

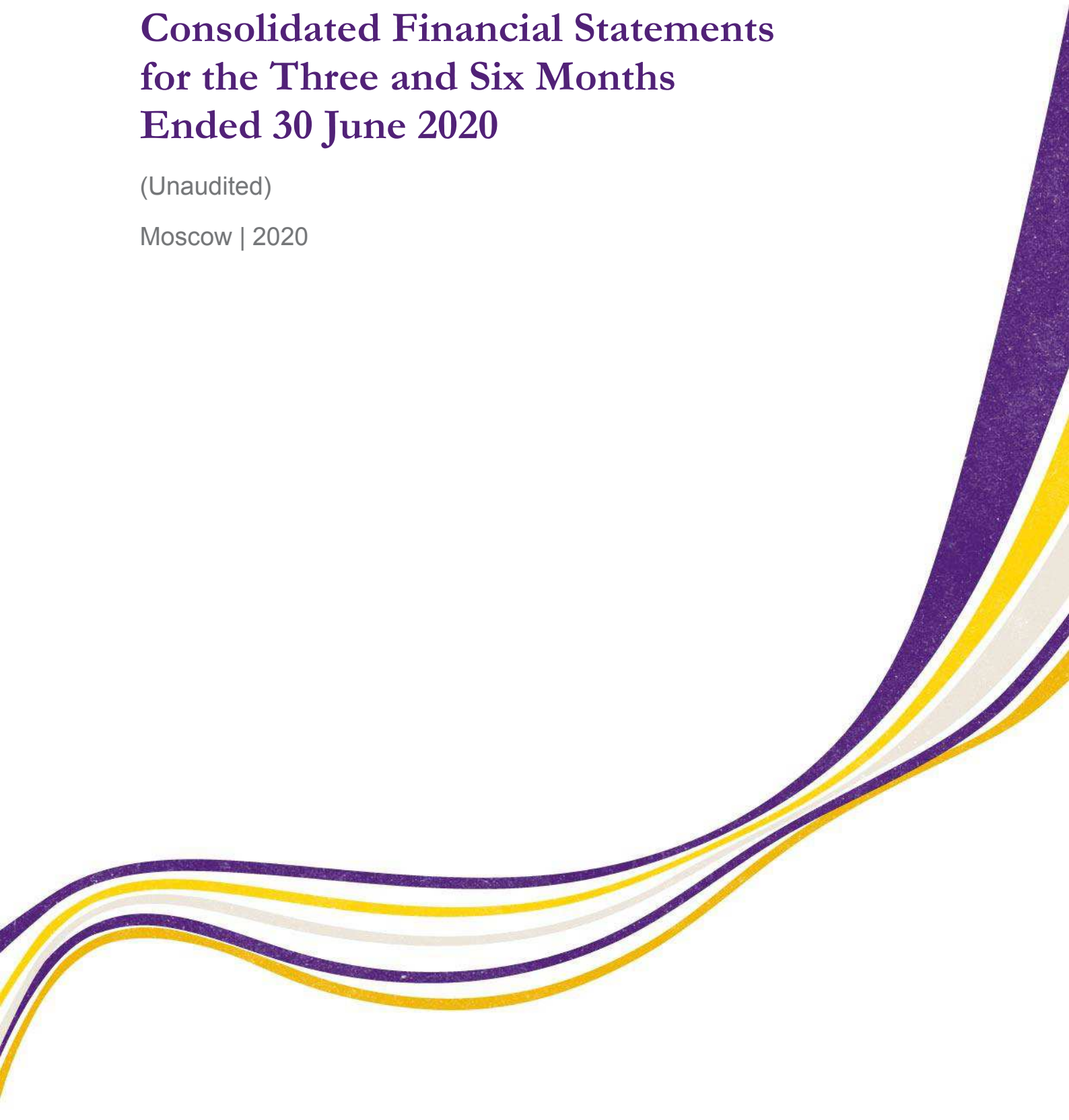
# ФБК

PJSC MIPC

## **IFRS Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended 30 June 2020**

(Unaudited)

Moscow | 2020



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# Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders of PJSC MIPC

## Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of PJSC MIPC and its subsidiaries (the "Group") as at 30 June 2020 and the related condensed interim consolidated statement of comprehensive income for the three and six months ended 30 June 2020, the condensed interim consolidated statements of cash flows and changes in equity for the six months ended 30 June 2020, and notes to the condensed interim consolidated financial statements (the "condensed interim consolidated financial statements").

Management of the Group is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

## Scope of Review

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

# ФБК

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at 30 June 2020 and for the six months then ended are not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

President of FBK, LLC



Engagement partner



S.M. Shapiguzov  
(by virtue of the Charter,  
audit qualification certificate 01-001230)

K.S. Shirikova, FCCA  
(audit qualification certificate  
01-000712)

Date of the Report on Review

14 August 2020

Audited entity

Name:

Public Joint Stock Company "Moscow Integrated Power Company" (PJSC "MIPC").

