MegaFon

Interim condensed consolidated financial statements
(Unaudited)

For the six months ended 30 June 2018

Contents

KPMG

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors and Shareholders
PJSC MegaFon

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of PJSC MegaFon (the "Company") and its subsidiaries (the "Group") as at 30 June 2018, and the related interim condensed consolidated income statement and statement of other comprehensive income for the three- and six-month periods ended 30 June 2018, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period ended 30 June 2018, and notes to the interim condensed consolidated financial statements (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 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 condensed consolidated financial statements 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 interim condensed consolidated financial statements as at 30 June 2018, and for the three- and six-month periods ended 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Akylbek Y. A.
JSC "KPMG"
Moscow, Russia
15 August 2018

Акционерное общество ОГРН 1027700125628 КПМГ KPMG Москва

Audited entity: PJSC MegaFon
Registration No. in the Unified State Register of Legal Entities 1027809169585.
Moscow, Russia

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities 1027700125628.

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.

MegaFon

Interim condensed consolidated income statement

(In millions of Rubles, except per share amounts)

	Note	Three months ended 30 June 2018	Three months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
		(Unaudited)		**(Unaudited)**	
Continuing operations					
Revenue		**81,941**	**77,955**	**158,396**	**152,449**
Operating expenses					
Cost of revenue		23,490	22,424	45,002	43,802
Sales and marketing expenses		4,558	4,644	8,064	9,047
General and administrative expenses		21,538	20,272	42,388	39,954
Depreciation		12,229	13,474	24,456	27,410
Amortisation		3,914	2,040	7,572	3,981
Loss on disposal of non-current assets	10	145	49	36	128
Total operating expenses		**65,874**	**62,903**	**127,518**	**124,322**
Operating profit		**16,067**	**15,052**	**30,878**	**28,127**
Finance costs		(5,886)	(6,233)	(11,831)	(12,122)
Finance income		349	568	676	869
Share of loss of associates and joint ventures	6	(175)	(636)	(1,126)	(1,699)
Impairment loss from Euroset	6	—	(15,917)	—	(15,917)
Other non-operating expenses		(545)	(531)	(740)	(912)
Foreign exchange loss, net		(1,739)	(827)	(1,925)	(1,760)
Profit/(loss) before tax from continuing operations		**8,071**	**(8,524)**	**15,932**	**(3,414)**
Income tax expense	12	1,877	1,786	3,696	2,988
Profit/(loss) from continuing operations		**6,194**	**(10,310)**	**12,236**	**(6,402)**
Discontinued operations					
Profit from discontinued operations, net of tax	5	12,820	680	11,584	951
Profit/(loss) for the period		**19,014**	**(9,630)**	**23,820**	**(5,451)**
Attributable to equity holders of the Company		20,465	(10,288)	26,293	(6,404)
Attributable to non-controlling interest		(1,451)	658	(2,473)	953
		19,014	**(9,630)**	**23,820**	**(5,451)**
Earnings/(loss) per share, Rubles					
Basic and diluted, profit/(loss) for the period attributable to equity holders of the Company		34	(18)	44	(11)
Earnings/(loss) per share, Rubles — continuing operations					
Basic and diluted, profit/(loss) for the period attributable to equity holders of the Company		11	(18)	21	(11)

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

Interim condensed consolidated statement of other comprehensive income

(In millions of Rubles, except per share amounts)

	Note	Three months ended 30 June 2018 (Unaudited)	Three months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)
Profit/(loss) for the period		**19,014**	**(9,630)**	**23,820**	**(5,451)**
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation difference, net of tax		(316)	(555)	(398)	(157)
Net movement on cash flow hedges, net of tax	11	1,783	(253)	1,567	(692)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**1,467**	**(808)**	**1,169**	**(849)**
Total comprehensive income/(loss) for the period, net of tax		**20,481**	**(10,438)**	**24,989**	**(6,300)**
Total comprehensive income/(loss) for the period					
Attributable to equity holders of the Company		21,994	(10,739)	27,579	(7,087)
Attributable to non-controlling interest		(1,513)	301	(2,590)	787
		20,481	**(10,438)**	**24,989**	**(6,300)**

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

MegaFon

Interim condensed consolidated statement of financial position

(In millions of Rubles)

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Assets			
Non-current assets			
Property and equipment	10	210,070	220,705
Intangible assets, other than goodwill	10	72,508	128,140
Goodwill	7	30,549	73,218
Investments in associates and joint ventures	5,6	75,140	28,567
Non-current financial assets	11	3,345	3,585
Non-current non-financial assets	4	6,492	4,558
Deferred tax assets		1,514	3,829
Total non-current assets		**399,618**	**462,602**
Current assets			
Inventory		11,364	10,045
Current non-financial assets		6,666	7,446
Prepaid income taxes		676	2,586
Trade and other receivables		23,581	26,520
Other current financial assets	11	27,769	16,097
Cash and cash equivalents		14,553	36,147
Assets held for sale		—	284
Total current assets		**84,609**	**99,125**
Total assets		**484,227**	**561,727**
Equity and liabilities			
Equity			
Equity attributable to equity holders of the Company		138,775	109,773
Non-controlling interests		(229)	55,536
Total equity		**138,546**	**165,309**
Non-current liabilities			
Loans and borrowings	11	232,920	212,097
Other non-current financial liabilities	11	4,581	4,540
Non-current non-financial liabilities		3,491	10,181
Provisions		4,567	4,378
Deferred tax liabilities		23,138	28,792
Total non-current liabilities		**268,697**	**259,988**
Current liabilities			
Trade and other payables		34,524	50,535
Loans and borrowings	11	19,554	52,013
Other current financial liabilities	11	18	3,853
Current non-financial liabilities		22,452	29,186
Income taxes payable	12	436	843
Total current liabilities		**76,984**	**136,430**
Total equity and liabilities		**484,227**	**561,727**

