

# **Public Joint Stock Company “M.video”**

Interim Condensed Consolidated  
Financial Information (Unaudited)  
Half-Year Ended 30 June 2017

# **PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

## **TABLE OF CONTENTS**

---

	<b>Pages</b>
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED):	
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6-7
Notes to the interim condensed consolidated financial information	8-18

## **PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

### **STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED)**

---

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the consolidated financial position of Public Joint Stock Company "M.video" (the "Company") and its subsidiaries (the "Group") as at 30 June 2017, and the consolidated results of its operations, cash flows and changes in equity for the half-year then ended, in compliance with International Accounting Standard 34 "Interim Financial Reporting".

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

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs 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 and sound 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 information of the Group complies with IFRS;
- maintaining statutory accounting records in compliance with local legislation and accounting standards of Russian Federation;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the half-year ended 30 June 2017 was approved on 22 August 2017.



---

**A. Tynkovan**  
Chief Executive Officer



---

**E. Sokolova**  
Chief Financial Officer

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To: Shareholders and Board of Directors of Public Joint Stock Company "M.video"

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company "M.video" (the "Company") and its subsidiaries (the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the half-year then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial information"). Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated 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 information does not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2017, and its consolidated financial performance and its consolidated cash flows for the half-year then ended in accordance with IAS 34.

Sedov A.V.  
Team leader

22 August 2017

The Entity: Public Joint Stock Company "M.video"

Certificate of state registration № 77 №008748648 of 25.09.2006, issued by Interdistrict Inspectorate of the Russian Ministry of Taxation № 46.

Address: 40/12, building 20, Nizhnaya Krasnoselskaya Street, Moscow, 105066, Russian Federation

Audit Firm: ZAO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulated organization of auditors "Russian Union of auditors" (Association), ORNZ 11603080484.

**PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017 (UNAUDITED)  
(in millions of Russian Rubles)**

	Notes	30 June 2017	31 December 2016
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	3	7 885	8 127
Intangible assets	4	6 533	6 145
Deferred tax assets, net		3 434	3 995
Other non-current assets		859	692
<b>Total non-current assets</b>		<b>18 711</b>	<b>18 959</b>
<b>CURRENT ASSETS:</b>			
Inventories	5	39 562	45 170
Accounts receivable and prepaid expenses	6	12 608	13 162
Income tax receivable		295	22
Other taxes receivable	7	3 003	4 218
Cash and cash equivalents	8	6 714	18 763
Other current assets		7	7
<b>Total current assets</b>		<b>62 189</b>	<b>81 342</b>
<b>TOTAL ASSETS</b>		<b>80 900</b>	<b>100 301</b>
<b>EQUITY:</b>			
Share capital	9	1 798	1 798
Additional paid-in capital		4 576	4 576
Treasury shares	9	(52)	(52)
Retained earnings		12 120	9 628
Equity attributable to owners of the Company		18 442	15 950
Non-controlling interests		1	1
<b>Total equity</b>		<b>18 443</b>	<b>15 951</b>
<b>NON-CURRENT LIABILITIES:</b>			
Provisions		4	7
Other liabilities	19	-	68
<b>Total non-current liabilities</b>		<b>4</b>	<b>75</b>
<b>CURRENT LIABILITIES:</b>			
Trade accounts payable		48 084	66 285
Other payables and accrued expenses	10	7 010	8 480
Advances received	11	1 952	2 372
Income tax payable		-	1 104
Other taxes payable	12	642	694
Deferred revenue	13	4 458	4 944
Provisions		307	396
<b>Total current liabilities</b>		<b>62 453</b>	<b>84 275</b>
<b>Total liabilities</b>		<b>62 457</b>	<b>84 350</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80 900</b>	<b>100 301</b>

The Notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Signed on 22 August 2017:



**A. Tynkovan**  
Chief Executive Officer



**E. Sokolova**  
Chief Financial Officer

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles, except earnings per share)