Address of the legal entity within its location:

101/3 Vernadskogo Pr., Moscow, 119526, Russian Federation.

State registration:

Registered by the Moscow Inter-District Inspectorate of the Ministry of Taxes and Duties of the Russian Federation No. 46 on December 16, 2004, certificate: series 77 No. 006387601.

The registration entry was made in the Uniform State Register of Legal Entities on December 16, 2004 under primary state registration number 10477969740952.

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

44/1 Myasnitskaya St, Bldg 2AB, Moscow, 101990, Russian Federation.

State registration:

Registered by the Moscow Registration Chamber on 15 November 1993, registration number 484.583.

The registration entry was made in the Unified State Register of Legal Entities on 24 July 2002 under primary state registration number 1027700058286.

Membership in a self-regulatory organization of auditors:

Member of the Self-regulatory organization of auditors Association "Sodruzhestvo".

Primary number of registration entry in the register of auditors and audit organizations of the self-regulatory organization of auditors 11506030481.

**PJSC MIPC**  
**Condensed Interim Consolidated Statement of Financial Position**  
**as at 30 June 2020 (unaudited)**  
*(in millions of Russian Rubles)*

	Notes	30 June 2020	31 December 2019 (restated)	31 December 2018 (restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	210,818	205,040	184,036
Intangible assets		1,376	2,012	1,759
Accounts receivable and prepayments	8	7,898	6,829	2,609
Deferred tax assets	14	1,871	1,620	2,097
Financial assets	9	902	864	741
<b>Total non-current assets</b>		<b>222,865</b>	<b>216,365</b>	<b>191,242</b>
<b>Current assets</b>				
Inventories		1,061	1,005	940
Accounts receivable and prepayments	8	41,946	40,891	43,871
Income tax receivable		1,563	581	78
Cash and cash equivalents	10	1,072	922	4,850
Financial assets	9	2,489	5,150	353
		<b>48,131</b>	<b>48,549</b>	<b>50,092</b>
Non-current assets held for sale		142	214	159
<b>Total current assets</b>		<b>48,273</b>	<b>48,763</b>	<b>50,251</b>
<b>Total assets</b>		<b>271,138</b>	<b>265,128</b>	<b>241,493</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	11	25,628	25,628	24,947
Share premium	11	139,680	139,680	139,102
Treasury shares	11	(16,971)	(16,971)	(16,964)
Accumulated income / (loss) and other reserves		1,915	(3,281)	(13,645)
<b>Equity attributable to the shareholders of PJSC MIPC</b>		<b>150,252</b>	<b>145,056</b>	<b>133,440</b>
Non-controlling interest		338	285	60
<b>Total equity and reserves</b>		<b>150,590</b>	<b>145,341</b>	<b>133,500</b>
<b>Non-current liabilities</b>				
Borrowings	12	11,256	16,244	8,930
Provisions for post-employment benefits		258	218	215
Accounts payable and others liabilities	13	4,734	7,133	4,918
Lease liabilities		6,906	6,566	-
Deferred tax liabilities	14	9,741	8,693	8,899
<b>Total non-current liabilities</b>		<b>32,895</b>	<b>38,854</b>	<b>22,962</b>
<b>Current liabilities</b>				
Borrowings	12	21,433	11,445	16,981
Accounts payable and others liabilities	13	62,815	64,919	66,087
Income tax payable		1	3	455
Other taxes payable		835	973	1,111
Lease liabilities		1,132	1,999	-
Deferred income		1,232	1,419	67
Provisions		205	175	330
<b>Total current liabilities</b>		<b>87,653</b>	<b>80,933</b>	<b>85,031</b>
<b>Total liabilities</b>		<b>120,548</b>	<b>119,787</b>	<b>107,993</b>
<b>Total equity and liabilities</b>		<b>271,138</b>	<b>265,128</b>	<b>241,493</b>

Deputy Managing Director — Director for Economy and Finance

Chief Accountant



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*[Handwritten signature]*  
 August

N.V. Bondal

M.V. Sviridenko

2020

**PJSC MIPC**

**Condensed Interim Consolidated Statement of Comprehensive Income  
for the three and six months ended 30 June 2020 (unaudited)**

(in millions of Russian Rubles)

