.01.2017, No. 58 |