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

Interim condensed consolidated statement of changes in equity

(In millions of Rubles)

For the six months ended 30 June 2018 and 30 June 2017

		Attributable to equity holders of the Company									
		Ordinary shares		Treasury shares							
	Notes	Number of shares	Amount	Number of shares	Amount	Capital surplus	Retained earnings	Other capital reserves	Total	Non-controlling interests	Total equity
As of 1 January 2017		**620,000,000**	**526**	**24,299,033**	**(17,387)**	**12,567**	**129,890**	**(1,430)**	**124,166**	**(43)**	**124,123**
(Loss)/profit for the period		—	—	—	—	—	(6,404)	—	(6,404)	953	**(5,451)**
Other comprehensive loss		—	—	—	—	—	—	(683)	(683)	(166)	**(849)**
Total comprehensive (loss)/profit		**—**	**—**	**—**	**—**	**—**	**(6,404)**	**(683)**	**(7,087)**	**787**	**(6,300)**
Dividends		—	—	—	—	—	(19,211)	—	(19,211)	—	**(19,211)**
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(59)	**(59)**
Equity-settled share-based compensation		—	—	—	—	—	—	—	—	672	**672**
Acquisition of MGL		—	—	—	—	—	—	—	—	54,900	**54,900**
Acquisition of MGL treasury shares		—	—	—	—	—	—	—	—	(854)	**(854)**
As of 30 June 2017 (unaudited)		**620,000,000**	**526**	**24,299,033**	**(17,387)**	**12,567**	**104,275**	**(2,113)**	**97,868**	**55,403**	**153,271**
As of 31 December 2017		**620,000,000**	**526**	**24,299,033**	**(17,387)**	**12,567**	**115,230**	**(1,163)**	**109,773**	**55,536**	**165,309**
Adjustment on initial application of IFRS 15, net of tax	3	—	—	—	—	—	1,366	—	**1,366**	—	**1,366**
As of 1 January 2018		**620,000,000**	**526**	**24,299,033**	**(17,387)**	**12,567**	**116,596**	**(1,163)**	**111,139**	**55,536**	**166,675**
Profit/(loss) for the period		—	—	—	—	—	26,293	—	26,293	(2,473)	**23,820**
Other comprehensive income/(loss)		—	—	—	—	—	—	1,286	1,286	(117)	**1,169**
Total comprehensive income/(loss)		**—**	**—**	**—**	**—**	**—**	**26,293**	**1,286**	**27,579**	**(2,590)**	**24,989**
Sale of share in MGL	5	—	—	—	—	—	—	57	57	(55,580)	**(55,523)**
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(149)	**(149)**
Equity-settled share-based compensation		—	—	—	—	—	—	—	—	2,239	**2,239**
Acquisition of ESForce		—	—	—	—	—	—	—	—	315	**315**
As of 30 June 2018 (unaudited)		**620,000,000**	**526**	**24,299,033**	**(17,387)**	**12,567**	**142,889**	**180**	**138,775**	**(229)**	**138,546**

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

MegaFon

Interim condensed consolidated statement of cash flows

(In millions of Rubles)

	Notes	Six months ended 30 June 2018 (Unaudited)	2017
Profit/(loss) before tax from continuing operations		15,932	(3,414)
Profit before tax from discontinued operations	5	15,768	1,535
Profit before tax		**31,700**	**(1,879)**
Adjustments to reconcile profit/(loss) before tax to net operating cash flows:			
Depreciation		25,755	28,392
Amortisation		12,325	8,738
Loss on disposal of non-current assets		52	128
Gain on financial instruments, net		(395)	(82)
Foreign exchange loss, net		1,619	1,184
Share of loss of associates and joint ventures		1,259	1,928
Impairment loss from Euroset	6	—	15,917
Gain on disposal of discontinued operations	5	(18,209)	—
Change in impairment allowance for receivables and other non-financial assets		1,562	1,269
Finance costs		11,846	12,137
Finance income		(941)	(1,103)
Equity-settled share-based compensation		2,239	672
Other non-cash items		3	32
Working capital adjustments:			
Increase in inventory		(1,415)	(50)
Increase in trade and other receivables		(5,630)	(1,138)
Increase in current non-financial assets		(2,208)	(220)
Decrease in trade and other payables		(4,286)	(1,757)
Increase in current non-financial liabilities		2,948	2,490
Change in VAT, net		630	1,353
Income tax paid		(4,453)	(5,820)
Net cash flows received from operating activities		**54,401**	**62,191**
Investing activities			
Purchase of property, equipment and intangible assets	10	(33,856)	(32,761)
Proceeds from sale of property and equipment	10	714	180
Acquisition of subsidiaries, net of cash acquired	5,7	(8,029)	(34,135)
Purchase of interest in associates	5,6	(2,376)	—
Payment of deferred and contingent consideration		—	(1,197)
Proceeds from sale of subsidiaries, net of cash	5	6,945	(43)
Net change in short-term deposits		(14,155)	(14,259)
Loans granted	11	(71)	—
Repayments of loans granted		—	890
Interest received		730	810
Dividends received from equity-accounted investments		19	—
Net cash flows used in investing activities		**(50,079)**	**(80,515)**
Financing activities			
Proceeds from borrowings, net of fees paid		40,988	82,314
Repayment of borrowings		(57,708)	(50,281)
Interest paid		(12,085)	(12,218)
Dividends paid to equity holders of the Company		—	(2,838)
Dividends paid to non-controlling interests		(10)	(59)
Acquisition of MGL treasury shares		—	(854)
Finance lease payments		(3)	(16)
Net cash flows (used in)/received from financing activities		**(28,818)**	**16,048**
Net decrease in cash and cash equivalents		(24,496)	(2,276)
Net foreign exchange difference		2,902	(1,169)
Cash and cash equivalents at beginning of period		36,147	31,922
Cash and cash equivalents at end of period		**14,553**	**28,477**

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

1. General

Public Joint Stock Company MegaFon ("MegaFon", the "Company" and, together with its consolidated subsidiaries, the "Group") is a company incorporated under the laws of the Russian Federation ("Russia") and registered in the Unified State Register of Legal Entities under number 1027809169585. Its registered office is at 41 Oruzheyniy lane, Moscow, 127006, Russian Federation.