	Note	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
Revenue	15	24,814	22,377	82,396	85,064
Operating expenses	16	(26,850)	(26,379)	(73,474)	(75,562)
(Impairment loss) / reversal of impairment loss on financial assets		(159)	1,279	(2,240)	(1,924)
<b>Operating (loss) / profit</b>		<b>(2,195)</b>	<b>(2,723)</b>	<b>6,682</b>	<b>7,578</b>
Finance income	17	111	93	360	281
Finance expense	17	(362)	(297)	(606)	(644)
<b>(Loss) / profit before tax</b>		<b>(2,446)</b>	<b>(2,927)</b>	<b>6,436</b>	<b>7,215</b>
Income tax income / (expense)	14	791	541	(1,187)	(1,181)
<b>(Loss) / profit for the period</b>		<b>(1,655)</b>	<b>(2,386)</b>	<b>5,249</b>	<b>6,034</b>
<b>Comprehensive (loss) / income for the period</b>		<b>(1,655)</b>	<b>(2,386)</b>	<b>5,249</b>	<b>6,034</b>
<b>(Loss) / profit for the period attributable to:</b>					
Shareholders of PJSC MIPC		(1,687)	(2,285)	5,196	6,131
Non-controlling interest		32	(101)	53	(97)
<b>Comprehensive (loss) / income for the period attributable to:</b>					
Shareholders of PJSC MIPC		(1,687)	(2,285)	5,196	6,131
Non-controlling interest		32	(101)	53	(97)
<b>Basic and diluted (loss) / profit per share attributable to the shareholders of PJSC MIPC (in Russian Rubles)</b>	18	<b>(7.2)</b>	<b>(10.1)</b>	<b>22.3</b>	<b>27.1</b>

Deputy Managing Director — Director for Economy and Finance

N.V. Bondal

Chief Accountant

M.V. Sviridenko



*[Handwritten signature]*  
*August*

2020

**PJSC MIPC**  
**Condensed Interim Consolidated Statement of Cash Flows**  
**for the six months ended 30 June 2020 (unaudited)**  
*(in millions of Russian Rubles)*

	Note	Six months ended 30 June 2020	Six months ended 30 June 2019 (restated)
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>6,436</b>	<b>7,215</b>
<i>Adjustments to profit before tax:</i>			
Amortisation and depreciation	16	8,621	7,838
Impairment loss on financial assets		2,240	1,924
Impairment loss on non-financial assets	16	53	54
Change in provisions	16	40	(18)
Gain on disposal of property, plant and equipment and other assets	16	(1,669)	(2,714)
Finance income	17	(360)	(281)
Finance expense	17	606	644
<b>Operating cash flows before changes in working capital</b>		<b>15,967</b>	<b>14,662</b>
<b>Changes in working capital:</b>			
Change in accounts receivable and prepayments		(3,754)	2,217
Change in inventories		(50)	(243)
Change in accounts payable and other liabilities		(3,321)	(5,507)
Change in other taxes payable		(138)	(233)
Changes in provisions for post-employment benefits		40	21
Change in deferred income		(187)	433
<b>Changes in working capital</b>		<b>(7,410)</b>	<b>(3,312)</b>
Interest paid		(447)	(446)
Income tax paid		(1,374)	(2,818)
<b>Net cash flows from operating activities</b>		<b>6,736</b>	<b>8,086</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(13,873)	(13,871)
Proceeds from sale of property, plant and equipment and other assets		1,047	1,344
Repayment of loans issued		2,661	-
Interest paid and capitalised		(982)	(763)
Interest received		258	222
<b>Net cash flows used in investing activities</b>		<b>(10,889)</b>	<b>(13,068)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,000	12,981
Repayment of borrowings		-	(11,570)
Repayment of lease liabilities		(697)	(376)
<b>Net cash flows from financing activities</b>		<b>4,303</b>	<b>1,035</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>150</b>	<b>(3,947)</b>
Cash and cash equivalents at the beginning of the period	10	922	4,850
<b>Cash and cash equivalents at the end of the period</b>	10	<b>1,072</b>	<b>903</b>

Deputy Managing Director — Director for Economy and Finance

Chief Accountant



*N.V. Bondal*

*M.V. Sviridenko*

N.V. Bondal

M.V. Sviridenko

*August*

2020

**PJSC MIPC**  
**Condensed Interim Consolidated Statement of Changes in Equity**  
**for the six months ended 30 June 2020 (unaudited)**  
*(in millions of Russian Rubles)*