	Notes	For the half-year ended	
		30 June 2017	30 June 2016 (restated*)
REVENUE	14	83 364	82 851
COST OF SALES		<u>(62 479)</u>	<u>(63 078)</u>
GROSS PROFIT		20 885	19 773
Selling, general and administrative expenses	15	(18 720)	(17 870)
Other operating income	16	738	562
Other operating expenses		<u>(55)</u>	<u>(61)</u>
OPERATING PROFIT		2 848	2 404
Finance income	17	<u>384</u>	<u>354</u>
PROFIT BEFORE INCOME TAX EXPENSE		3 232	2 758
Income tax expense		<u>(740)</u>	<u>(667)</u>
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period</b>		<b><u>2 492</u></b>	<b><u>2 091</u></b>
BASIC EARNINGS PER SHARE (in Russian Rubles)	18	13,88	11,65
DILUTED EARNINGS PER SHARE (in Russian Rubles)	18	13,88	11,65

\* Comparative information for the half-year ended 30 June 2016 has been adjusted due to correction of a prior period error (Note 2).

The Notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Signed on 22 August 2017:



**A. Tynkovan**  
Chief Executive Officer



**E. Sokolova**  
Chief Financial Officer

**PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED)  
(in millions of Russian Rubles)**

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Balance as at 1 January 2016</b>	<b>1 798</b>	<b>4 576</b>	<b>(52)</b>	<b>7 673</b>	<b>13 995</b>	<b>-</b>	<b>13 995</b>
Dividends declared	-	-	-	(3 591)	(3 591)	-	(3 591)
Total comprehensive income for the period (restated*)	-	-	-	2 091	2 091	-	2 091
<b>Balance as at 30 June 2016 (restated*)</b>	<b>1 798</b>	<b>4 576</b>	<b>(52)</b>	<b>6 173</b>	<b>12 495</b>	<b>-</b>	<b>12 495</b>
<b>Balance as at 1 January 2017</b>	<b>1 798</b>	<b>4 576</b>	<b>(52)</b>	<b>9 628</b>	<b>15 950</b>	<b>1</b>	<b>15 951</b>
Total comprehensive income for the period	-	-	-	2 492	2 492	-	2 492
<b>Balance as at 30 June 2017</b>	<b>1 798</b>	<b>4 576</b>	<b>(52)</b>	<b>12 120</b>	<b>18 442</b>	<b>1</b>	<b>18 443</b>

\* Comparative information for the half-year ended 30 June 2016 has been adjusted due to correction of a prior period error (Note 2).

The Notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Signed on 22 August 2017:

**A. Tynkovan**  
Chief Executive Officer

**E. Sokolova**  
Chief Financial Officer

**PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED)  
(in millions of Russian Rubles)**

	Notes	For the half-year ended	
		30 June 2017	30 June 2016 (restated*)
<b>OPERATING ACTIVITIES:</b>			
Total comprehensive income for the period		2 492	2 091
<i>Adjustments for:</i>			
Income tax expense		740	667
Depreciation and amortization	15	1 710	1 922
Change in allowance for doubtful advances paid for rent, accounts receivable and prepaid expenses	6	(9)	3
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses		64	(690)
Interest income on bank deposits	17	(384)	(354)
Other non-cash reconciling items, net		(9)	(14)
		<b>4 604</b>	<b>3 625</b>
<b>Operating cash flows before movements in working capital</b>			
Decrease in inventories		5 471	3 819
Decrease in accounts receivable and prepaid expenses		515	2 331
Decrease in other taxes receivable		1 311	448
Decrease in trade accounts payable		(18 201)	(16 127)
(Decrease)/increase in other payables and accrued expenses		(1 898)	345
Decrease in deferred revenue		(486)	(1 085)
Decrease in other liabilities		(68)	(35)
Decrease in advances received		(420)	(515)
(Decrease)/increase in other taxes payable		(52)	39
Other changes in working capital, net		(18)	8
		<b>(9 242)</b>	<b>(7 147)</b>
<b>Cash used in operations</b>			
Income taxes paid		(1 556)	(1 299)
		<b>(10 798)</b>	<b>(8 446)</b>
<b>Net cash used in operating activities</b>			



**PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED)  
(in millions of Russian Rubles)**

	<b>For the half-year ended</b>	
	<b>30 June 2017</b>	<b>30 June 2016 (restated*)</b>
<b>Notes</b>		
<b>INVESTING ACTIVITIES:</b>		
Interest received	432	376
Purchase of property, plant and equipment	(689)	(399)
Purchase of intangible assets	(984)	(742)
Other purchases	(15)	-
Purchases of property, plant and equipment	3	-
Withdrawal of deposits with an original maturity of more than 90 days	-	800
<b>Net cash (used in)/received from investing activities</b>	<b>(1 253)</b>	<b>35</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from short-term loans and borrowings	21	189
Repayment of short-term loans and borrowings	(21)	(189)
<b>Net cash received from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(12 051)</b>	<b>(8 411)</b>
<b>CASH AND CASH EQUIVALENTS, at the beginning of the period</b>	<b>18 763</b>	<b>11 779</b>
Impact of foreign exchange on cash and cash equivalents	2	(1)
<b>CASH AND CASH EQUIVALENTS, at the end of the period</b>	<b>6 714</b>	<b>3 367</b>

\* Comparative information for the half-year ended 30 June 2016 has been adjusted due to correction of a prior period error (Note 2).

The Notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Signed on 22 August 2017:



**A. Tynkovan**  
Chief Executive Officer



**E. Sokolova**  
Chief Financial Officer

## **PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)**

---

#### **1. GENERAL INFORMATION**

The interim condensed consolidated financial information of Public Joint Stock Company "M.video" ("the Company") and its subsidiaries (the "Group") for the half-year ended 30 June 2017 was authorized for issue in accordance with a resolution of the Board of Directors on 22 August 2017.

#### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Preparation***

The annual consolidated financial statements of PJSC "M.video" and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"). This interim condensed consolidated financial information for the half-year ended 30 June 2017 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

***Functional and presentation currency*** – The amounts in the interim condensed consolidated financial information are presented in Russian Rubles ("RUB"), which is functional currency of the Group's entities and presentation currency, unless expressly indicated otherwise.

##### ***Seasonality of operations***

Generally, the Group's revenue is subject to seasonal fluctuations with higher demand in the second half of the year. Business seasonality results from a combination of higher sales in holiday periods (for example, New Year) and certain costs such as depreciation, some general and administrative expenses that do not precisely follow sales trends. The timing of new store openings, cost associated with restructuring or asset impairment, if any, as well as general economic conditions, may also affect the Group's future results.

##### ***Income tax***

Income tax in the interim periods is accrued using the effective tax rate that would be applicable to expected total annual earnings.

##### ***Significant accounting policies***

The same accounting policies, presentation and methods of computation have been followed in this interim condensed consolidated financial information as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016, except for the impact of the adoption of the following amended standards from 1 January 2017:

- Amendments to IAS 7 – *Disclosure Initiative*;
- Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses*;
- Annual Improvements to IFRSs 2014-2016 Cycle.

The adoption of these standards and interpretations has not had a significant impact on the interim condensed consolidated financial information of the Group for the half-year ended 30 June 2017.

##### **Restatement of interim condensed consolidated financial information for the half-year ended 30 June 2016**

While preparing the interim condensed consolidated financial information for half-year ended 30 June 2017, the Group has corrected an error relating to comparative financial information for half-year ended 30 June 2016.

