

**PUBLIC JOINT STOCK COMPANY  
TRANSCONTAINER**

**Interim Condensed Consolidated Financial  
Statements**

For the Three- and Six-Month Periods Ended 30 June 2018

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# PJSC TRANSCONTAINER

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2018**

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Management is responsible for the preparation of interim condensed consolidated financial statements that present fairly the financial position of PJSC TransContainer (the "Company") and its subsidiaries (the "Group") as at 30 June 2018 and the results of its operations for the three-month and six-month periods then ended and cash flows and changes in equity for the six-month period then ended, in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

In preparing the interim condensed consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with International Accounting Standard 34 "Interim Financial Reporting";
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the companies of the Group operate;
- Taking necessary steps to safeguard the Group's assets;
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial statements of the Group for the three- and six-month periods ended 30 June 2018 were approved on 27 August 2018 by.

  
\_\_\_\_\_  
**V.G. Saraev**

General Director

  
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**M. V. Usenko**

Chief Accountant



## ***Report on Review of Interim Condensed Consolidated Financial Statements***

To the Shareholders and Board of Directors of Public Joint Stock Company TransContainer:

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company TransContainer and its subsidiaries (the "Group") as of 30 June 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and cash flows and changes in equity for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

*AO PricewaterhouseCoopers Audit*

28 August 2018

Moscow, Russian Federation

A.Y. Fegetsyn, certified auditor (licence no. Ko28209), AO PricewaterhouseCoopers Audit



Audited entity: PJSC TransContainer

Certificate of inclusion in the Unified State Register of Legal Entities issued on 4 March 2006 under registration № 1067746341024

Russian Federation, 125047, Moscow, Oruzheiniy pereulok, 19

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration № 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

ORNZ 11603050547 in the register of auditors and audit organizations

**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
*(Amounts in millions of Russian Roubles)*

	Notes	30 June 2018	31 December 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	41,866	41,701
Advances for acquisition of non-current assets	3	18	119
Investment property		291	294
Intangible assets	4	391	384
Investments in joint ventures	5	2,851	3,403
Other non-current assets		89	82
<b>Total non-current assets</b>		<b>45,506</b>	<b>45,983</b>
<b>Current assets</b>			
Inventory		232	287
Trade and other receivables	6	1,246	1,323
Prepayments and other current assets	7	3,575	3,975
Short-term investments	8	506	-
Cash and cash equivalents	9	8,544	4,171
<b>Total current assets</b>		<b>14,103</b>	<b>9,756</b>
<b>TOTAL ASSETS</b>		<b>59,609</b>	<b>55,739</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	13,895	13,895
Reserve fund		703	703
Translation reserve		(253)	(468)
Other reserves, including investment property's revaluation reserve		(2,025)	(2,025)
Retained earnings		27,357	28,262
<b>Total equity attributable to the Company's owners</b>		<b>39,677</b>	<b>40,367</b>
<b>Non-current liabilities</b>			
Long-term debt	11	10,978	4,987
Employee benefit liability	12	1,087	1,103
Deferred tax liability		1,667	1,635
Financial guarantee for investment in joint venture	5	154	154
<b>Total non-current liabilities</b>		<b>13,886</b>	<b>7,879</b>
<b>Current liabilities</b>			
Contracts liabilities	2	3,663	-
Trade and other payables	13	909	4,562
Current portion of long-term debt	11	321	1,425
Income tax payable		140	87
Taxes other than income tax payable	14	366	370
Accruals and other current liabilities	15	647	1,049
<b>Total current liabilities</b>		<b>6,046</b>	<b>7,493</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,609</b>	<b>55,739</b>

  
 \_\_\_\_\_  
**V.G. Saraev**

General Director

  
 \_\_\_\_\_  
**M. V. Usenko**

Chief Accountant

27 August 2018

**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**

*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

	Notes	Six-month period ended 30 June		Three-month period ended 30 June	
		2018	2017	2018	2017
Revenue	16	35,331	30,673	18,838	16,611
Other operating income	17	345	226	217	147
Operating expenses	18	(31,290)	(27,524)	(16,326)	(14,759)
Gain from early termination of finance lease		-	7	-	7
Interest expense	19	(433)	(350)	(229)	(172)
Interest income		221	181	129	92
Foreign exchange gain, net		191	25	201	94
Share of result of associates and joint ventures	5	(323)	304	(319)	198
<b>Profit before income tax</b>		<b>4,042</b>	<b>3,542</b>	<b>2,511</b>	<b>2,218</b>
Income tax expense	20	(851)	(706)	(564)	(448)
<b>Profit for the period attributable to the Company's owners</b>		<b>3,191</b>	<b>2,836</b>	<b>1,947</b>	<b>1,770</b>
<b>Other comprehensive income/(loss) (net of income tax)</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of post-employment benefit plans liabilities	12	14	(16)	44	(1)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of translation of financial information of associates and joint ventures to the presentation currency	5	200	22	75	65
Exchange differences on translating foreign operations		15	6	8	25
<b>Other comprehensive income for the period</b>		<b>229</b>	<b>12</b>	<b>127</b>	<b>89</b>
<b>Total comprehensive income for the period attributable to the Company's owners</b>		<b>3,420</b>	<b>2,848</b>	<b>2,074</b>	<b>1,859</b>
<b>Earnings per share, basic and diluted (in Russian Roubles)</b>		<b>230</b>	<b>204</b>	<b>140</b>	<b>127</b>
<b>Weighted average number of shares outstanding</b>		<b>13,894,778</b>	<b>13,894,778</b>	<b>13,894,778</b>	<b>13,894,778</b>

  
V.G. Saraev

General Director

27 August 2018

  
M. V. Usenko

Chief Accountant

**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
*(Amounts in millions of Russian Roubles)*

	Notes	Six-month period ended 30 June	
		2018	2017
<b>Cash flows from operating activities:</b>		<b>4,042</b>	<b>3,542</b>
<b>Profit before income tax</b>			
Adjustments for:			
Depreciation and amortisation	18	1,413	1,300
Change in provision for impairment of receivables	17	10	(35)
Gain on disposal of property, plant and equipment	17	(176)	(64)
(Reversal)/loss on impairment of property, plant and equipment	3	(1)	16
Share of result of associates and joint ventures	5	323	(304)
Interest expense, net		212	169
Foreign exchange gain, net		(191)	(25)
Gain from early termination of finance lease		-	(7)
Gain on remeasurement of other long-term obligations to employees	12	(3)	(4)
Other expenses		5	25
<b>Operating profit before working capital changes, paid income tax and interest and changes in other assets and liabilities</b>		<b>5,634</b>	<b>4,613</b>
<b>Working capital changes:</b>			
Decrease in inventory		264	47
Decrease/(increase) in trade and other receivables		79	(376)
Decrease/(increase) in prepayments and other assets		422	(543)
(Decrease)/increase in trade and other payables and contracts liabilities		(75)	1,000
Decrease in taxes other than income tax		(4)	(44)
Decrease in accruals and other current liabilities		(401)	(316)
Increase in employee benefit liabilities		1	18
<b>Net cash from operating activities before income tax and interest</b>		<b>5,920</b>	<b>4,399</b>
Interest paid		(286)	(397)
Income tax paid		(766)	(505)
<b>Net cash provided by operating activities</b>		<b>4,868</b>	<b>3,497</b>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment		(1,426)	(1,574)
Proceeds from disposal of property, plant and equipment		11	4
Sale of short-term investments		1,500	78
Purchases of short-term investments		(2,000)	(1,460)
Purchases of intangible assets		(45)	(34)
Dividends received from joint ventures		372	14
Interest received		215	133
<b>Net cash used in investing activities</b>		<b>(1,373)</b>	<b>(2,839)</b>
<b>Cash flows from financing activities:</b>			
Dividends	10	(4,072)	-
Repayments of finance lease obligations		-	(67)
Proceeds from issuance of long-term bonds	11	5,985	-
Principal payments on short-term part of long-term bonds	11	(1,250)	(1,250)
<b>Net cash from/(used in) financing activities</b>		<b>663</b>	<b>(1,317)</b>
Net increase/(decrease) in cash and cash equivalents		4,158	(659)
<b>Cash and cash equivalents at beginning of the period</b>		<b>4,171</b>	<b>5,525</b>
Foreign exchange effect on cash and cash equivalents		215	47
<b>Cash and cash equivalents at end of the period</b>		<b>8,544</b>	<b>4,913</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
*(Amounts in millions of Russian Roubles)*