MegaFon is a leading pan-Russian operator of digital opportunities and offers a broad range of telecommunication and digital services to retail customers, businesses, government clients and telecommunication services providers.

MegaFon lists its ordinary shares on the Moscow Exchange and its ordinary shares represented by Global Depositary Receipts, or GDRs, on the London Stock Exchange ("LSE"), in each case under the symbol ''MFON'' *(See note 15 for events after the reporting date).*

As of 30 June 2018, the Group is primarily owned by USM group, which is an indirect controlling shareholder, and by JSC Gazprombank ("Gazprombank"), which is a major banking institution in the Russian Federation, another major shareholder.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2017.

These interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual IFRS financial statements. The Company omitted disclosures which would substantially duplicate the information contained in its 2017 audited consolidated financial statements, such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequently to the issuance of its 2017 audited consolidated financial statements.

The interim condensed consolidated financial statements are presented in millions of Rubles, except for per share amounts which are in Rubles, unless otherwise indicated.

The comparative interim condensed consolidated income statement for the three and six months ended 30 June 2017 has been re-presented to show the discontinued operations separately from continuing operations *(Note 5).*

The interim condensed consolidated financial statements were authorised for issue by the Company's Chief Executive Officer ("CEO") and Chief Accountant on 15 August 2018.

3. Significant accounting policies

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective from 1 January 2018.

The Group has adopted IFRS 15, *Revenue from Contracts with Customers,* and IFRS 9, *Financial Instruments,* from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have an effect on the Group's interim condensed consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a comprehensive revenue recognition guidance that replaces the following previous revenue recognition standards: International Accounting Standards ("IAS") 18, *Revenue*, IAS 11, *Construction Contracts,* International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers,* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has applied IFRS 15 using the modified retrospective method with the cumulative effect of initially applying it to contracts that are not completed at the date of initial application (1 January 2018) and therefore recognised as an adjustment to the opening balance of retained earnings at 1 January 2018.

The key impact of the transition to IFRS 15 is an increase in customer acquisition costs assets of 1,707, an increase in deferred tax liabilities of 341 and a corresponding increase in the opening retained earnings of 1,366 at 1 January 2018. See *Note 4* for more details on the impact from the implementation of IFRS 15 and additional disclosures.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies are presented below.

The Group pays its dealers commissions for connecting new customers. Before the adoption of IFRS 15, revenue sharing commissions were recognised evenly during the services rendering period, generally a twelve-month period from the date a new subscriber is activated. With implementation of IFRS 15, the Group identified dealer commissions, which represent incremental costs of obtaining a customer contract, deferred such costs to be recognised over an expected contract term.

The expected contract term is estimated based on historical information adjusted for any significant trends observed in the market and the Group's marketing strategies.

3. Significant accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 introduced a number of changes to accounting for financial instruments, including changes to classification and measurement of financial assets, financial assets impairment methodology involving expected credit losses model, and changes to hedge accounting.

The adoption of IFRS 9 did not have a material impact on the Group's interim condensed consolidated financial statements.

4. IFRS 15

The following tables summarise the impacts of adopting IFRS 15 on the Group's interim condensed consolidated statement of financial position as of 30 June 2018 and its interim condensed consolidated income statement for the three and six months then ended for each of the line items affected. There was no material impact on the Group's interim condensed consolidated statement of cash flows for the six months ended 30 June 2018.

The impact on the interim condensed consolidated statement of financial position is presented below:

		As of 30 June 2018	
	As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Assets			
Non-current non-financial assets	6,492	(3,646)	2,846
Current non-financial assets	6,666	404	7,070
Total assets	**484,227**	**(3,242)**	**480,985**
Equity and liabilities			
Equity			
Equity attributable to equity holders of the Company	138,775	(2,198)	136,577
Non-controlling interests	(229)	—	(229)
Total equity	**138,546**	**(2,198)**	**136,348**
Non-current liabilities			
Deferred tax liabilities	23,138	(549)	22,589
Total non-current liabilities	**268,697**	**(549)**	**268,148**
Current liabilities			
Trade and other payables	34,524	(495)	34,029
Total current liabilities	**76,984**	**(495)**	**76,489**
Total equity and liabilities	**484,227**	**(3,242)**	**480,985**

4. IFRS 15 (continued)

The impact on the interim condensed consolidated income statement is presented below:

	Three months ended 30 June 2018		
	As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Operating expenses			
Sales and marketing expenses	4,558	478	5,036
Total operating expenses	**65,874**	**478**	**66,352**
Operating profit	**16,067**	**(478)**	**15,589**
Profit before tax from continuing operations	**8,071**	**(478)**	**7,593**
Income tax expense	1,877	(96)	1,781
Profit for the period from continuing operations	**6,194**	**(382)**	**5,812**
Profit for the period	**19,014**	**(382)**	**18,632**

	Six months ended 30 June 2018		
	As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Operating expenses			
Sales and marketing expenses	8,064	1,040	9,104
Total operating expenses	**127,518**	**1,040**	**128,558**
Operating profit	**30,878**	**(1,040)**	**29,838**
Profit before tax from continuing operations	**15,932**	**(1,040)**	**14,892**
Income tax expense	3,696	(208)	3,488
Profit for the period from continuing operations	**12,236**	**(832)**	**11,404**
Profit for the period	**23,820**	**(832)**	**22,988**

4. IFRS 15 (continued)

As at 30 June 2018, the Group had 3,646 of deferred customer acquisition costs included in non-current non-financial assets. The amount of costs amortised into sales and marketing expenses for the six months ended 30 June 2018 is 2,244.