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

In the interim condensed consolidated financial information for the half-year ended 30 June 2016 that was reported previously, revenues and cost of sales included amounts that related to goods prepaid by customers prior to 30 June 2016 but delivered after 30 June 2016. In accordance with the Group's accounting policies, such revenues and related cost of sales should have been recognized upon delivery to customers. At 30 June 2016 the Group did not have technical ability to estimate the amount of required adjustment accurately and considered that the amount of possible adjustment would not be material for the interim condensed consolidated financial information for the half-year ended 30 June 2016. In the reporting period the Group's management performed an accurate calculation of revenues and cost of sales relating to goods prepaid at 30 June 2016 but delivered after that date and made a decision to correct the prior period error to ensure comparability with current period financial information.

The correction of the error has had the following effect on the interim condensed consolidated financial information for half-year ended 30 June 2016:

<b>Interim condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2016</b>	<b>As previously reported</b>	<b>Correction of an error</b>	<b>Restated</b>
Revenue	83 579	(728)	82 851
Cost of sales	(63 648)	570	(63 078)
Income tax expense	(705)	38	(667)
Net profit for the period, being			
total comprehensive income for the period	2 211	(120)	2 091
Basic earnings per share	12,32	(0,67)	11,65
Diluted earnings per share	12,32	(0,67)	11,65

<b>Interim condensed consolidated statement of cash flows for the half-year ended 30 June 2016</b>	<b>As previously reported</b>	<b>Correction of an error</b>	<b>Restated</b>
Total comprehensive income for the period	2 211	(120)	2 091
Income tax expense	705	(38)	667
Decrease in inventories	4 389	(570)	3 819
Decrease in advances received	(1 243)	728	(515)
Net decrease in cash and cash equivalents	(8 411)	-	(8 411)

### 3. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 30 June 2017 the Group incurred expenditures in the amount of 851 (half-year ended 30 June 2016: 404) which are mostly represented by leasehold improvements in the amount of 274 (half-year ended 30 June 2016: 91), trade equipment in the amount of 162 (half-year ended 30 June 2016: 108), and other fixed assets, namely computer, telecommunication and advertising equipment in the amount of 415 (half-year ended 30 June 2016: 205).

Assets with net book value of 7 were disposed of by the Group during the half-year ended 30 June 2017 (half-year ended 30 June 2016: 14). Loss on disposal of these items in the amount of 4 (half-year ended 30 June 2016: 14) was recognised within other operating expenses.

### 4. INTANGIBLE ASSETS

During the half-year ended 30 June 2017 the Group incurred expenditures in the total amount of 1 012 (half-year ended 30 June 2016: 749) which for the most part relate to the development of the new "front-office / back-office" system, the new web site platform, additional functionality of the Group's ERP system SAP R/3 and development of Marketplace project.

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

#### 5. INVENTORIES

Inventories as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Goods for resale	40 152	45 819
Other inventories	172	181
Less: allowance for obsolete and slow-moving inventories	<u>(762)</u>	<u>(830)</u>
<b>Total</b>	<b><u>39 562</u></b>	<b><u>45 170</u></b>

Cost of inventories recognized as an expense in the amount of 60 938 and 62 471 and inventory losses in the amount of 235 and 204 for the half-year periods ended 30 June 2017 and 30 June 2016, respectively, were recorded within cost of sales in the interim condensed consolidated statement of profit or loss and other comprehensive income.

#### 6. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

Accounts receivable and prepaid expenses as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Bonuses receivable from suppliers	9 596	10 574
Other accounts receivable	2 237	2 020
Advances paid to suppliers and prepaid expenses	797	649
Advances paid to related parties (Note 20)	54	11
Less: allowance for doubtful accounts receivable and prepaid expenses	<u>(76)</u>	<u>(92)</u>
<b>Total</b>	<b><u>12 608</u></b>	<b><u>13 162</u></b>

As at 30 June 2017 and 31 December 2016 the Group did not have accounts receivable past due but not impaired.