	Notes	Share capital	Reserve fund	Translation reserve	Other reserves, including investment property's revaluation reserve	Retained earnings	Total equity attributable to the Company's owners
Balance at 1 January 2017		13,895	697	(340)	(2,133)	22,390	34,509
Profit for the period		-	-	-	-	2,836	2,836
Other comprehensive income/(loss) for the period		-	-	28	-	(16)	12
Total comprehensive income for the period		-	-	28	-	2,820	2,848
Dividends	10	-	-	-	-	(650)	(650)
Balance at 30 June 2017		13,895	697	(312)	(2,133)	24,560	36,707
Balance at 31 December 2017		13,895	703	(468)	(2,025)	28,262	40,367
The impact of the new standard IFRS 9	5	-	-	-	-	(38)	(38)
Total restated at 1 January 2018		13,895	703	(468)	(2,025)	28,224	40,329
Profit for the period		-	-	-	-	3,191	3,191
Other comprehensive income for the period		-	-	215	-	14	229
Total comprehensive income for the period		-	-	215	-	3,205	3,420
Dividends	10	-	-	-	-	(4,072)	(4,072)
Balance at 30 June 2018		13,895	703	(253)	(2,025)	27,357	39,677

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2018 (UNAUDITED)**  
*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

**1. NATURE OF THE BUSINESS**

PJSC TransContainer (the “Company” or “TransContainer”) was incorporated in Moscow, Russian Federation on 4 March 2006.

The Company’s principal activities include arrangement of container shipping and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. The Company operates 40 container terminals along the Russian railway network. As at 30 June 2018, the Company operated 15 branches in Russia. The Company’s registered address is 19 Oruzheiny pereulok, Moscow, 125047, Russian Federation.

The Company has ownership in the following major entities:

Name of Entity	Type	Country	Activity	Interest held, %		Voting rights, %	
				30 June 2018	December 2017	30 June 2018	December 2017
TransContainer-Slovakia, a.s.	Subsidiary	Slovakia	Container shipments	100	100	100	100
TransContainer Europe GmbH	Subsidiary	Austria	Container shipments	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
TransContainer Freight Forwarding (Shanghai) Co., Ltd.	Subsidiary	China	Container shipments	100	100	100	100
Oy ContainerTrans Scandinavia Ltd.	Joint venture	Finland	Container shipments	50	50	50	50
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture	China	Container shipments	49	49	50	50
JSC Kedentransservice (Note 5)	Joint venture	Kazakhstan	Container shipments	50	50	50	50
LLC FVKS (FVKS Group) (Note 5)	Joint venture	Russia	Terminal operations	30	30	50	50
LLC SpecTransContainer	Subsidiary	Russia	Special container transportation	100	100	100	100
Logistic System Management B.V.	Joint venture	Netherlands	Investment activity	50	50	50	50

The interim condensed consolidated financial statements of PJSC TransContainer and its subsidiaries (the “Group”) as at 30 June 2018 and for the three- and six-month periods then ended were authorised for issue by the General Director of the Company on 27 August 2018.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**Statement of compliance.** The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”). These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”.

The consolidated statement of financial position as at 31 December 2017, included in these interim condensed consolidated financial statements, has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2017. These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2017.

**Significant accounting policies.** Except as discussed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017, as described in those annual consolidated financial statements.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2018 (UNAUDITED)**  
*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

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**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2017, except for the application of IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers, effective for annual periods beginning on or after 1 January 2018 and income taxes accrual using the expected weighted average tax rate that would be applicable to expected total annual profit or loss.

***IFRS 9, Financial Instruments: Classification and Measurement – accounting policies and the impact of the adoption.***

The accounting policy was amended to bring it into compliance with IFRS 9, which replaces the requirements of IAS 39 relating to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets.

*Classification.* From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

All the Group's financial assets are measured as amortised cost.

*Measurement.* At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Debt instruments.* Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

All the Group's debt instruments are measured at amortised cost.

*Impairment.* From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*Reclassification of financial assets and liabilities.* On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. All financial assets classified previously as loans and receivables have been classified as financial assets measured at amortised cost. All financial liabilities of the Group have been classified as financial liability measured at amortised cost.

In accordance with the application of IFRS 9 relating to the recognition of allowance for expected credit losses as at 1 January 2018, the cost of investment in JSC Kedentransservice decreased by RUR 38m (Note 5).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2018 (UNAUDITED)**  
*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

***IFRS 15, Revenue from Contracts with Customers – accounting policies and the impact of the adoption.***

The Group has adopted IFRS 15 from 1 January 2018, which resulted in change in accounting policies and change in presentation of contract liabilities as described below.

The Group has changed its accounting policy relating to revenue recognition in accordance with the core principles of the standard. In the normal course of business, the Group renders the following categories of services: integrated freight forwarding and logistics services and agency services.

Revenue for all of the above types of services is recognised over time in accordance with the stage of completion of the transaction in the accounting period in which the services are rendered.

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered a contract asset is recognised. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Group recognises any unconditional rights to consideration in relation to services provided as trade receivables because only the passage of time is required before the payment is due.

***Changes in presentation due to the adoption of IFRS 15***

The Group has applied the simplified method of transition to IFRS 15. The Group has elected to apply IFRS 15 retrospectively only to contracts that were not completed at the date of initial application (1 January 2018).

The Group has changed presentation of contract liabilities in the interim condensed consolidated statement of financial position as at 1 January 2018. Contract liabilities consist of advances from customers and were included in trade and other payables as at 31 December 2017. As at 1 January 2018 contract liabilities were reclassified from trade and other payables and are presented separately.

<i>In thousands of Russian Roubles</i>	<b>IAS 18 carrying amount at 31 December 2017</b>	<b>Reclassification</b>	<b>IFRS 15 carrying amount at 1 January 2018</b>	<b>IFRS 15 carrying amount at 30 June 2018</b>
Contract liabilities	-	3,706	3,706	3,663
Trade and other payables	4,562	(3,706)	856	909

Except as described above, the adoption of IFRS 15 did not have a significant impact on the financial position or financial performance of the Group.

***IFRS 16, Leases, (issued in January 2016 and effective for the periods beginning on or after 1 January 2019).***

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases (not exceeding 12 months) and leases where leased object (the underlying asset) has a low value. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of RUR 321m. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2018 (UNAUDITED)**  
*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

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**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

The Group does not intend to adopt the standard before its effective date and is currently assessing the impact of the new standard on its consolidated financial statements.

**Other new standards and interpretations.** The Group has adopted all other new standards and interpretations that were effective from 1 January 2018. Except for IFRS 9 and IFRS 15, the impact of the adoption of these new standards and interpretations has not been significant with respect to these interim condensed consolidated financial statements.

New standards and interpretations that are mandatory for reporting periods beginning on or after 1 January 2019 or later periods that are applicable for the Group's activity and which the Group has not early adopted were presented in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except as described below.

**Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).** The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

**Estimates.** The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts of assets and liabilities, income and expense, reported in interim condensed consolidated financial statements. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017 with the exception of changes in estimates that are required in determining the provision for income taxes (Note 20) and some actuarial assumptions (Note 12). As at 31 December 2017 the Group revised the remaining useful lives of items of property, plant and equipment, the ranges of useful lives for each group of items have not changed.

Key judgments applicable in the current period to the accounting policy in recognition of revenue comply with the basic principles used in preparing the consolidated financial statements as at and for the year ended 31 December 2017.

Had the railway tariff and third-party services directly attributable to integrated freight forwarding and logistics services been excluded from both revenue and expenses, then revenue from integrated freight forwarding and logistics services and third-party charges related to principal activities would have decreased by RUR 21,290m for the six-month period ended 30 June 2018. For the six-month period ended 30 June 2017 the effect was RUR 17,688m (including RUR 15,852m for integrated freight forwarding and logistics services and RUR 1,836m for management of cargo transportation and handling with involvement of third parties).

For the three-month period ended 30 June 2018 had the railway tariff directly attributable to such services, been excluded from both revenues and expenses, they would have decreased by RUR 11,443m. For the three months ended 30 June 2017 the effect was RUR 9,642m (including RUR 8,767m for integrated freight forwarding and logistics services, and RUR 875m for management of cargo transportation and handling with involvement of third parties).

**Seasonality.** The business of the Group is subject to seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for Northern regions) and consumer market cycles. Typically, the number of orders received between January and February is below the annual average. In accordance with IFRS, revenue and the related expenses are recognised in the period in which they are realised and incurred respectively. The Group's results for the interim period do not necessarily reflect a continuing trend which will be reflected in the year-end results. In the financial year ended 31 December 2017 47% of revenues accumulated in the first half of the year, with 53% accumulating in the second half of the year.

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**3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS**

Cost	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
<b>1 January 2017</b>	<b>12,388</b>	<b>36,615</b>	<b>2,692</b>	<b>2,891</b>	<b>473</b>	<b>55,059</b>
Additions	3	1,630	140	39	73	1,885
Transfers	18	51	-	-	(69)	-
Disposals	(16)	(147)	(14)	(72)	(23)	(272)
<b>30 June 2017</b>	<b>12,393</b>	<b>38,149</b>	<b>2,818</b>	<b>2,858</b>	<b>454</b>	<b>56,672</b>
<b>1 January 2018</b>	<b>12,676</b>	<b>42,345</b>	<b>3,059</b>	<b>2,834</b>	<b>411</b>	<b>61,325</b>
Additions	1	1,348	146	51	36	1,582
Transfers	28	52	3	-	(83)	-
Disposals	(41)	(370)	(2)	(45)	-	(458)
<b>30 June 2018</b>	<b>12,664</b>	<b>43,375</b>	<b>3,206</b>	<b>2,840</b>	<b>364</b>	<b>62,449</b>
<b>Accumulated depreciation and impairment</b>						
<b>1 January 2017</b>	<b>(2,490)</b>	<b>(12,238)</b>	<b>(1,053)</b>	<b>(1,961)</b>	<b>-</b>	<b>(17,742)</b>
Depreciation charge for the period	(141)	(909)	(88)	(134)	-	(1,272)
Impairment	(5)	(10)	-	(1)	-	(16)
Disposals	9	137	13	63	-	222
<b>30 June 2017</b>	<b>(2,627)</b>	<b>(13,020)</b>	<b>(1,128)</b>	<b>(2,033)</b>	<b>-</b>	<b>(18,808)</b>
<b>1 January 2018</b>	<b>(2,735)</b>	<b>(13,705)</b>	<b>(1,177)</b>	<b>(2,007)</b>	<b>-</b>	<b>(19,624)</b>
Depreciation charge for the period	(147)	(1,009)	(107)	(115)	-	(1,378)
Reversal of impairment	1	-	-	-	-	1
Disposals	4	338	2	74	-	418
<b>30 June 2018</b>	<b>(2,877)</b>	<b>(14,376)</b>	<b>(1,282)</b>	<b>(2,048)</b>	<b>-</b>	<b>(20,583)</b>
<b>Net book value</b>						
<b>1 January 2018</b>	<b>9,941</b>	<b>28,640</b>	<b>1,882</b>	<b>827</b>	<b>411</b>	<b>41,701</b>
<b>30 June 2018</b>	<b>9,787</b>	<b>28,999</b>	<b>1,924</b>	<b>792</b>	<b>364</b>	<b>41,866</b>

The item "Land, buildings and constructions" includes the amounts of RUR 112m and RUR 112m, which represent the net book value of land plots owned by the Group as at 30 June 2018 and 31 December 2017, respectively.

The item "Vehicles and other equipment group" includes motor transport used for terminal services and truck deliveries with gross carrying amount of RUR 696m and RUR 709m as at 30 June 2018 and 31 December 2017, respectively.

For the six-month period ended 30 June 2018 there were additions of flatcars and containers with gross carrying amount of RUR 1,295m and RUR 53m, respectively (for the six-month period ended 30 June 2017 – RUR 900m and RUR 730m, respectively).

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to RUR 1,108m and RUR 1,142m as at 30 June 2018 and 31 December 2017, respectively.

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**3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS (CONTINUED)**

The carrying amount of temporarily idle and not in use property, plant and equipment is as follows:

	<b>30 June 2018</b>	<b>31 December 2017</b>
Cost	766	398
Accumulated depreciation	(289)	(199)
Impairment	(114)	(115)
<b>Net book value</b>	<b>363</b>	<b>84</b>

Construction in-progress as at 30 June 2018 consisted mainly of the capital expenditures incurred for the reconstruction and expansion of container terminals in Moscow and Yekaterinburg amounting to RUR 160m and RUR 43m, respectively, and RUR 106m for the construction of the new container terminal in Primorsky Region.

Construction in-progress as at 31 December 2017 consisted mainly of the capital expenditures incurred for the reconstruction and expansion of container terminals in Moscow and Yekaterinburg amounting to RUR 160m and RUR 49m, respectively, and RUR 104m for the construction of the new container terminal in Primorsky Region.

*Advances for acquisition of non-current assets*

As at 30 June 2018 and 31 December 2017, advances for the acquisition of non-current assets, net of VAT, consisted of advances for the acquisition of cranes and loaders (RUR 10m and RUR 51m, respectively), advances for the acquisition of containers (RUR 0m and RUR 12m, respectively), advances for the acquisition of rolling stock (RUR 0m and RUR 49m, respectively) and advances for the acquisition of other non-current assets (RUR 8m and RUR 7m, respectively).

**4. INTANGIBLE ASSETS**

Company's intangible assets are comprised of software with initial cost of RUR 498m and accumulated depreciation of RUR 107m as at 30 June 2018 (RUR 456m and RUR 72m as at 31 December 2017 respectively).

For the six -month period ended 30 June 2018 the amount of accumulated depreciation on intangible assets amounted to RUR 35m (RUR 28m for the six-month period ended 30 June 2017).

Included in intangible assets are assets not ready for intended use with historical cost of RUR 248m as at 30 June 2018 (RUR 257m as at 31 December 2017), which are mostly comprised of ORACLE software development costs.

Other intangible assets are mostly comprised of railway services operations software, logistics services rendering software, software for tax, management and financial accounting. These assets are depreciated on a straight line basis. Economic lives length of the assets is from 2 to 8 years.