As at 30 June 2018, the Group had 22,024 of receivables and nil contract assets from contracts with customers included in trade and other receivables.

As at 30 June 2018, the Group had 15,174 of contract liabilities from contracts with customers included in current non-financial liabilities and 3,298 of contract liabilities included in non-current non-financial liabilities.

As at 30 June 2018, unsatisfied performance obligations on a long-term construction contract amounted to 800. The unsatisfied performance obligations are expected to be recognised as revenue before the end of the current year.

The Group used the practical expedients in IFRS 15 and did not disclose the information about its unsatisfied performance obligations for contracts that have an original expected duration of one year or less and for contracts which give the Group a right to consideration from a customer in an amount that corresponds directly to the value of services rendered to date.

5. Discontinued operations

Since the beginning of 2017 MegaFon had owned a 15.2% interest in the shares (which represented approximately 63.8% of the voting shares) of Mail.Ru Group Limited ("MGL"), a leading company in the Russian-speaking internet market, and consolidated it since the beginning of 2017.

In January 2018 the Group established an entity named JSC MF Technologies to which in May 2018 the Group contributed the 11,500,100 Class A shares of MGL, representing approximately 5% of the shares (and 59% of the voting shares) of MGL, through a series of transactions. After that, in June, the Group sold a 55% interest in JSC MF Technologies to LLC Financial Investments (a subsidiary of USM Holdings Limited), Gazprombank and LLC RT - Business Development (a subsidiary of Rostec) for an aggregate cash consideration of $247.5 million (15,510 at the exchange rate as of the payment day).

The sale has resulted in decreasing the Group's interest in MGL to approximately 12% of the total shares outstanding, or 31% of the voting rights. Accordingly, the Group determined that it had lost control over MGL and discontinued consolidating the subsidiary starting from 9 June 2018.

The Group accounts for its remaining interest in MGL as an associate as it has a significant influence over the investee.

The fair value of the remaining interest in MGL has been estimated in the amount of 46,052. The fair value of the Group's interest in Class A shares has been estimated based on the selling price of the shares in the above mentioned transaction, and the fair value the Group's interest in ordinary shares has been estimated based on the market quote for the shares after taking into account a 11% volume discount.

5. Discontinued operations (continued)

The comparative interim condensed consolidated income statement for the three and six months ended 30 June 2017 has been re-presented to show the discontinued operations separately from continuing operations. Transactions between the continuing operations and the discontinued operations prior to the disposal have been eliminated.

Profit/(loss) from discontinued operations is presented below:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenue	15,410	11,734	30,439	23,494
Expenses	(16,961)	(10,483)	(32,879)	(21,959)
(Loss)/profit before tax from discontinued operations	**(1,551)**	**1,251**	**(2,440)**	**1,535**
Income tax	(196)	(571)	(543)	(584)
(Loss)/profit from discontinued operations, net of tax	**(1,747)**	**680**	**(2,983)**	**951**
Gain on sale of discontinued operations	2,745	—	2,745	—
Income tax on gain on sale of discontinued operations	(549)	—	(549)	—
Gain from revaluation of the remaining investment in MGL	15,464	—	15,464	—
Income tax on the revaluation gain	(3,093)	—	(3,093)	—
Profit for the period from discontinued operations, net of tax	**12,820**	**680**	**11,584**	**951**
Attributable to equity holders of the Company	14,217	108	13,987	152
Attributable to non-controlling interest	(1,397)	572	(2,403)	799
	12,820	**680**	**11,584**	**951**
Earnings per share, Rubles — discontinued operations				
Basic and diluted, profit for the period attributable to equity holders of the Company	23	—	23	—

Cash flows generated from the sale of a portion of the Group's interest in MGL are presented below:

Cash received from discontinued operations	15,510
Cash disposed of with discontinued operations	(8,565)
Net cash inflow from sale	**6,945**

5. Discontinued operations (continued)

Cash flows generated by MGL are presented below:

	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017
Net cash flows from operating activities	4,825	8,787
Net cash flows used in investing activities	(11,934)	(4,739)
Net cash flows used in financing activities	(13)	(991)
Net cash flows generated by MGL	**(7,122)**	**3,057**

The effect of the disposal on the financial position of the Group is presented below:

Assets	
Property and equipment	6,119
Intangible assets	52,840
Goodwill	50,394
Other non-current assets	9,404
Cash and cash equivalents	8,565
Other current assets	8,620
	135,942
Liabilities	
Non-current liabilities	17,768
Current liabilities	19,298
	37,066
Non-controlling interest	(55,580)
Other comprehensive income (“OCI”)	57
Net assets and liabilities	**43,353**

6. Investments in associates and joint ventures

Euroset

In February 2018 MegaFon and VEON Ltd (“VEON”) terminated their Euroset joint venture agreement. MegaFon acquired a 50% interest in Euroset from VEON, resulting in MegaFon’s owning 100% of Euroset. VEON made a cash payment of approximately 1,200 in respect of its share of Euroset’s liabilities and obligations. Also, by the date of acquisition and as part of the termination of the joint venture, VEON had acquired the rights to Euroset’s lease agreements for approximately 1,700 outlets.