#### 7. OTHER TAXES RECEIVABLE

Other taxes receivable as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
VAT recoverable	2 999	4 210
Other taxes receivable	<u>4</u>	<u>8</u>
<b>Total</b>	<b><u>3 003</u></b>	<b><u>4 218</u></b>

#### 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Short-term bank deposits	5 650	14 650
Cash in transit	458	2 698
Cash at banks	402	1 036
Petty cash and cash in stores	<u>204</u>	<u>379</u>
<b>Total</b>	<b><u>6 714</u></b>	<b><u>18 763</u></b>

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

Cash at banks as at 30 June 2017 and 31 December 2016 includes 49 and 80, respectively, collected by the Group from its customers for further transfer through "Rapida" payment system. The Group cannot use this cash in its operating activities as it is due to be transferred to the recipients.

Cash in transit represents acquiring and cash collected from the Group's stores and not yet deposited into the bank accounts at the period end.

Short-term bank deposits as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>Interest rate</u>	<u>Maturity</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
Short-term bank deposit in RUB	6,8%-8,6%	July-August 2017	5 650	-
Short-term bank deposit in RUB	7,2%-9,5%	January-March 2017	-	14 650
<b>Total</b>			<b><u>5 650</u></b>	<b><u>14 650</u></b>

## 9. EQUITY

### Share capital

As at 30 June 2017 and 31 December 2016 the Company had the following number of outstanding, issued and authorized ordinary shares:

	<u>Outstanding ordinary shares</u>	<u>Issued ordinary shares</u>	<u>Authorized ordinary shares</u>
Balance as at 30 June 2017 and 31 December 2016	<u>179 531 237</u>	<u>179 768 227</u>	<u>209 768 227</u>

Each share has par value of 10 RUB per share. During the half-year ended 30 June 2017 there were no changes in the number of authorized and issued ordinary shares of the Company. All issued ordinary shares were fully paid.

### Treasury shares

As at 30 June 2017 and 31 December 2016 the Group owned 236 990 treasury shares held at cost of 52.

### Dividends declared

On 05 June 2017 the Annual General Shareholders' Meeting decided not to distribute the net profit for the result of 2016 and not to pay dividends.

## 10. OTHER PAYABLES AND ACCRUED EXPENSES

Other payable and accrued expenses as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Rent and utilities	4 312	4 432
Salaries and bonuses	676	1 645
Property, plant and equipment	930	1 015
Other current liabilities to related parties (Note 20)	48	34
Other payables and accrued expenses	<u>1 044</u>	<u>1 354</u>
<b>Total</b>	<b><u>7 010</u></b>	<b><u>8 480</u></b>

**PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED)  
(in millions of Russian Rubles)**

**11. ADVANCES RECEIVED**

Advances received as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Prepayments received for goods (i)	1 244	1 427
Advances received for gift cards	556	791
Other advances received	<u>152</u>	<u>154</u>
<b>Total</b>	<b><u>1 952</u></b>	<b><u>2 372</u></b>

- (i) Prepayments received for goods represent cash received for goods which have not yet been delivered to customers at the reporting date. These relate mostly to online sales and goods sold in stores for future delivery.

**12. OTHER TAXES PAYABLE**

Other taxes payable as at 30 June 2017 and 31 December 2016 consisted of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Payroll taxes	281	408
VAT payable	238	147
Other taxes payable	<u>123</u>	<u>139</u>
<b>Total</b>	<b><u>642</u></b>	<b><u>694</u></b>

**13. DEFERRED REVENUE**

Deferred revenue for half-year periods ended 30 June 2017 and 30 June 2016 consisted of the following:

	<u>For the half-year ended 30 June 2017</u>			<u>For the half-year ended 30 June 2016</u>		
	<u>Customer loyalty programs</u>	<u>Other programs</u>	<u>Additional services</u>	<u>Customer loyalty programs</u>	<u>Other programs</u>	<u>Additional services</u>
<b>As at 1 January</b>	<b>1 742</b>	<b>434</b>	<b>2 768</b>	<b>1 340</b>	<b>1 068</b>	<b>2 393</b>
Revenue deferred during the period	4 250	552	1 089	2 783	629	902
Revenue released to the interim condensed consolidated statement of profit or loss and other comprehensive income	<u>(4 511)</u>	<u>(865)</u>	<u>(1 001)</u>	<u>(2 903)</u>	<u>(1 605)</u>	<u>(891)</u>
<b>As at 30 June</b>	<b><u>1 481</u></b>	<b><u>121</u></b>	<b><u>2 856</u></b>	<b><u>1 220</u></b>	<b><u>92</u></b>	<b><u>2 404</u></b>

Other programs represent primarily issue of promotional gift cards to the Group's customers.