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**5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

The table below summarises the movements in the carrying amount of the Group's investments in associates and joint ventures:

	Joint ventures JSC Kedentransservice and Logistic System Management B.V.	Joint venture LLC FVKS	Other joint ventures	Total joint ventures
<b>Carrying amount as at 31 December 2017</b>	<b>3,132</b>	<b>163</b>	<b>108</b>	<b>3,403</b>
The impact of the new standard IFRS 9	(38)	-	-	(38)
<b>Total restated at 1 January 2018</b>	<b>3,094</b>	<b>163</b>	<b>108</b>	<b>3,365</b>
Share of profit/(losses) of joint ventures	(316)	(21)	14	(323)
Dividends received from joint ventures	(384)	-	(7)	(391)
Share of translation to presentation currency	193	-	7	200
<b>Carrying amount as at 30 June 2018</b>	<b>2,587</b>	<b>142</b>	<b>122</b>	<b>2,851</b>

Losses of JSC Kedentransservice for the six months ended 30 June 2018 resulted primarily from an impairment provision for cash and cash equivalents recognised in three months ended 30 June 2018.

In 2017, the Company acted as a guarantor for the execution of FVKS obligations under the loan agreement with Vnesheconombank. As at 30 June 2018 the debt of FVKS secured by the guarantee under the loan agreement amounted to RUR 2.2bn. As at 30 June 2018 and 31 December 2017 the financial guarantee for investment in joint venture recognised in the interim condensed consolidated statement of financial position was RUR 154m.

Furthermore, as part of the transaction, the following pledge agreements came into force, providing a number of obligations of the parties to each other:

- with JSC Freight Village Kaluga (hereinafter, FVK), which has 70% ownership in FVK Sever authorised share capital, according to which the Company pledged to FVK immovable property in the amount of RUR 301m;
- with LLC V-Park (part of the FVK Group), according to which the Company received a land plot and immovable property in the amount of RUR 412m.

As at 30 June 2018 the amount of pledge agreements have not changed.

	Joint ventures JSC Kedentransservice and Logistic System Management B.V.	Joint venture LLC Freight Village Kaluga Sever	Other joint ventures	Associates	Total associates and joint ventures
<b>Carrying amount as at 1 January 2017</b>	<b>2,584</b>	<b>-</b>	<b>93</b>	<b>8</b>	<b>2,685</b>
Share of profit of joint ventures and associates	283	-	20	1	304
Dividends received from joint venture	-	-	(14)	-	(14)
Share of translation to presentation currency	35	-	(13)	-	22
<b>Carrying amount as at 30 June 2017</b>	<b>2,902</b>	<b>-</b>	<b>86</b>	<b>9</b>	<b>2,997</b>



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**6. TRADE AND OTHER RECEIVABLES**

	<u>Outstanding balance, gross</u>	<u>Provision for impairment</u>	<u>Outstanding balance, net</u>
<b>30 June 2018</b>			
Trade receivables	1,216	(25)	1,191
Other receivables	<u>145</u>	<u>(90)</u>	<u>55</u>
<b>Total trade and other receivables, classified as financial assets</b>	<b><u>1,361</u></b>	<b><u>(115)</u></b>	<b><u>1,246</u></b>
<b>31 December 2017</b>			
Trade receivables	1,247	(25)	1,222
Other receivables	<u>187</u>	<u>(86)</u>	<u>101</u>
<b>Total trade and other receivables, classified as financial assets</b>	<b><u>1,434</u></b>	<b><u>(111)</u></b>	<b><u>1,323</u></b>

Movement in the impairment provision for trade and other receivables is as follows:

<b>Balance as at 1 January 2017</b>	<b>(168)</b>
Additional provision, recognised in the current period	(4)
Release of provision	38
Utilisation of provision	2
Foreign currency translation	<u>3</u>
<b>Balance as at 30 June 2017</b>	<b><u>(129)</u></b>
<b>Balance as at 1 January 2018</b>	<b>(111)</b>
Additional provision, recognised in the current period	(12)
Release of provision	2
Utilisation of provision	<u>6</u>
<b>Balance as at 30 June 2018</b>	<b><u>(115)</u></b>

**7. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>30 June 2018</u>	<u>31 December 2017</u>
VAT receivable	2,571	2,928
Advances to suppliers (net of provision)	923	939
Other current assets	<u>81</u>	<u>108</u>
<b>Total prepayments and other current assets</b>	<b><u>3,575</u></b>	<b><u>3,975</u></b>

As at 30 June 2018 and 31 December 2017 provision for impairment of advances to suppliers was recognised in the amount of RUR 2m and RUR 2m, respectively.

**8. SHORT-TERM INVESTMENTS**

	<u>30 June 2018</u>	<u>31 December 2017</u>
Russian Rouble denominated bank deposits	<u>506</u>	<u>-</u>
<b>Total short-term investments</b>	<b><u>506</u></b>	<b><u>-</u></b>

Short-term investments of the Group are presented by deposits with Russian banks with a maturity over three months.

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**8. SHORT-TERM INVESTMENTS (CONTINUED)**

As at 30 June 2018 two Russian Rouble-denominated bank deposits in the total amount of RUR 500m, bearing interest at annual rates 6.25% and 6.45%, were placed with PJSC Bank VTB, a related party as at 30 June 2018 (Note 21). The total amount of accrued interest amounted to RUR 6m. The deposits mature in July 2018 and September 2018.

**9. CASH AND CASH EQUIVALENTS**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Russian Rouble denominated bank deposits	6,082	1,067
Foreign currency denominated current accounts with banks	2,099	2,324
Cash and Russian Rouble denominated current accounts with banks	300	780
Foreign currency denominated bank deposits	63	-
<b>Total cash and cash equivalents</b>	<b>8,544</b>	<b>4,171</b>

Eleven Russian Rouble denominated short-term bank deposits in the total amount of RUR 6,070m bearing interest at annual rates in a range from 6% to 7% and one USD-denominated short-term bank deposit in the amount of USD 1m (RUR 63m at the Central Bank of Russia exchange rate as at 30 June 2018) bearing interest at annual rate of 7.07% were placed with JSC Alfa-Bank, PJSC JSCB Absolut Bank and PJSC Bank VTB, a related party as at 30 June 2018 (Note 21). The total amount of accrued interest on Russian Rouble denominated and USD-denominated short-term bank deposits amounted to RUR 12m. The deposits matured in July - August 2018.

Five Russian Rouble denominated short-term bank deposits in the amount of RUR 1,063m bearing interest at annual rates in a range from 7% to 7.40% were placed with PJSC JSCB Absolut Bank and PJSC Bank VTB, a related party as at 31 December 2017. Total amount of accrued interest on Russian Rouble denominated short-term bank deposits amounted to RUR 4m. The deposits matured in January 2018.

**10. EQUITY**

**Share Capital**

As at 30 June 2018, the Company's authorised, issued and paid share capital has not changed since 31 December 2017. JSC United Transportation and Logistics Company (JSC "UTLC") is the controlling shareholder of the Company, holding 50%+2 of its ordinary shares.

**Dividends**

Dividends of RUR 293.04 per share (RUR 4.072m in total) were approved at the annual shareholders' meeting on 15 May 2018 relating to the Company's results for the year ended 31 December 2017. In June 2018 the dividends have been fully paid.

Dividends of RUR 46.81 per share (RUR 650m in total) were approved at the annual shareholders' meeting on 22 June 2017 relating to the Company's results for the year ended 31 December 2016. In July 2017 the dividends have been fully paid.

**11. LONG-TERM DEBT**

**Long-term debt**

	<b>Effective interest rate</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Bonds, series BO-01	7,55%	5,986	-
Bonds, series BO-02	9,45%	4,992	4,987
<b>Total</b>		<b>10,978</b>	<b>4,987</b>

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**11. LONG-TERM DEBT (CONTINUED)**

Long-term borrowings of the Group are denominated in Russian Roubles.

***Five-year RUR bonds, series BO-01***

On 25 January 2018, the Company issued non-convertible five-year bonds for a total amount of RUR 6,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 5,985m. The annual coupon rate of the bonds for five years is 7.5% with interest paid semi-annually.