In May 2018 the Group acquired a share in DTSRetail Limited (“Svyaznoy group”), which will amount to 25% of the outstanding shares plus one share after completion of certain conditions, in exchange for contributing to the Svyaznoy group 100% of the shares of Euroset and the Lonestar Enterprises Ltd (“Lonestar”) loan *(Note 11)* in the amount of 1,730, including accrued interest.

6. Investments in associates and joint ventures (continued)

The primary reason for the transaction was to enable MegaFon to acquire an interest in the largest retail chain in the technology sector in Russia to take part in future development of omnichannel networks.

The financial results of Euroset after the acquisition of the remaining 50% interest from VEON and before the disposal to the Svyaznoy group have been presented in the interim condensed consolidated income statement line “Share of loss of associates and joint ventures” in the amount of 679 (loss).

The fair value of the Group’s holding in the Svyaznoy group has been estimated in the amount of 15,440. It approximates the fair value of the consideration transferred by the Group (the shares of Euroset and Lonestar loan receivable).

The provisional fair values of identified assets and liabilities of the Svyaznoy group (the investee) reconciled to the Group’s investment in the investee as at the date of acquisition are as follows:

Assets	
Property and equipment	1,896
Intangible assets, other than goodwill	48,947
Inventory	25,307
Trade and other receivables	9,612
Other assets	2,132
Cash and cash equivalents	9,210
	97,104
Liabilities	
Loans	19,567
Deferred tax liabilities	9,919
Trade and other payables	44,099
Other liabilities	1,410
	74,995
Total identifiable net assets at fair value	**22,109**
The Group’s share in the investment	25%
The Group’s share of identifiable net assets	**5,527**
Excess of the consideration transferred over the Group’s share in the fair value of identifiable net assets	9,913
Purchase consideration transferred	**15,440**

The disposal of Euroset has resulted in a 651 gain in the interim condensed consolidated income statement line “Share of loss of associates and joint ventures”.

The fair value of the Svyaznoy group as at the date of acquisition has been determined using the cash flow projections for a six-year period.

6. Investments in associates and joint ventures (continued)

The calculation of the fair value of the investment is particularly sensitive to the following assumptions:

Pre-tax discount rate	16.1%
Average annual revenue growth rate during the forecast period	7.6%
Terminal growth rate	4.3%
Average OIBDA margin during the forecast period	5.3%

The discount rate represents the current market assessment of the risks specific to the investee, taking into consideration the time value of money and individual risks to the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the investee and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Svyaznoy group's investors. The cost of debt is based on the interest-bearing borrowings the Svyaznoy group is obliged to service. Investee-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated based on publicly available market data.

Average annual revenue growth is projected based on the combination of volume and pricing assumptions regarding smartphone, accessories, SIM-cards, and financial services sales.

The terminal growth rate is assumed to equal the Russian consumer price index.

OIBDA margin is projected based on a combination of management's forecasted revenue and operation cost strategies.

Sensitivity to changes in key assumptions

The following reasonably possible changes in the key assumptions made independently, with all other assumptions constant, would result in the following changes to the fair value of the Svyaznoy group:

Key assumption	Change in assumption	Change in fair value
Pre-tax discount rate	Increase by 2 p.p.	Decrease by 19%
	Decrease by 2 p.p.	Increase by 28%
Average annual revenue growth rate during the forecast period	Increase by 1 p.p.	Increase by 80%
	Decrease by 1 p.p.	Decrease by 77%
Terminal growth rate	Increase by 1 p.p.	Increase by 8%
	Decrease by 1 p.p.	Decrease by 7%
Average OIBDA margin during the forecast period	Increase by 2 p.p.	Increase by 57%
	Decrease by 2 p.p.	Decrease by 56%

6. Investments in associates and joint ventures (continued)

City-Mobil

In April 2018 the Group via its subsidiary JSC MegaLabs ("MegaLabs") acquired a 18.37% interest, and via MGL acquired a further 15.75% interest, in LLC City-Mobil ("City-Mobil"), a taxi aggregator, for a cash consideration paid in full in the same month.

Shortly after the acquisition MegaLabs and MGL and the remaining equity holders of City-Mobil made additional capital contributions to Citi-Mobil. Also after the acquisition MegaFon decreased its share in MGL *(Note 5)*. As a result, as of 30 June 2018 the Group's share in City-Mobil amounted to 29.61%.

The total contributions of the Group, excluding MGL, for the acquisition of the interest in City-Mobil held at 30 June 2018 amounted to approximately 618.

MegaFon's voting interest in City-Mobil does not entitle the Group to control City-Mobil. However, the holding gives the Group significant influence over City-Mobil. Accordingly, the Group has not consolidated City-Mobil, but accounts for it as an associate. The primary reason for the acquisition was to expand the range of the Group's digital services and products.

The acquisition of investment in City-Mobil is accounted for based on provisional values, as the Group has not completed the allocation of the purchase price over the fair values of City-Mobil identifiable assets and liabilities as of the date these financial statements were issued.

7. Business combination

Safe City

In June 2018 the Group acquired 100% interest in LLC "TechnoInvestProject", a Russian systems integrator, for a cash consideration of 530. The primary reason for the acquisition was to gain access to software and expertise for providing services to government sector clients under the government programme "Safe City". The purchase consideration was mainly allocated to software in the amount of 416.

8. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM is responsible for allocating resources and assessing the performance of the operating segments. The Company's CEO has been designated as the CODM.