	Equity attributable to the shareholders of PJSC MIPC							
	Note	Share capital	Share premium	Treasury shares	Accumulated (loss) / income and other reserves	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2019</b>		24,947	139,102	(16,964)	(13,645)	133,440	60	133,500
Effect of initial application of new standards, net of income tax		-	-	-	(854)	(854)	(235)	(1,089)
<b>Adjusted balance as at 1 January 2019</b>		24,947	139,102	(16,964)	(14,499)	132,586	(175)	132,411
Profit / (loss) for the period		-	-	-	6,131	6,131	(97)	6,034
Comprehensive income / (loss) for the period		-	-	-	6,131	6,131	(97)	6,034
<b>Transactions with the shareholders presented directly in equity</b>								
Effect of acquisitions under common control		-	-	(7)	-	(7)	-	(7)
Issue of ordinary shares		-	-	-	198	198	-	198
Change of non-controlling interest in subsidiaries		-	-	-	(1)	(1)	252	251
<b>Balance as at 30 June 2019</b>		24,947	139,102	(16,971)	(8,171)	138,907	(20)	138,887
<b>Balance as at 1 January 2020</b>		25,628	139,680	(16,971)	(3,281)	145,056	285	145,341
Profit for the period		-	-	-	5,196	5,196	53	5,249
Comprehensive income for the period		-	-	-	5,196	5,196	53	5,249
<b>Balance as at 30 June 2020</b>		25,628	139,680	(16,971)	1,915	150,252	338	150,590

Deputy Managing Director — Director for Economy and Finance

N.V. Bondal

Chief Accountant

M.V. Sviridenko



2020



## 1 General information

### 1.1 Organisational structure and operations

Public Joint Stock Company Moscow Integrated Power Company (further on – the “Company” or PJSC MIPC) and its subsidiaries (further on – the “Group”) are involved in generation, purchase and distribution of heat energy in the form of heating and hot water to commercial organisations and for domestic needs of residents in Moscow and the Moscow region.

PJSC MIPC is an operator of the most long-distance heating system in the world: the Company is operating more than 16.6 thousand kilometers of heating networks, including about 8.3 thousand kilometers of magistral heating networks and 8.3 thousand kilometers of distributing heating networks. PJSC MIPC maintains 138 energy stations with total heat capacity of 3.4 thousand Gkal/h. The Company also operates above 10 thousand heating units.

The Company continuously supplies heat to 12 million of Moscow residents.

The Group’s production assets are located in Moscow. The Company’s registered address is: 119526, the Russian Federation, Moscow, Prospekt Vernadskogo, building 101, housing 3, floor 20, office 2017.

### Group formation

As of 30 June 2020 and 31 December 2019 LLC Gazprom energoholding was the immediate parent company of the Group (further on – the “Parent company”) with an actual ownership percentage of 99.45%. The Group’s immediate parent company does not issue consolidated financial statements for public use.

The Group’s condensed interim consolidated financial statements reflect the results of PJSC MIPC and its subsidiaries.

Subsidiary	Nature of business	Interest held, %	
		30 June 2020	31 December 2019
SC MIPC Registration systems	Energy distribution services	100.00	100.00
LLC MIPC-Finance	Operations on securities market	100.00	100.00
LLC TSK MIPC	Production, transmission and distribution of steam and hot water (heat energy)	100.00	100.00
LLC Tsentr technologicheskikh prisoedineniy MIPC	Connection to networks of engineering and technical support	100.00	100.00
LLC Tsentr upravleniya nedvizhimostiu	Intermediary services in buying, selling and renting real estate	100.00	100.00
LLC TSK Mosenergo	Production, transmission and distribution of steam and hot water (heat energy)	74.64	74.64

On 9 April 2020 Open joint stock company “Mosgorenergo” was renamed to Stock Company “MIPC Registration systems”.

As of 30 June 2020 there are no significant restrictions in getting access to the subsidiary’s assets or using them for settling the subsidiary’s obligations.

The Group holds no preference shares.

### 1.2 Relationships with the Government and current legislation

As of the end of the reporting period the Russian Federation had interest (both direct and indirect) of over 50% in PJSC Gazprom which, in its turn, had interest of 100% in LLC Gazprom energoholding. Thus, PJSC Gazprom is the Group’s ultimate parent company and the Russian Federation (further on – the “Government”) is the Group’s ultimate controlling party.

The Government of the Russian Federation directly affects the Group's operations through regulations of wholesale and retail sales of heat and electricity, effected by the Federal Antimonopoly Service, the Department of Economic Policy and Development of Moscow, the Committee on prices and tariffs of the Moscow region. The Government's economic, social and other policies could substantially affect the Group's operations.

The Group's customer base includes a large number of entities controlled by or related to the Government. The Government also controls a number of the Group's suppliers. Detailed information about operations with related parties is provided in Note 6.

### **1.3 Business environment**

The economy of the Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation of the Russian Federation continues to develop and are a subject to varying interpretations. Fluctuations in oil prices, continuing political tensions in the region, as well as international sanctions against some Russian organisations and citizens have had and can continue to affect the economy of the Russian Federation.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. These events can have a significant impact on the Group's operations and financial position in the future, the consequences of which are difficult to predict. The future economic situation and regulatory environment may differ from the current expectations of the management.