The series BO-01 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 30 June 2018 the carrying value of the bonds amounted to RUR 6,178m (RUR 0m as at 31 December 2017), including the amount of accrued interest of RUR 192m (RUR 0m as at 31 December 2017). The amount of accrued interest has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

***Five-year RUR bonds, series BO-02***

On 22 September 2016, the Company issued non-convertible five-year bonds for a total amount of RUR 5,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 4,987m. The annual coupon rate of the bonds for five years is 9.4% with interest paid semi-annually.

The series BO-02 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 30 June 2018 the carrying value of the bonds amounted to RUR 5,121m (RUR 5,117m as at 31 December 2017), including the amount of accrued interest of RUR 129m (RUR 130m as at 31 December 2017). The amount of accrued interest has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

The fair value of Company's bond is disclosed in Note 24.

***Current portion of long-term debt***

	<b>Effective interest rate</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Bonds, series BO-01	7,55%	192	-
Bonds, series BO-02	9,45%	129	130
Bonds, series 4	8,40%	-	1,295
<b>Total</b>		<b>321</b>	<b>1,425</b>

***Five-year RUR bonds, series 4***

On 1 February 2013, the Company issued non-convertible five-year bonds for a total amount of RUR 5,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 4,988m. The annual coupon rate of the bonds for five years is 8.35% with interest paid semi-annually.

The series 4 bonds were redeemed in four equal semi-annual installments within the fourth and fifth years. The Company made full repayment of its obligation in January 2018 in the amount of RUR 1,295m (including the amount of accrued interest of RUR 45m).

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**12. EMPLOYEE BENEFIT LIABILITY**

*Defined contribution plans*

The total amount recognised as an expense in respect of payments to defined contribution plans for the six - month periods ended 30 June 2018 and 30 June 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Pension Fund of the Russian Federation	460	414
Defined contribution plan "Blagosostoyanie"	<u>13</u>	<u>12</u>
<b>Total expense for defined contribution plans</b>	<b><u>473</u></b>	<b><u>426</u></b>

The total amount recognised as an expense in respect of payments to defined contribution plans for the three-month periods ended 30 June 2018 and 30 June 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Pension Fund of the Russian Federation	221	189
Defined contribution plan "Blagosostoyanie"	<u>7</u>	<u>6</u>
<b>Total expense for defined contribution plans</b>	<b><u>228</u></b>	<b><u>195</u></b>

*Defined benefit plans*

Principal actuarial assumptions as at 30 June 2018 were substantially the same as those that applied to the consolidated financial statements for the year ended 31 December 2017 with the exception of changes in discount rate, which increased to 7.7% as at 30 June 2018 (as at 31 December 2017: 7.5%) and the projected average annual consumer price inflation in 2018-2020, which was 4.2% as at 30 June 2018 (as at 31 December 2017: 4.1%).

The amounts recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month periods ended 30 June 2018 and 30 June 2017 in respect of these defined benefit plans, include the following:

	<u>Post-employment benefits</u>		<u>Other long-term benefits</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Service cost	16	16	70	68	86	84
Net interest on obligation	28	30	9	9	37	39
Remeasurements of the net defined benefit liability	-	-	(3)	(4)	(3)	(4)
<b>Net expense recognised in the consolidated profit or loss</b>	<b><u>44</u></b>	<b><u>46</u></b>	<b><u>76</u></b>	<b><u>73</u></b>	<b><u>120</u></b>	<b><u>119</u></b>

The amounts recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month periods ended 30 June 2018 and 30 June 2017 in respect of these defined benefit plans, include the following:

	<u>Post-employment benefits</u>		<u>Other long-term benefits</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Service cost	8	7	35	34	43	41
Net interest on obligation	13	15	4	4	17	19
Remeasurements of the net defined benefit liability	-	-	(3)	(2)	(3)	(2)
<b>Net expense recognised in the consolidated profit or loss</b>	<b><u>21</u></b>	<b><u>22</u></b>	<b><u>36</u></b>	<b><u>36</u></b>	<b><u>57</u></b>	<b><u>58</u></b>

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**12. EMPLOYEE BENEFIT LIABILITY (CONTINUED)**

Net gain recognised in other comprehensive income related mainly to remeasurements of the net defined benefit liability and constitutes RUR 14m for the six-month period ended 30 June 2018 and net loss recognised in other comprehensive income constitute RUR 16m for the six-month period ended 30 June 2017.

Net gain recognised in the other comprehensive income related mainly to remeasurements of the net defined benefit liability and constitutes RUR 44m for the three-month period ended 30 June 2018 and net loss recognised in other comprehensive income constitute RUR 1m for the three-month period ended 30 June 2017.

The amounts recognised in the interim condensed consolidated statement of financial position as at 30 June 2018 and 31 December 2017 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2018	2017	2018	2017	2018	2017
Present value of defined benefit obligation	845	875	305	294	1,150	1,169
Fair value of plan assets	(63)	(66)	-	-	(63)	(66)
<b>Net employee benefit liability</b>	<b>782</b>	<b>809</b>	<b>305</b>	<b>294</b>	<b>1,087</b>	<b>1,103</b>

**13. TRADE AND OTHER PAYABLES**

	30 June 2018	31 December 2017
Trade payables	694	704
Amounts payable for the acquisition of property, plant and equipment	205	139
Amounts payable for the intangible assets	10	13
<b>Total financial liabilities within trade and other payable</b>	<b>909</b>	<b>856</b>
Liabilities to customers (advances)	-	3,706
<b>Total trade and other payables</b>	<b>909</b>	<b>4,562</b>

**14. TAXES OTHER THAN INCOME TAX PAYABLE**

	30 June 2018	31 December 2017
Social insurance contribution	186	216
Property tax	119	113
Personal income tax	38	35
VAT	22	-
Other taxes	1	6
<b>Total taxes other than income tax payable</b>	<b>366</b>	<b>370</b>

**15. ACCRUALS AND OTHER CURRENT LIABILITIES**

	30 June 2018	31 December 2017
Settlements with employees	578	1,023
Provisions for liabilities	2	2
Other liabilities (financial liabilities)	11	11
Other liabilities	56	13
<b>Total accruals and other current liabilities</b>	<b>647</b>	<b>1,049</b>

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**16. REVENUE AND SEGMENT INFORMATION**

Settlements with employees as at 30 June 2018 and 31 December 2017 comprised accrued salaries and bonuses of RUR 361m and RUR 838m, respectively, and accruals for unused vacation of RUR 217m and RUR 185m, respectively.

The Company's General Director is its chief operating decision-maker. The Group's business activities are interdependent in providing customers with container shipping and other logistics services. As such, the Group's internal reporting, as reviewed by the General Director to assess performance and allocate resources, is prepared on a consolidated basis as a single reportable segment. The Group's internal management reports are prepared on the same basis as these interim condensed consolidated financial statements.

<i>Analysis of revenue by category</i>	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Integrated freight forwarding and logistics services	32,897	25,061	17,498	13,858
Cargo transportation and handling services with involvement of third parties	-	1,836	-	875
Agency fees	1,338	1,141	733	669
Other	1,096	2,635	607	1,209
<b>Total revenue</b>	<b>35,331</b>	<b>30,673</b>	<b>18,838</b>	<b>16,611</b>

During the six-month period ended 30 June 2018 the Group provided more integrated freight forwarding and logistics services to the customers and stopped providing cargo transportation and handling services with involvement of third parties.

<i>Analysis of revenue by location of customers</i>	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenue from external customers</b>				
Russia	30,326	26,489	16,089	14,277
Korea	2,240	1,501	1,299	845
China	872	391	458	242
Germany	841	853	476	422
Great Britain	241	433	54	220
Finland	234	142	119	89
Latvia	199	252	131	154
Kazakhstan	169	295	101	165
Other	209	317	111	197
<b>Total revenue</b>	<b>35,331</b>	<b>30,673</b>	<b>18,838</b>	<b>16,611</b>

During the six-month period ended 30 June 2018, OJSC RZD ("RZD") and its subsidiaries accounted for RUR 2,970m or 8% of the Group's total revenue (for the six-month period ended 30 June 2017: RUR 2,305m or 8% of the Group's total revenue).