The Group manages its telecommunication business primarily based on eight geographical operating segments within Russia, which provide a broad range of voice, data and other telecommunication services, including wireless and wireline services, interconnection services, data transmission services and value added services. The CODM evaluates the performance of the Group's operating segments based on revenue and operating income before depreciation and amortisation ("OIBDA"). Total assets and liabilities are not allocated to operating segments and are not analysed by the CODM.

8. Segment information (continued)

MGL represented an internet operating and reportable segment before the Group determined that it had lost control of MGL in June 2018 *(Note 5)*. As of 30 June 2018 MGL is no longer a reportable segment of the Group.

Operating segments with similar economic characteristics, such as forecasted OIBDA, have been aggregated into an integrated telecommunication services segment, which is the only reportable segment as of 30 June 2018. Around 1.4% of the Group's revenues and results are generated by segments outside of Russia. No single customer represents 10% or more of the consolidated revenues.

Management has presented the performance measure OIBDA because it believes that this measure is relevant to an understanding of the Group's financial performance. OIBDA is not a defined performance measure in IFRS. The Group's definition of OIBDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of OIBDA to profit from continuing operations for the three and six months ended 30 June is presented below:

	Three months ended 30 June		**Six months ended 30 June**	
	2018	**2017**	**2018**	**2017**
	(Unaudited)		**(Unaudited)**	
OIBDA	**32,355**	**30,615**	**62,942**	**59,646**
Depreciation	(12,229)	(13,474)	(24,456)	(27,410)
Amortisation	(3,914)	(2,040)	(7,572)	(3,981)
Loss on disposal of non-current assets	(145)	(49)	(36)	(128)
Finance costs	(5,886)	(6,233)	(11,831)	(12,122)
Finance income	349	568	676	869
Share of loss of associates and joint ventures	(175)	(636)	(1,126)	(1,699)
Impairment loss from Euroset	—	(15,917)	—	(15,917)
Other non-operating expenses	(545)	(531)	(740)	(912)
Foreign exchange loss, net	(1,739)	(827)	(1,925)	(1,760)
Profit/(loss) before tax from continuing operations	**8,071**	**(8,524)**	**15,932**	**(3,414)**

Disaggregation of revenue

In the following table revenue is disaggregated by major products and service lines:

	Three months ended 30 June		**Six months ended 30 June**	
	2018	**2017**	**2018**	**2017**
	(Unaudited)		**(Unaudited)**	
Wireless services	68,317	65,290	132,705	128,004
Wireline services	7,899	6,483	14,350	12,560
Sales of equipment and accessories	5,729	6,182	11,349	11,885
Total external revenue	**81,945**	**77,955**	**158,404**	**152,449**
Intra-group revenue elimination	(4)	—	(8)	—
Total revenue	**81,941**	**77,955**	**158,396**	**152,449**

8. Segment information (continued)

The Group's revenue derives from contracts with customers. Revenue from sales of equipment and accessories is recognised at a point in time, while other service revenue is recognised over time as the services are rendered to clients.

9. Seasonality of operations

The Group's telecom services are impacted by seasonal trends throughout the year. Revenue and operating profits in the second half of the year are usually expected to be higher than in the first six months. Higher revenue during the period July to September is mainly attributable to increased demand for telecom services during the peak holiday season. Higher revenue also occurs in the month of December, due to increased demand for telecom services and equipment from subscribers. Also the number of working days is significantly higher in the second half of a calendar year than in the first half of the year due to long public holidays in January and May in Russia, which further contributes to higher revenue in the second half of the year.

This information is provided to allow for a better understanding of the Group's results; however, management has concluded that these impacts on the results are not 'highly seasonal' as considered by IAS 34.

10. Property, equipment and intangible assets

During the six months ended 30 June 2018, the Group acquired property and equipment with a cost of 21,236 (30 June 2017: 19,638). Assets with a net book value of 436 were disposed of by the Group during the six months ended 30 June 2018 (30 June 2017: 174), resulting in a net gain on disposal of 159 (30 June 2017: loss 128). Capitalised borrowing costs were 786 and 819 for the six months ended 30 June 2018 and 2017, respectively.

During the six months ended 30 June 2018, the Group acquired intangible assets with a cost of 6,030 (2017: 3,631).

In April 2018 the Group acquired spectrum in the 3.4GHz-3.6GHz band for Moscow through the purchase of 100% interest in LLC Neosprint ("Neosprint"). The Group's management concluded that the assets and activities of the acquired company are not capable of being conducted and managed as a business, accordingly the acquisition of Neosprint was accounted for as an acquisition of assets. The purchase price totaled 720, consisting of cash consideration of 504 and a deferred payment of 216 which was fully settled in June 2018.

Intangible assets with a carrying amount of 52,840 and property and equipment with a carrying amount of 6,119 were disposed of as part of the discontinued operations *(Note 5)*.