The coronavirus pandemic (COVID-19), which occurred in the first quarter of 2020, has had a significant negative impact on the world economy. Restrictive measures taken to curb the spread of coronavirus infection have reduced the economic activity of electricity market participants. The scale and duration of these events remain uncertain and may affect the Group's financial position and results of operations.

The Group's management believes that it is taking all necessary measures to support the sustainability and development of the Group's business in the current environment. In the process of spreading the pandemic, the Company took prompt preventive measures to prevent the spread of coronavirus infection at the Group's facilities, because of which it was possible to exclude the impact of the spread of the virus on the stability of the group's technological and functional processes. Currently, the Group's management is taking measures to optimize fixed costs and reallocate expenses for the company's investment program.

At present, it is not possible to reliably estimate the duration and extent of the impact of the pandemic on the Group's financial position and results of operations in subsequent reporting periods. The future economic situation in the Russian Federation depends on external factors and measures taken by the Government of the Russian Federation, including the support of businesses in response to the COVID pandemic and the development of tax, legal and regulatory legislation. Its impact on the Group's operations may differ from management's current expectations.

### **1.4 Seasonal nature of activities**

The time of year and weather conditions influence the demand for heat energy. The main volume of income from the sale of heat energy falls from October to March. The seasonal nature of the heat energy production has the corresponding effect on the purchase of heat energy, fuel consumption and other resources. The seasonal nature of the activity does not affect the Group's recognition of income or expenses.

## **2 Basis of presentation of financial statements**

This condensed interim consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards (further on – "IFRS").

### **3 Summary of significant accounting policies**

The significant accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

#### **3.1 Application of Interpretations and Amendments to existing Standards**

The following amendments to current IFRSs became effective for the periods beginning on or after 1 January 2020:

- The amendments to IFRS 3 Business Combinations (issued in October 2018 and apply for annual reporting periods beginning on or after 1 January 2020). The changes clarify the definition of a business and simplify the assessment of whether the acquired combination of activities and assets is an asset group or a business.
- The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (issued in October 2018 and apply for annual reporting periods beginning on or after January 2020 or after this date). The amendments clarify and bring into line the definition of the term “materiality”, as well as provide recommendations for improving the consistency in its application when referenced in IFRS.
- The amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (issued in September 2019 and effective for annual reporting periods beginning on or after 1 January 2020). The amendments affect Interest Rate Benchmark Reform.
- The amendments to IFRS 16 Leases (issued in May 2020 and effective for interim reporting periods beginning on or after 1 June 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

The Group has reviewed the these amendments to standards for the preparation of the condensed interim consolidated financial statements. The amendments to standards have no significant impact on the Group’s condensed interim consolidated financial statements

#### **3.2 Amendments to existing Standards that are not yet effective and have not been early adopted by the Group**

Certain amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2022. In particular, the Group has not early adopted the amendments:

- The amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual reporting periods beginning on or after 1 January 2023). Amendments clarify the criteria for classifying obligations as short-term or long-term.
- The amendments to IFRS 9 Financial Instruments (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments clarify which fees included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments specify which costs are included in determining the cost of fulfilling a contract for assessing whether the contract is onerous.
- The amendments to IAS 16 Property, Plant and Equipment (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments prohibit deducting from the

cost of property, plant and equipment amounts received from selling items produced while the asset is preparing for its intended use. Instead, such sales proceeds and related cost are recognised in profit or loss.

The Group is currently assessing the impact of the amendments on its financial position and results of operations.

#### **4 Adjustments of comparative information**

##### ***Adjustments of comparative information in condensed interim consolidated statement of financial position***

In order to comply with the accounting policies of the parent company LLC Gazprom energoholding, the amounts in the column “31 December 2019” and “31 December 2018” of the condensed interim consolidated statement of financial position as of 30 June 2020 were adjusted as follows:

- Advances for capital construction were reclassified to the line item “Property, plant and equipment” from the line item “Advances for capital construction” in the amount of RUB 2,018 million and RUB 2,661 million as of 31 December 2019 and 31 December 2018, respectively;
- VAT on capital construction was reclassified to the long-term line item “Accounts receivable and prepayments” from the short-term line item “Accounts receivable and prepayments” in the amount of RUB 25 million as of 31 December 2019 and 31 December 2018, respectively;
- Subsidies receivable and other current assets were reclassified to the line item “Accounts receivable and prepayments” from the line item “Subsidies receivable” and “Other current assets” in the amount of RUB 690 million and RUB 263 million and in the amount of RUB 61 million and RUB 76 million as of 31 December 2019 and 31 December 2018, respectively;
- Lease liabilities were separated to the line item “Lease liabilities” from the line item “Accounts payable and other liabilities” in the amount of RUB 6,566 million in long-term liabilities and RUB 1,999 million in short-term liabilities as of 31 December 2019;
- Other taxes payable were separated to the line item “Other taxes payable” from the line item “Accounts payable and other liabilities” in the amount of RUB 973 million and RUB 1,111 million as of 31 December 2019 and 31 December 2018, respectively;
- Provisions were separated to the line item “Provisions” from the line item “Accounts payable and other liabilities” in the amount of RUB 175 million and RUB 330 million as of 31 December 2019 and 31 December 2018, respectively;
- Advances received on subsidies were reclassified to the line item “Accounts payable and other liabilities” from the line item “Advances received on subsidies” in the amount of RUB 23 million and RUB 30 million as of 31 December 2019 and 31 December 2018, respectively.