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

#### 14. REVENUE

Revenue for the half-year periods ended 30 June 2017 and 30 June 2016 consisted of the following:

	<b>For the half-year ended</b>	
	<b>30 June 2017</b>	<b>30 June 2016</b>
Retail revenue	81 560	80 943
Additional services revenue	1 001	891
Other revenue	803	1 017
<b>Total</b>	<b>83 364</b>	<b>82 851</b>

Retail revenue includes sales in stores, pick-up in stores, internet home-delivery and commission fees.

Other services include revenue from services of installation, utilization, digital assistant and delivery fees.

#### 15. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the half-year periods ended 30 June 2017 and 30 June 2016 consisted of the following:

	<b>For the half-year ended</b>	
	<b>30 June 2017</b>	<b>30 June 2016</b>
Payroll and related taxes (including share-based payments – Note 19)	5 937	5 249
Lease expenses, net of income from sublease (2017:14, 2016: 26)	4 284	4 465
Depreciation and amortisation	1 710	1 922
Advertising and promotional expenses, net	1 600	1 510
Maintenance and other property operating costs	938	918
Bank charges	663	607
Warehouse services	633	634
Utilities expense	505	491
Repairs and servicing	496	447
Security	486	471
Credit broker service	384	-
Consulting services	352	357
Communication	115	154
Taxes other than income tax	81	76
Other expenses	536	569
<b>Total</b>	<b>18 720</b>	<b>17 870</b>

Payroll and related taxes for the half-year ended 30 June 2017 include 910 contribution to the state pension fund (half-year ended 30 June 2016: 799) and social and medical insurance in the amount of 357 (half-year ended 30 June 2016: 305).

During half-year ended 30 June 2017 the Group received 377 from its suppliers as a compensation of advertising and promotional expenses (half-year ended 30 June 2016: 162).

#### 16. OTHER OPERATING INCOME

Other operating income for the half-year periods ended 30 June 2017 and 2016 includes commissions received from banks on loans provided to customers, income earned from suppliers for advertising materials placed in the Group's stores, income from lease of commercial space owned by the Group and other items.

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

#### 17. FINANCE INCOME

Finance income for the half-year periods ended 30 June 2017 and 2016 consisted of the following:

	For the half-year ended	
	30 June 2017	30 June 2016
Interest income on bank deposits	384	354
<b>Total</b>	<b>384</b>	<b>354</b>

#### 18. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For the half-year ended	
	30 June 2017	30 June 2016
Net profit attributable to equity holders of the Company	2 492	2 091
Weighted average number of ordinary share in issue (millions of shares)	179,53	179,53
<b>Basic earnings per share (in Russian Rubles)</b>	<b>13,88</b>	<b>11,65</b>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions of shares)	179,53	179,53
<b>Diluted earnings per share (in Russian Rubles)</b>	<b>13,88</b>	<b>11,65</b>

#### 19. SHARE-BASED PAYMENTS

During the half-year ended 30 June 2017 the Group made full repayment of cash-settled share option plan – Long-term incentive plan – Series 4.

##### Long-term incentive plan – Series 4 ("LTIP 4")

On 25 March 2015 the Group's Board of Directors approved LTIP 4 for 49 members of the management team for the period of 2015-2019 with the grant date being 1 April 2015. The plan stipulated three awards based on results for 2014, 2015 and 2016 with each award being settled in three tranches during 2016-2019.