During the three-month period ended 30 June 2018, OJSC RZD and its subsidiaries accounted for RUR 1,616m or 9% of the Group's total revenue (for the three-month period ended 30 June 2017: RUR 1,366m or 8% of the Group's total revenue).

During the six-month period ended 30 June 2018, UNICO LOGISTICS accounted for RUR 2,269m or 6% of the Group's total revenue (for the six-month period ended 30 June 2017: RUR 1,365m or 4% of the Group's total revenue).

During the three-month period ended 30 June 2018, UNICO LOGISTICS accounted for RUR 1,317m or 7% of the Group's total revenue (for the three-month period ended 30 June 2017: RUR 754m or 5% of the Group's total revenue).

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**17. OTHER OPERATING INCOME**

	Six-month period ended 30 June		Three-month period ended 30 June	
	2018	2017	2018	2017
Gain on the sale and disposal of property, plant and equipment	176	64	116	50
Gain on the sale of inventory and from the reuse of spare parts	97	70	58	46
Change in provision for impairment of receivables	-	35	-	15
Other operating income	72	57	43	36
<b>Total other operating income</b>	<b>345</b>	<b>226</b>	<b>217</b>	<b>147</b>

**18. OPERATING EXPENSES**

	Six-month period ended 30 June		Three-month period ended 30 June	
	2018	2017	2018	2017
Third-party charges related to principal activities	21,290	17,688	11,443	9,642
Payroll and related charges	2,897	2,701	1,453	1,373
Freight and transportation services	2,763	3,246	1,323	1,636
Materials, repair and maintenance	1,580	1,334	878	754
Depreciation and amortisation	1,413	1,300	714	660
Taxes other than income tax	381	403	108	272
Rent	130	128	63	61
Consulting and information services	97	98	64	42
License and software	95	62	36	34
Security	92	97	45	48
Fuel costs	80	77	36	35
Communication costs	36	32	19	16
Charity	20	13	11	11
Other expenses	416	345	133	175
<b>Total operating expenses</b>	<b>31,290</b>	<b>27,524</b>	<b>16,326</b>	<b>14,759</b>

**19. INTEREST EXPENSE**

	Six-month period ended 30 June		Three-month period ended 30 June	
	2018	2017	2018	2017
Interest expense on RUR bonds	433	344	229	169
Interest expense on finance lease obligations	-	6	-	3
<b>Total interest expense</b>	<b>433</b>	<b>350</b>	<b>229</b>	<b>172</b>

**20. INCOME TAX**

	Six-month period ended 30 June		Three-month period ended 30 June	
	2018	2017	2018	2017
Current income tax expense	(820)	(644)	(557)	(425)
Deferred income tax expense	(31)	(62)	(7)	(23)
<b>Income tax</b>	<b>(851)</b>	<b>(706)</b>	<b>(564)</b>	<b>(448)</b>

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the six-month period ended 30 June 2018 was 21.1% (for the six-month period ended 30 June 2017: 19.9%).

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

In accordance with IAS 24 “Related party disclosures”, parties are considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related-party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related-party relationships for those related parties with which the Group has entered into significant transactions, or had significant balances outstanding as at 30 June 2018 and 31 December 2017, are disclosed below:

Related party	Nature of relationship	
	30 June 2018	31 December 2017
OJSC Russian Railways (RZD)	Ultimate parent company	Ultimate parent company
JSC UTLC (Note 10)	Immediate parent company	Immediate parent company
JSC Kedentransservice	Joint venture of the Company	Joint venture of the Company
Oy ContainerTrans Scandinavia Ltd.	Joint venture of the Company	Joint venture of the Company
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture of the Company	Joint venture of the Company
LLC Freight Village Kaluga Sever (FVK Sever Group) (Note 5)	Joint venture of the Company	Joint venture of the Company
Far East Land Bridge Ltd.	Subsidiary of RZD	Subsidiary of RZD
JSC Carriage Repair Company - 1	Subsidiary of RZD	Subsidiary of RZD
JSC Carriage Repair Company - 2	Subsidiary of RZD	Subsidiary of RZD
JSC Carriage Repair Company - 3	Subsidiary of RZD	Subsidiary of RZD
JSC RZD Logistics	Subsidiary of RZD	Subsidiary of RZD
PJSC Bank VTB	State-controlled entity	State-controlled entity
Non-state Pension Fund Blagosostoyanie	Post-employment benefit plan for Company employees	Post-employment benefit plan for Company employees
FAR-EASTERN SHIPPING COMPANY PLC	Significant shareholder	Significant shareholder
LLC Enysei Capital	Significant shareholder	Significant shareholder

The Group’s ultimate controlling party is the Russian Federation and, therefore, all companies controlled by the Russian Federation are also treated as related parties of the Group for the purposes of these interim condensed consolidated financial statements.

As a part of its ordinary course of business, the Group enters into various transactions and has outstanding balances with government related entities and governmental bodies, which are shown as “Other related parties” in the tables below. The Group also enters in transactions with government entities for acquisition of goods and providing services like electricity, taxes and post services. The majority of related-party transactions are with OJSC Russian Railways, its subsidiaries, joint ventures and associates (shown as “Other RZD group entites” in the table below), and PJSC Bank VTB, which is a state-controlled entity. PJSC Bank VTB provides settlement and cash servicing of Company’s bank accounts and carries out depository operations for free funds placement. Transactions with government related entities conducted on commercial terms.

*Relationships with RZD, its subsidiaries, joint ventures and associates*

The Group carries out various transactions with RZD, which is the sole owner and provider of railroad infrastructure and locomotive services in Russia. Furthermore, RZD owns the vast majority of rail-car repair facilities in Russia, which the Group uses to maintain its rolling stock in operating condition.

Under current Russian regulations, only RZD can perform certain functions associated with arranging the container transportation process. As the assets required for performing such functions were transferred to the Company, RZD engaged the Company to act as its agent in the performance of these functions. Company’s revenue generated from such transactions with RZD is reported as agency fees in the consolidated profit or loss.



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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Outstanding balances with related parties as at 30 June 2018 are shown below:

	Ultimate parent company (RZD)	Other RZD group entities	Group's joint ventures	Other related parties	Total
<b>ASSETS</b>					
<b>Non-current assets</b>					
Advances for acquisition of non-current assets	-	1	-	-	1
<b>Current assets</b>					
Short-term investments	-	-	-	506	506
Cash and cash equivalents	-	-	-	5,349	5,349
Trade receivables	409	66	-	-	475
Other receivables	3	2	19	27	51
Advances to suppliers	732	20	-	3	755
<b>Total assets</b>	<b>1,144</b>	<b>89</b>	<b>19</b>	<b>5,885</b>	<b>7,137</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	5	48	64	22	139
Liabilities to customers (advances)	-	20	124	71	215
Other payables	6	1	-	12	19
<b>Total liabilities</b>	<b>11</b>	<b>69</b>	<b>188</b>	<b>105</b>	<b>373</b>

In 2017, the Company acted as a guarantor for the execution of FVKS obligations under the loan agreement with Vnesheconombank. As at 30 June 2018 and 31 December 2017 the debt of FVKS secured by the guarantee under the loan agreement amounted to RUR 2.2bn. As at 30 June 2018 and 31 December 2017 the financial guarantee for investment in joint venture recognised in the interim condensed consolidated statement of financial position was RUR 154m. (Note 5).