The effect of the changes in the condensed interim consolidated statement of financial position as of 31 December 2019 and 31 December 2018 is set out below.

**PJSC MIPC**

**Notes to the Condensed Interim Consolidated Financial Statements  
for the three and six months ended 30 June 2020 (unaudited)**

(in millions of Russian Rubles)

	31 December 2019			31 December 2018		
	Amount before adjustments	Adjustments	Amount after adjustments	Amount before adjustments	Adjustments	Amount after adjustments
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	203,022	2,018	205,040	181,375	2,661	184,036
Advances for capital construction	2,018	(2,018)	-	2,661	(2,661)	-
Intangible assets	2,012	-	2,012	1,759	-	1,759
Accounts receivable and prepayments	6,804	25	6,829	2,584	25	2,609
Deferred tax assets	1,620	-	1,620	2,097	-	2,097
Financial assets	864	-	864	741	-	741
<b>Total non-current assets</b>	<b>216,340</b>	<b>25</b>	<b>216,365</b>	<b>191,217</b>	<b>25</b>	<b>191,242</b>
<b>Current assets</b>						
Inventories	1,005	-	1,005	940	-	940
Accounts receivable and prepayments	40,165	726	40,891	43,557	314	43,871
Subsidies receivable	690	(690)	-	263	(263)	-
Income tax receivable	581	-	581	78	-	78
Cash and cash equivalents	922	-	922	4,850	-	4,850
Financial assets	5,150	-	5,150	353	-	353
Other current assets	61	(61)	-	76	(76)	-
	<b>48,574</b>	<b>(25)</b>	<b>48,549</b>	<b>50,117</b>	<b>(25)</b>	<b>50,092</b>
Assets held for sale	214	-	214	159	-	159
<b>Total current assets</b>	<b>48,788</b>	<b>(25)</b>	<b>48,763</b>	<b>50,276</b>	<b>(25)</b>	<b>50,251</b>
<b>Total assets</b>	<b>265,128</b>	<b>-</b>	<b>265,128</b>	<b>241,493</b>	<b>-</b>	<b>241,493</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	25,628	-	25,628	24,947	-	24,947
Share premium	139,680	-	139,680	139,102	-	139,102
Treasury shares	(16,971)	-	(16,971)	(16,964)	-	(16,964)
Accumulated profit / (loss) and other reserves	(3,281)	-	(3,281)	(13,645)	-	(13,645)
<b>Equity attributable to the shareholders of PJSC MIPC</b>	<b>145,056</b>	<b>-</b>	<b>145,056</b>	<b>133,440</b>	<b>-</b>	<b>133,440</b>
Non-controlling interest	285	-	285	60	-	60
<b>Total equity</b>	<b>145,341</b>	<b>-</b>	<b>145,341</b>	<b>133,500</b>	<b>-</b>	<b>133,500</b>
<b>Non-current liabilities</b>						
Borrowings	16,244	-	16,244	8,930	-	8,930
Provisions for post-employment benefits	218	-	218	215	-	215
Accounts payable and other liabilities	13,699	(6,566)	7,133	4,918	-	4,918
Lease liabilities	-	6,566	6,566	-	-	-
Deferred tax liabilities	8,693	-	8,693	8,899	-	8,899
<b>Total non-current liabilities</b>	<b>38,854</b>	<b>-</b>	<b>38,854</b>	<b>22,962</b>	<b>-</b>	<b>22,962</b>
<b>Current liabilities</b>						
Borrowings	11,445	-	11,445	16,981	-	16,981
Accounts payable and other liabilities	68,043	(3,124)	64,919	67,498	(1,411)	66,087
Income tax payable	3	-	3	455	-	455
Other taxes payable	-	973	973	-	1,111	1,111
Lease liabilities	-	1,999	1,999	-	-	-
Deferred income	1,419	-	1,419	67	-	67
Advances received on subsidies	23	(23)	-	30	(30)	-
Provisions	-	175	175	-	330	330
<b>Total current liabilities</b>	<b>80,933</b>	<b>-</b>	<b>80,933</b>	<b>85,031</b>	<b>-</b>	<b>85,031</b>
<b>Total liabilities</b>	<b>119,787</b>	<b>-</b>	<b>119,787</b>	<b>107,993</b>	<b>-</b>	<b>107,993</b>
<b>Total equity and liabilities</b>	<b>265,128</b>	<b>-</b>	<b>265,128</b>	<b>241,493</b>	<b>-</b>	<b>241,493</b>