In April 2017 the Group partially settled awards 1 and 2. The consideration transferred to the participants of the plan amounted to 101 and 131 respectively (including 13 and 17 of social security contributions respectively). The amount of consideration was determined based on the quantity of shares allocated to the participants of the plan and the average share price of the Company for the week preceding payment being RUB 374.45.



## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

In May 2017 the Group's Board of Directors approved early settlement of award 3 stipulated by the plan. After that, the Group settled the residual tranches of awards 1 and 2 and all tranches of award 3. The consideration transferred to participants of the plan amounted to 17, 122 and 307 respectively (including 2, 16 and 40 of social security contributions respectively). The amount of consideration transferred was determined based on the quantity of shares allocated to the participants of the plan and the average share price of the Company for the week preceding payment being RUB 378.

At 30 June 2017 the Group had no liability to the participants of LTIP 4.

At 31 December 2016 the fair value of liability to the participants of LTIP 4 was 277: short-term portion of liability being 209 was reflected within "Other payables and accrued expenses" and the long-term portion being 68 – within "Other long-term liabilities".

#### Share-based payments expense

During the half-year periods, ended 30 June 2017 and 30 June 2016 the Group recognized an expense with regards to its share-based payments:

Series	For the half-year ended	
	30 June 2017	30 June 2016
LTIP 4	401	86
<b>Total</b>	<b>401</b>	<b>86</b>

The above expenses were reported within "Selling, General and Administrative Expenses" as "Payroll and related taxes" (Note 15).

## 20. RELATED PARTIES

Related parties include shareholders, key management, entities under common ownership and control, entities under the control of key management and entities over which the Group has significant influence.

The following table provides the total amount of transactions, which have been entered into with related parties during the half-year periods ended 30 June 2017 and 30 June 2016 and the outstanding balances owed by/to related parties as at 30 June 2017 and 31 December 2016, respectively:

	For the half-year ended 30 June 2017		30 June 2017		For the half-year ended 30 June 2016		31 December 2016	
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
<b>Entities under common control</b>								
LLC "PNK-Chekhov"	-	124	38	-	-	-	-	-
JSC "ComEstate"	-	20	7	-	-	-	-	-
JSC "GMG-BIN"	-	17	-	2	-	-	-	-
<b>Total</b>	<b>-</b>	<b>161</b>	<b>45</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

LLC "PNK-Chekhov" – provides warehouse leasing services, JSC "ComEstate" – provides trade premises leasing services and JSC "GMG-BIN" – provides trade premises leasing services.

	For the half-year ended 30 June 2017		30 June 2017		For the half-year ended 30 June 2016		31 December 2016	
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
<b>Entities under key management control</b>								
LLC "Private Security Agency Bars-SB"	1	151	-	35	1	134	-	15
Transservice Group of Companies	-	142	9	5	-	127	11	-
Avtoritet Group of Companies	1	52	-	2	1	32	-	16
LLC "Avto-Express"	-	16	-	3	-	17	-	1
LLC "FUST-E"	-	4	-	1	-	6	-	1
LLC "TechnoVideo-Service"	-	5	-	-	-	5	-	-
LLC "IT Service"	-	3	-	-	-	1	-	1
<b>Total</b>	<b>2</b>	<b>373</b>	<b>9</b>	<b>46</b>	<b>2</b>	<b>322</b>	<b>11</b>	<b>34</b>

Mianello Limited directly owns 57,6755% of the ordinary shares of the Company. Mianello Limited is incorporated in Cyprus and is the major shareholder of the Company. At 30 June 2017 the ultimate controlling person (ultimate beneficial owner) of the Company is Gutseriev Mikail Safarbekovitch.

During the half-year period ended 30 June 2017 the Group purchased from Avtoritet Group of Companies 31% share in LLC "Vesna-23". Amount paid to Avtoritet Group of Companies was 15.