11. Financial assets and liabilities

Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments:

		Carrying amount		Fair value	
		30 June 2018 (Unaudited)	31 December 2017	30 June 2018 (Unaudited)	31 December 2017
Financial assets					
Financial assets at fair value through profit or loss:					
Financial investments in associates	Level 3	—	264	—	264
Financial derivatives under lease and hosting contracts	Level 3	—	150	—	150
Derivative financial assets over the equity of investee	Level 3	—	122	—	122
Loans and receivables at amortised cost:		—		—	
Short-term bank deposits	Level 2	21,990	7,656	21,990	7,656
Loans receivable from Garden Ring and Lonestar	Level 2	4,814	6,357	4,814	6,436
Other deposits	Level 2	4,030	4,976	4,031	4,706
Long-term accounts receivable	Level 2	273	—	255	—
Other loans	Level 2	7	157	7	157
Total financial assets		**31,114**	**19,682**	**31,097**	**19,491**
Financial liabilities					
Financial liabilities at amortised cost:					
Loans and borrowings	Level 2	196,497	208,143	213,641	234,969
Ruble bonds	Level 1	55,977	55,967	51,998	56,299
Finance lease obligations	Level 3	4,227	4,222	4,227	4,222
Other liabilities	Level 3	372	329	381	343
Financial liabilities at fair value through OCI:					
Foreign currency forwards designated as cash flow hedges	Level 2	—	3,842	—	3,842
Total financial liabilities		**257,073**	**272,503**	**270,247**	**299,675**

Ruble bonds

On 19 February 2018 the Group placed its Series BO-001P-04 Ruble denominated exchange bonds, in an aggregate principal amount of 20,000. The bonds have a term of three years following placement. The coupon rate was set at 7.2% per annum, payable semiannually.

On 7 March 2018 the Group redeemed in full at par its Series 06 and 07 Ruble denominated bonds in an aggregate principal amount of 20,000. The Group initially issued these bonds in March 2013 with a maturity of 10 years at a coupon rate of 8% per annum.

11. Financial assets and liabilities (continued)

The coupon rate was to be re-set after five years and the Group had the right to redeem the bonds on the last day of the coupon period for which the coupon rate was defined. The redemption of the bonds was effected pursuant to the Group's exercise of this right.

Loan receivable

In February 2018 the loan due from Strafor was extended to April 2018 and was converted into Rubles so that the amount due including interest as of the conversion date was 1,724. The Strafor loan was also assigned to and assumed by Lonestar, another company related to the Svyaznoy group, and it was then treated as part of the Group's consideration for the investment in the Svyaznoy group *(Note 6)*.

Valuation techniques and assumptions

Management has determined that cash, short-term deposits, other loans, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group, using available market information and appropriate valuation methodologies, where they exist, has determined the estimated fair values of its financial instruments. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The fair value of loan receivable from Garden Ring approximates its carrying value.

The fair value of the Group's other deposits relating to cash received under certain contracts with customers is determined by using a discounted cash flow ("DCF") method using a discount rate that reflects the bank deposit rates the Group would get in the market as at the end of the reporting period.

The fair values of the Group's loans and borrowings and other liabilities carried at amortised cost, except for market quoted Ruble bonds, are determined by a DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own nonperformance risk as at 30 June 2018 and 31 December 2017 was assessed to be insignificant.

The Group, in connection with its current activities, is exposed to various financial risks, such as foreign currency risks, interest rate risks and credit risks. The Group manages these risks and monitors their exposure on a regular basis.

The fair values of foreign currency forward contracts are based on a forward yield curve and represent the estimated amount the Group would receive or pay to terminate these agreements at the reporting date, taking into account foreign exchange spot and forward rates, creditworthiness, nonperformance risk, and liquidity risks associated with current market conditions.

During the six months ended 30 June 2018 there were no transfers between levels of the fair value hierarchy.

12. Income tax

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings.

The major components of income tax expense for the three and six months ended 30 June in the interim condensed consolidated income statement are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Current income tax	1,011	2,852	4,519	5,386
Deferred income tax	866	(1,066)	(823)	(2,398)
Total income tax expense	**1,877**	**1,786**	**3,696**	**2,988**

13. Related parties

The following tables provide the total amount of transactions that have been entered into with related parties and the balances of accounts with them for the relevant financial periods:

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
Revenue from USM group	—	1	—	1
Revenue from Telia group	—	89	—	164
Revenue from Euroset	—	1,088	49	1,209
Revenue from MGL’s equity accounted associates	101	29	141	58
Revenue from Svyaznoy group	28	—	28	—
	129	**1,207**	**218**	**1,432**
Services from USM group	243	219	515	438
Services from Telia group	—	265	—	468
Services from Euroset	—	251	228	458
Services from Garden Ring	467	414	865	819
Services from Forpost	83	—	83	—
Services from MGL’s equity accounted associates	63	—	67	—
Services from Svyaznoy group	374	—	374	—
	1,230	**1,149**	**2,132**	**2,183**

	30 June 2018	**31 December 2017**
Due from USM group	1,373	1
Due from Euroset	—	1,473
Due from Garden Ring	4,885	4,777
Due from MGL’s equity accounted associates	—	77
Due from Svyaznoy group	1,899	—
	8,157	**6,328**

13. Related parties (continued)

	30 June 2018	31 December 2017
Due to USM group	1,064	1,271
Due to Euroset	—	92
Due to Garden Ring	—	142
Due to MGL's equity accounted associates	—	2
Due to Svyaznoy group	321	—
Due to Forpost	603	—
	1,988	**1,507**

Terms and conditions of transactions with related parties

Outstanding balances as of 30 June 2018 and 31 December 2017 are unsecured. There have been no guarantees provided or received for any related party receivables or payables. As of 30 June 2018 and 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

USM group

The outstanding balances and transactions with USM group relate to operations with Garsdale Services Investment Limited ("Garsdale"), the Group's parent, USM Holdings Limited, an indirect owner of Garsdale, and their consolidated subsidiaries. As of 3 August 2018 USM Holdings Limited has transferred its 100% interest in AF Telecom Holdings LLC to USM Holding Company LLC, a company incorporated in the Russian Federation. As a result USM Holding Company LLC has become the Group's parent.

The Group purchased billing system and related support services from PeterService, another member of the USM group, in the amount of 2,028 and 2,143 during the six months ended 30 June 2018 and 2017, respectively. The outstanding balances with USM group as of 30 June 2018 mainly relate to these purchases.