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*Adjustments of comparative information in condensed interim consolidated statement of cash flows*

In order to comply with the accounting policies of the parent company LLC Gazprom energoholding the disclosure for the column “For the six months ended 30 June 2019” of the condensed interim consolidated statement of cash flows for six months ended 30 June 2019 was adjusted as follows:

- Finance income and expense were separated from the line item “Net finance expense / (income)” to two line items “Finance income” in the amount of RUB 281 million and “Finance expense” in the amount of RUB 644 million;
- Change in other taxes payable (other than income tax) was separated from the line item “Change in accounts payable and other liabilities” to the separate line item “Change in other taxes payable” in the amount of RUB 233 million;
- Change in subsidies was reclassified to the line item “Change in trade and other receivables” from the line item “Change in subsidies” in the amount of RUB 1,058 million;
- Purchase of intangible assets was reclassified to the line item “Purchase of property, plant and equipment and intangible assets” from the line item “Purchase of intangible assets” in the amount of RUB 466 million;
- Interest received was reclassified to the line item “Interest received” in cash flows used in investing activities from the line item “Interest received” in cash flows from operating activities in the amount of RUB 163 million;
- Repayment of lease liabilities was partly reclassified to the line item “Interest paid” from the line item “Repayment of lease liabilities” in the amount of RUB 398 million.

The effect of the changes in the condensed interim consolidated statement of cash flows for the six months ended 30 June 2019 is set out below.

	Amount before adjustments	Adjustments	Amount after adjustments
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>	7,215	-	7,215
<i>Adjustments to the profit before tax:</i>			
Amortisation and depreciation	7,838	-	7,838
Impairment loss on financial assets	1,924	-	1,924
Impairment loss on non-financial assets	54	-	54
Change in provisions	(18)	-	(18)
Gain on disposal of property, plant and equipment and other assets	(2,714)	-	(2,714)
Net finance expense / (income)	363	(363)	-
Finance income	-	(281)	(281)
Finance expense	-	644	644
<b>Operating cash flows before changes in working capital</b>	<b>14,662</b>	<b>-</b>	<b>14,662</b>
<b>Changes in working capital:</b>			
Change in accounts receivable and prepayments	3,275	(1,058)	2,217
Change in inventories	(243)	-	(243)
Change in accounts payable and other liabilities	(5,740)	233	(5,507)
Change in other taxes payable	-	(233)	(233)
Changes in provision for post-employment benefits	21	-	21
Changes in subsidies receivable	(1,058)	1,058	-
Change in deferred income	433	-	433
<b>Effect of working capital changes</b>	<b>(3,312)</b>	<b>-</b>	<b>(3,312)</b>
Interest received	163	(163)	-
Interest paid	(48)	(398)	(446)
Income tax paid	(2,818)	-	(2,818)
<b>Net cash flows from operating activities</b>	<b>8,647</b>	<b>(561)</b>	<b>8,086</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	(13,405)	(466)	(13,871)
Purchase of intangible assets	(466)	466	-
Proceeds from disposal of property, plant and equipment and other assets	1,344	-	1,344
Interest paid and capitalised	(763)	-	(763)
Interest received	59	163	222
<b>Net cash flows used in investing activities</b>	<b>(13,231)</b>	<b>163</b>	<b>(13,068)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	12,981	-	12,981
Repayment of borrowings	(11,570)	-	(11,570)
Repayment of lease liabilities	(774)	398	(376)

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<b>Net cash flows from financing activities</b>	<b>637</b>	<b>398</b>	<b>1,035</b>
<b>Decrease in cash and cash equivalents</b>	<b>(3,947)</b>	<b>-</b>	<b>(3,947)</b>
Cash and cash equivalents at the beginning of the period	4,850	-	4,850
<b>Cash and cash equivalents at the end of the period</b>	<b>903</b>	<b>-</b>	<b>903</b>

These changes in the Group's accounting policy provide reliable and more relevant information. The modified classification of assets and liabilities, as well as cash flows, allows more structured disclosure of information about them according to economic content, which increases the confirming value of information.