The income and expense items with related parties for the six-month period ended 30 June 2018 were as follows:

	Ultimate parent company (RZD)	Other RZD group entities	Group's joint ventures	Other related parties	Total
<b>Revenue</b>					
Integrated freight forwarding and logistics services	-	1,523	387	205	2,115
Agency fees	1,338	-	-	-	1,338
Other services	110	45	3	1	159
Interest income on deposits	-	-	-	115	115
Other interest income	-	-	-	19	19
Dividends received from joint ventures	-	-	372	-	372
Other operating income	6	5	1	1	13
<b>Total income</b>	<b>1,454</b>	<b>1,573</b>	<b>763</b>	<b>341</b>	<b>4,131</b>
<b>Operating Expenses</b>					
Freight and transportation services	2,194	-	109	43	2,346
Third-party charges related to principal activities	16,934	14	1,460	97	18,505
Repair services	198	728	17	1	944
Rent of property and equipment	11	-	-	2	13
Other expenses	72	16	2	54	144
<b>Total expenses</b>	<b>19,409</b>	<b>758</b>	<b>1,588</b>	<b>197</b>	<b>21,952</b>
Purchases of property, plant and equipment	-	-	-	9	9
Purchases of materials	2	173	-	8	183
Contributions to non-state pension funds	-	-	-	34	34
<b>Total other transactions</b>	<b>2</b>	<b>173</b>	<b>-</b>	<b>51</b>	<b>226</b>

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The income and expense items with related parties for the three-month period ended 30 June 2018 were as follows:

	Ultimate parent company (RZD)	Other RZD group entities	Group's joint ventures	Other related parties	Total
<b>Revenue</b>					
Integrated freight forwarding and logistics services	-	825	215	122	1,162
Agency fees	733	-	-	-	733
Other services	45	26	-	-	71
Interest income on deposits	-	-	-	69	69
Other interest income	-	-	-	2	2
Dividends received from joint ventures	-	-	7	-	7
Other operating income	1	2	-	1	4
<b>Total income</b>	<b>779</b>	<b>853</b>	<b>222</b>	<b>194</b>	<b>2,048</b>
<b>Operating Expenses</b>					
Freight and transportation services	1,019	-	50	31	1,100
Third-party charges related to principal activities	9,067	1	871	53	9,992
Repair services	97	425	10	1	533
Rent of property and equipment	6	-	-	1	7
Other expenses	48	9	2	24	83
<b>Total expenses</b>	<b>10,237</b>	<b>435</b>	<b>933</b>	<b>110</b>	<b>11,715</b>
Purchases of property, plant and equipment	-	-	-	-	-
Purchases of materials	-	107	-	4	111
Contributions to non-state pension funds	-	-	-	17	17
<b>Total other transactions</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>21</b>	<b>128</b>

As at 31 December 2017, the outstanding balances with related parties were as follows:

	Ultimate parent company (RZD)	Other RZD group entities	Group's joint ventures	Other related parties	Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	-	-	-	3,632	3,632
Trade receivables	352	195	20	-	567
Other receivables	10	17	2	47	76
Advances to suppliers	798	40	46	4	888
<b>Total assets</b>	<b>1,160</b>	<b>252</b>	<b>68</b>	<b>3,683</b>	<b>5,163</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	10	39	20	10	79
Liabilities to customers (advances)	-	37	93	25	155
Other payables	-	1	-	17	18
<b>Total liabilities</b>	<b>10</b>	<b>77</b>	<b>113</b>	<b>52</b>	<b>252</b>

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The income and expense items with related parties for the six-month period ended 30 June 2017 were as follows:

	Ultimate parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
<b>Revenue</b>						
Integrated freight forwarding and logistics services	1	1,089	76	478	58	1,702
Agency fees	1,141	-	-	-	-	1,141
Cargo transportation and handling services with involvement of third parties	-	23	2	-	4	29
Other services	55	21	2	12	82	172
Interest income on deposits	-	-	-	-	20	20
Other interest income	-	-	-	-	2	2
Dividends received from joint ventures	-	-	-	14	-	14
Other operating income	7	52	-	-	-	59
<b>Total income</b>	<b>1,204</b>	<b>1,185</b>	<b>80</b>	<b>504</b>	<b>166</b>	<b>3,139</b>
<b>Operating Expenses</b>						
Freight and transportation services	2,218	-	-	67	1	2,286
Third-party charges related to principal activities	14,599	17	2	1,119	54	15,791
Repair services	198	606	-	-	2	806
Rent of property and equipment	13	1	-	-	2	16
Other expenses	51	22	-	7	49	129
<b>Total expenses</b>	<b>17,079</b>	<b>646</b>	<b>2</b>	<b>1,193</b>	<b>108</b>	<b>19,028</b>
Purchases of property, plant and equipment	3	-	-	-	62	65
Purchases of materials	1	101	-	-	6	108
Contributions to non-state pension funds	-	-	-	-	36	36
<b>Total other transactions</b>	<b>4</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>209</b>

The income and expense items with related parties for the three-month period ended 30 June 2017 were as follows:

	Ultimate parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
<b>Revenue</b>						
Integrated freight forwarding and logistics services	1	658	40	286	33	1,018
Agency fees	668	-	-	-	-	668
Cargo transportation and handling services with involvement of third parties	-	12	1	-	3	16
Other services	33	6	1	7	43	90
Interest income on deposits	-	-	-	-	10	10
Dividends received from joint ventures	-	-	-	14	-	14
Other operating income	5	30	-	-	-	35
<b>Total income</b>	<b>707</b>	<b>706</b>	<b>42</b>	<b>307</b>	<b>89</b>	<b>1,851</b>
<b>Operating Expenses</b>						
Freight and transportation services	1,071	-	-	41	(2)	1,110
Third-party charges related to principal activities	8,043	16	2	569	30	8,660
Repair services	106	329	-	-	1	436
Rent of property and equipment	6	-	-	-	1	7
Other expenses	24	9	-	(1)	19	51
<b>Total expenses</b>	<b>9,250</b>	<b>354</b>	<b>2</b>	<b>609</b>	<b>49</b>	<b>10,264</b>

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

	Ultimate parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
Purchases of property, plant and equipment	3	-	-	-	44	47
Purchases of materials	-	50	-	-	3	53
Contributions to non-state pension funds	-	-	-	-	22	22
<b>Total other transactions</b>	<b>3</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>122</b>

The amounts outstanding to and from related parties are unsecured and expected to be settled by cash or supplies of goods or services (in respect of advances to suppliers and liabilities to customers) in the ordinary course of business.

**Dividends**

15 May 2018 the Group declared dividends payable to JSC UTLC, FAR-EASTERN SHIPPING COMPANY PLC. and LLC Enysei Capital in the amount of RUR 2,036m, RUR 1,021m and RUR 998m, respectively, which were paid in June 2018.

In July 2017 dividends paid to JSC UTLC and FAR-EASTERN SHIPPING COMPANY PLC. amounted to RUR 325m and RUR 163m, respectively.

**Compensation of key management personnel**

Key management personnel consist of members of the Company's Board of Directors, as well as the General Director, his deputies, Committee's members and Chief Accountant, and comprised 20 and 19 persons as at 30 June 2018 and 30 June 2017.

Total gross compensation, including social contributions and before withholding of personal income tax, to key management personnel amounted to RUR 248m (including total social contributions of RUR 34m) and RUR 151m (including total social contributions of RUR 20m) for the six-month periods ended 30 June 2018 and 30 June 2017, respectively. Such compensation for the three-month periods ended 30 June 2018 and 30 June 2017 amounted to RUR 195m (including total social contributions of RUR 27m) and RUR 100m (including total social contributions of RUR 12m), respectively.

This compensation is included under payroll and related charges in the consolidated profit and loss. Major part of compensation for Key management personnel is generally short-term except for benefits under pension plans with defined benefits. Defined benefit payments to Key management of the Group are calculated based on the same terms as for the other employees.