Telia group

The transactions with Telia group relate to operations with various companies in that group. Revenue and cost of services are principally related to roaming agreements between MegaFon and members of the Telia group located outside Russia and a wireline interconnection agreement with Telia Carrier Russia.

In October and November 2017 Telia Company sold its entire interest in MegaFon to Gazprombank and other institutional investors. Consequently, Telia group ceased to be a related party.

13. Related parties (continued)

Euroset and Svyaznoy

Euroset was the Group's joint venture with PJSC VimpelCom until February 2018 when MegaFon acquired the remaining 50% interest in Euroset from VEON *(Note 6)*. After Euroset was disposed of in exchange for an interest in the Svyaznoy group *(Note 6)* the Svyaznoy group has become a related party for the Group.

The Group had a dealership agreement with Euroset and now has a dealership agreement with the Svyaznoy group which qualifies as a related party transaction.

Garden Ring

Garden Ring, which owns and operates an office building in the center of Moscow, is the Group's joint venture with Sberbank. The Group has a lease agreement with Garden Ring which qualifies as a related party transaction. The Group also has loan receivable from Garden Ring. The balance due from Garden Ring at 30 June 2018 consists mainly of the loan receivable.

Forpost

The Group has an insignificant investment in Forpost, the holding company for LLC Talmer, a systems integrator and complex IT solutions provider in Russia, which is accounted for as an associate. The balance due to Forpost is for IT equipment purchases and related services received.

14. Commitments, contingencies and uncertainties

Operating environment

During 2017 and the six months ended 30 June 2018, the Russian economy was negatively impacted by sanctions imposed on Russia by several countries. Ruble exchange and interest rates continued to fluctuate. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

4G/LTE licence capital commitments

In July 2012, the Federal Service for Supervision in Communications, Information Technologies and Mass Media granted the Company a licence and allocated frequencies to provide services under the 4G/LTE standard in Russia.

Under the terms and conditions of this licence, the Company is obligated to provide 4G/LTE services in each population center with over 50,000 inhabitants in Russia by 2019. The Company is also obligated to make capital expenditures of at least 15,000 annually toward the 4G/LTE roll-out until the network is fully deployed.

14. Commitments, contingencies and uncertainties (continued)

Under the 4G/LTE licences acquired at frequency distribution auctions and from other operators via acquisition of licence-holding entities the Company is obligated to provide 4G/LTE services in each population center with over 10,000 inhabitants in Russia by the end of the seven-year period starting from the date of obtaining the licence, i.e. by 2023.

As of the date these interim condensed consolidated financial statements were authorised for issue the Group was fully compliant with these capital expenditure commitments.

Equipment purchases agreements

In 2014 the Group entered into two separate 7-year agreements with two suppliers to purchase equipment and software for 2G/3G/4G network construction and modernisation. The software usage agreements contain various termination options, however the Group is specifically committed under the agreements to pay at least an amount equal to 50% of the fees due for years four through seven of the agreements for each base station in use as at the date of termination while receiving a credit against these commitments for fees already paid. The amount of the commitments at 30 June 2018 is 9,789 (31 December 2017: 8,675).

Taxation

Russian and Tajik tax, currency and customs legislation, including transfer pricing legislation, are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to transactions and activities of the Group may be challenged by the relevant regional and federal authorities. Recent events within Russia and Tajikistan suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of the legislation and as a result, it is possible that transactions and activities that have not been challenged in the past may now be challenged. Therefore, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for the three calendar years preceding the current year. Under certain circumstances reviews may cover longer periods.

The Group's management believes that its interpretation of the relevant legislation is appropriate and is in accordance with the current industry practice, and that the Group's tax, currency and customs positions will be sustained. However, the interpretations of the relevant authorities could differ.

As of 30 June 2018 the Group's management estimated the possible effect of additional taxes, before fines and interest, if any, on these interim condensed consolidated financial statements, if the authorities were successful in enforcing different interpretations being taken by them, to be in the amount of up to approximately 1,137.

14. Commitments, contingencies and uncertainties (continued)

Litigation

The Group is not a party to any material litigation, although in the ordinary course of business, the Company and some of the Group's subsidiaries may be party to various legal and tax proceedings, and subject to claims, certain of which relate to the developing markets and evolving fiscal and regulatory environments in which they operate. In the opinion of management, the Company's and its subsidiaries' liability, if any, in all pending litigation, other legal proceedings or other matters, will not have a material effect on the financial condition, financial performance or liquidity of the Group.

Anti-terror laws

On 7 July 2016 the President of the Russian Federation signed a package of anti-terror laws. The package requires telecommunications operators to store all data, including that from phone calls, messages, and data transmitted by customers for certain time periods, effective from 1 July 2018. This would require the Group to establish additional data centers and invest in data-processing technologies. The potentially significant capital expenditures required to do this would negatively impact the Group's cash flow generation, diverting resources from investment in growth, which could potentially impact future revenue and OIBDA.

Based on the current understanding of the law's requirements, the Group expects that the implementation of the changes may cost it approximately 35,000-40,000 over the next five years.

15. Events after the reporting date

Tender offer and delisting on the LSE

On 15 July 2018 the Group's Board of Directors approved a programme to purchase for cash up to 128,950,036 of the issued and outstanding ordinary shares and GDRs, representing 20.8% of the Company's issued and outstanding shares. The purchase price for securities tendered will be $9.75 for each ordinary share and for each GDR. The tender offer has commenced on 16 July 2018 and is expected to expire on 22 August 2018. The Company intends to commence the process of cancelling the GDR listing on the LSE shortly after the completion of the tender offer.