#### Compensation of key management personnel of the Group

The remuneration of directors and other members of key management during the half-year periods ended 30 June 2017 and 30 June 2016 was as follow:

	For the half-year ended	
	30 June 2017	30 June 2016
Short-term benefits*	444	360
Share-based payments**	120	22
<b>Total</b>	<b>564</b>	<b>382</b>

\* Short-term benefits include salaries, bonuses and annual leave, medical and relocation expenses.

\*\* Amounts relate to the participation of the key management personnel in the share-based incentive scheme posted in the interim condensed consolidated statement of profit or loss and other comprehensive income (Note 19).

As at 30 June 2017 there is 30 outstanding payable to key management personnel (31 December 2016: 166).

As at 30 June 2017 the number of key management positions was 15 (31 December 2016: 16).

The Group did not provide any material post-employment, termination, or other long-term benefits to key management personnel during the period other than contributions to state pension fund and the social funds as a part of payments of social security contributions ("SSC") on salaries and bonuses. SSC relating to compensation of key management personnel amounted to 80 for the half-year period ended 30 June 2017 (half-year period ended 30 June 2016: 47) and is included in the amounts stated above.

## PUBLIC JOINT STOCK COMPANY "M.VIDEO"

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)

#### 21. OPERATING LEASE AGREEMENTS

The Group enters into long-term leases for the stores for the periods from 1 to 20 years. Some of these leases are not able to be fully registered and thus legally enforceable until the landlord is able to produce all valid ownership papers and therefore are arranged as 11-month rolling leases; at the same time some of the long-term lease contracts contain cancellation clauses and some of the short-term lease contracts contain prolongation clauses. The Group assesses non-cancellable lease period at the inception or modification of each operating lease agreement. The assessment considers legal factors and economic factors. The assessment requires exercise of the management's judgment. Once determined, the non-cancellable lease period is used in the calculation of lease payments to be recognized as an expense on a straight-line basis as well as in the estimation of depreciation period of leasehold improvements which cannot exceed the non-cancellable lease period of the relevant premises.

Certain lease contracts stipulate terms requiring the Group to pay the higher of minimum lease payments or a percentage of revenue. The amounts paid in excess of the minimum lease payments are recognised as contingent rentals. The Group does not have an option to purchase the leased premises at the expiration of the lease period.

Future minimum rentals payable under non-cancellable operating leases for premises occupied as at 30 June 2017 and 31 December 2016 are as follows:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Within one year	7 928	8 481
After one year but not more than five years	27 732	29 085
More than five years	<u>15 652</u>	<u>17 740</u>
<b>Total</b>	<b><u>51 312</u></b>	<b><u>55 306</u></b>

Future minimum rental payments will be subject to VAT.

#### 22. COMMITMENTS AND CONTINGENCIES

##### Operating environment

The Group sells products that are sensitive to changes in general economic conditions that impact consumer spending. Future economic conditions and other factors, including consumer confidence, employment levels, interest rates, consumer debt levels and availability of consumer credit could reduce consumer spending or change consumer purchasing habits. A recent downturn in the Russian economy and general slowdown in the global economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group's operating results.

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. This led to reduced access of the Russian businesses to international capital markets.

The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

## **PUBLIC JOINT STOCK COMPANY "M.VIDEO"**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2017 (UNAUDITED) (in millions of Russian Rubles)**

---

#### **License agreements**

As at 30 June 2017, the Group had a total commitment of approximately 172,8-178,1 per annum for technical support services with respect to existing SAP licenses during the period from 2016 to 2017 (31 December 2016: 172,6–172,8 per annum).

The Group uses SAP software for finance, supply chain and human resources functions.

#### **Financial guarantees**

In the normal course of its operating activity the Group from time-to-time enters into financial guarantee contracts with banks. Under these contracts the banks provide guarantees in favour of the Group's suppliers and the Group may be required to pay under those contracts only if it fails to make timely payments to its suppliers. As at 30 June 2017 the Group entered into such guarantee contracts for the total amount of 2 019 (31 December 2016: 2 042)

### **23. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

After the balance sheet date no events have occurred which require disclosure in the interim condensed consolidated financial information.