As at 30 June 2018 payables to Key management personnel in accruals and other current liabilities amounted to RUR 95m, and on employee benefit liability amounted to RUR 15m (RUR 249m and RUR 24m respectively as at 31 December 2017).

**22. COMMITMENTS UNDER OPERATING LEASES**

As at 30 June 2018, the Group leases container terminal Dobra in Slovakia. The remaining period of agreements validity is 6 years.

The Group leases certain production buildings and office premises in Russia. The relevant lease agreements have terms varying from one to four years. Additionally, the Group leases the land on which its container terminals are located.

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**22. COMMITMENTS UNDER OPERATING LEASES (CONTINUED)**

Future minimum lease payments under contracted operating leases, including VAT, are as follows:

	<b>30 June 2018</b>	<b>31 December 2017</b>
Within one year	112	123
Within two to five years	180	213
After five years	29	38
<b>Total minimum lease payments</b>	<b>321</b>	<b>374</b>

Decrease of minimum lease payments under contracted operating leases relates to the termination and expiry of lease agreements.

**23. CAPITAL COMMITMENTS**

The Group's capital commitments as at 30 June 2018 and 31 December 2017 consisted of the following, including VAT:

	<b>30 June 2018</b>	<b>31 December 2017</b>
Acquisition of containers and flatcars	8,770	2,906
Acquisition of lifting machines and other equipment	138	132
Construction of container terminal complexes and modernisation of existing assets	203	133
<b>Total capital commitments</b>	<b>9,111</b>	<b>3,171</b>

In 2018 the Group entered into the new agreements on purchase of containers and flatcars with:

- JSC Novozybkovskiy mashinostroitelny zavod on the purchase of flatcars, the total amount under the agreements is RUR 1,012m;
- JSC Roslavlskiy vagonoremontniy zavod on the purchase of flatcars, the total amount under the agreements is RUR 1,889m;
- OJSC Transportnoye Mashinostroyeniye on the purchase of flatcars, the total amount under the agreements is RUR 2,698m;
- LLC Speccompany on the purchase of flatcars, the total amount under the agreements is RUR 1,510m;
- Taicang CIMC special logistic equipment Co., Ltd on the purchase of containers, the total amount under the agreement is USD 1.9m (RUR 117m at the Central Bank of Russia exchange rate as at the reporting date).

**24. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE**

***Operating environment of the Group***

The economy of the Russian Federation displays certain characteristics of an emerging market. It has a high sensitivity to oil and gas materials prices. The legal, tax and regulatory frameworks continue to develop, they are subject to changes and varying interpretations. The Russian economy is negatively impacted by a decline in oil prices, ongoing political tension and international sanctions against certain Russian companies and individuals. Financial markets remain volatile This economic environment has a significant impact on the Group's operations and financial position. Management takes the necessary steps to ensure stable operations of the Group. Nevertheless, the future implications of the current economic situation is difficult to predict, and Management's current expectations and assessment may differ from actual results.

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**24. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE (CONTINUED)**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and any other price risk), credit risk and liquidity risk.

During the six-month period ended 30 June 2018 there was the weakening of the Russian Rouble against USD while the CBRF exchange rate increased from RUR 57.6002 per USD as at 31 December 2017 to RUR 62.7565 per USD as at 30 June 2018, EUR while the CBRF exchange rate increased from RUR 68.8668 per EUR as at 31 December 2017 to RUR 72.9921 per EUR as at 30 June 2018 and Kazakhstan Tenge while the CBRF exchange rate increased from RUR 17.3184 per 100 Tenge as at 31 December 2017 to RUR 18.3843 per 100 Tenge as at 30 June 2018.

As at 30 June 2018 the Group received financial guarantees from Rail Cargo - Austria GmbH, Shinhan Bank, JSC Gazprombank and JSC Ilim Group in the total amount of RUR 1,286m in order to ensure the proper performance of contractual obligations and minimise risks of collecting receivables and advance payments (as at 31 December 2017: RUR 344m).

The interim condensed consolidated financial statements do not include all financial risk management statements and disclosures required in the annual consolidated financial statements of the Group, prepared for the year ended 31 December 2017. The information disclosed in the interim condensed consolidated financial statements as at 30 June 2018 should be considered in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. There have been no significant changes in the Group's risk management policy during the six-month period ended 30 June 2018, except for the Group's application of IFRS 9 Financial Instruments effective from 1 January 2018 .

***Fair value of assets and liabilities***

Management uses its judgment to the assessment and classification of financial instruments by category using the fair value measurement hierarchy. As on the reporting date the Group had financial assets and liabilities classified as Level 1, Level 2 and Level 3.

During the six-month period ended 30 June 2018 no significant changes in the assessment methods, input data and assumptions to estimate the fair value have occurred.

For financial assets and liabilities not measured at fair value but for which fair value is disclosed, management believes that the fair value of the following assets and liabilities approximates their carrying value: cash and cash equivalents, trade and other receivables, short-term investments, trade and other payables, financial guarantees.. Except for cash and cash equivalents and short-term investments, these financial assets and liabilities and financial guarantee for the investment in joint venture relate to Level 3 in the fair value hierarchy. Cash in hand refers to the Level 1 in the fair value hierarchy, other cash and cash equivalents and short-term investments refer to the Level 2 in the fair value hierarchy.

Company's bonds are placed on the Moscow Exchange and quoted on the market, thus they refer to the Level 1 in the fair value hierarchy.

The following table details the fair value of the Company's bonds:

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Financial liabilities</b>		
Bonds	11,187	6,493
<b>Total</b>	<b>11,187</b>	<b>6,493</b>

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2018 (UNAUDITED)**  
*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

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**24. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE (CONTINUED)**

**Financial assets carried at amortised cost.** The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

**Liabilities carried at amortised cost.** The fair value of bonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and maturity.

**25. SUBSEQUENT EVENTS**

**Acquisition of flatcars.** In July-August 2018 the Group obtained under the previously signed agreements:

- 20 flatcars from JSC Roslavl'skiy vagonoremontniy zavod for the total amount of RUR 44m (plus VAT in the amount of RUR 8m);
- 150 flatcars from OJSC Transportnoye Mashinostroyeniye for the total amount of RUR 368m (plus VAT in the amount of RUR 66m);
- 119 flatcars from LLC Speccompany for the total amount of RUR 340m (plus VAT in the amount of RUR 61m).

**Agreement on acquisition of containers.** In July-August 2018 the Group entered into the agreement with:

- Taicang CIMC special logistic equipment Co.,Ltd on the purchase of 5 450 containers for the total amount of USD 14m (RUR 860m at the Central Bank of Russia exchange rate as at the reporting date), net of VAT and paid in advance USD 4m (RUR 274m at the Central Bank of Russia exchange rate as at the date of payment) under the purchase-and-sale agreement. Delivery of containers is expected no later than December 2018;
- DG ORDEREASY LTD on the purchase of 1 200 containers for the total amount of USD 5m (RUR 305m at the Central Bank of Russia exchange rate as at the reporting date), net of VAT. Delivery of containers is expected no later than December 2018.

**Agreement on acquisition of flatcars.** In July-August 2018 the Group entered into the agreement with:

- OJSC Transportnoye Mashinostroyeniye on the purchase of 224 flatcars for the total amount of RUR 640m (plus VAT in the amount of RUR 115m) and paid in advance RUR 227m. Completion of the delivery is expected no later than September 2018;
- LLC Speccompany on the purchase of 224 flatcars for the total amount of RUR 640m (plus VAT in the amount of RUR 115m). Completion of the delivery is expected no later than November 2018;
- LLC RailAlliance on the purchase of 298 flatcars for the total amount of RUR 852m (plus VAT in the amount RUR 154m) and paid in advance RUR 302m. Completion of the delivery is expected no later than December 2018.