**5 Segment information**

Segment information for the six months ended 30 June 2020 and six months ended 30 June 2019 is presented below:

	Note	Heat energy	Connection to the heating system	Other segments	Total by segments	Intergroup operations	Total
<i>For the six months ended 30 June 2020</i>							
<b>Revenue</b>		<b>79,353</b>	<b>2,363</b>	<b>2,719</b>	<b>84,434</b>	<b>(2,038)</b>	<b>82,396</b>
External revenue	15	78,322	2,162	1,912	82,396	-	82,396
Intergroup revenue		1,030	201	807	2,038	(2,038)	-
<b>Financial result by segments</b>		<b>4,917</b>	<b>1,765</b>	<b>(1,637)</b>	<b>5,045</b>	<b>-</b>	<b>5,045</b>
Amortisation and depreciation	16	(8,460)	(34)	(128)	(8,621)	-	(8,621)
Impairment loss of receivables		(2,168)	(41)	(88)	(2,297)	-	(2,297)
<i>For the six months ended 30 June 2019</i>							
<b>Revenue</b>		<b>81,828</b>	<b>2,694</b>	<b>2,409</b>	<b>86,931</b>	<b>(1,867)</b>	<b>85,064</b>
External revenue	15	80,837	2,493	1,734	85,064	-	85,064
Intergroup revenue		991	201	675	1,867	(1,867)	-
<b>Financial result by segments</b>		<b>3,684</b>	<b>2,140</b>	<b>(639)</b>	<b>5,185</b>	<b>-</b>	<b>5,185</b>
Amortisation and depreciation	16	(7,256)	(8)	(574)	(7,838)	-	(7,838)
Impairment loss of receivables		(2,055)	91	(53)	(2,017)	-	(2,017)

Segment information for the three months ended 30 June 2020 and three months ended 30 June 2019 is presented below:

	Note	Heat energy	Connection to the heating system	Other segments	Total by segments	Intergroup operations	Total
<i>For the three months ended 30 June 2020</i>							
<b>Revenue</b>		<b>23,075</b>	<b>1,265</b>	<b>1,195</b>	<b>25,535</b>	<b>(721)</b>	<b>24,814</b>
External revenue	15	22,760	1,165	889	24,814	-	24,814
Intergroup revenue		315	100	306	721	(721)	-
<b>Financial result by segments</b>		<b>(2,743)</b>	<b>946</b>	<b>(977)</b>	<b>(2,774)</b>	<b>-</b>	<b>(2,774)</b>
Amortisation and depreciation	16	(3,632)	(29)	(70)	(3,731)	-	(3,731)
Impairment loss		(163)	(32)	71	(124)	-	(124)
<i>For the three months ended 30 June 2019</i>							
<b>Revenue</b>		<b>20,252</b>	<b>1,612</b>	<b>1,124</b>	<b>22,988</b>	<b>(611)</b>	<b>22,377</b>
External revenue	15	20,013	1,512	852	22,377	-	22,377
Intergroup revenue		239	100	272	611	(611)	-
<b>Financial result by segments</b>		<b>(4,070)</b>	<b>1,072</b>	<b>(376)</b>	<b>(3,374)</b>	<b>-</b>	<b>(3,374)</b>
Amortisation and depreciation	16	(3,728)	(4)	(288)	(4,020)	-	(4,020)
Impairment loss of receivables		1,503	(216)	4	1,291	-	1,291

Revenue in the “Heat energy” segment includes revenue from heat energy sales, hot water supply services and heat energy transmission services. Revenue in the “Connection to the heating system” segment corresponds to the revenue from connection services to heat and hot water supply system, other types of revenue constitute the revenue of other segments.

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Reconciliation of the financial result for reportable segments to profit before tax in the condensed interim consolidated statement of comprehensive income for three and six months ended 30 June 2020 and 30 June 2019 is presented below:

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
Financial result for reportable segments		(1,797)	(2,998)	6,682	5,824
Financial result for other segments		(977)	(376)	(1,637)	(639)
<b>Financial result by segments</b>		<b>(2,774)</b>	<b>(3,374)</b>	<b>5,045</b>	<b>5,185</b>
Loss compensation under property liquidation		579	651	1,636	2,393
Net finance expenses	17	(251)	(204)	(246)	(363)
<b>Loss / (Profit) before tax</b>		<b>(2,446)</b>	<b>(2,927)</b>	<b>6,436</b>	<b>7,215</b>

## 6 Related party transactions

In these condensed interim consolidated financial statements, parties are considered to be related parties, if one of which has the ability to control or exercise significant influence on the operating and financial decisions of the other, as defined in IAS 24 Related Party Disclosures.

PJSC Gazprom is the ultimate parent company of PJSC MIPC. The Russian Federation is the ultimate controlling party of the Group.

### (a) Transactions with Gazprom Group and its associates

The significant Group's transactions during the three and six months ended 30 June 2020 and 30 June 2019 and balances outstanding as of 30 June 2020 and 31 December 2019 with Gazprom Group and its associates are detailed below:

#### Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Revenue from heat energy transmission services	63	58	255	322
Revenue from heat energy sales	21	17	94	98
Revenue from hot water supply services	2	2	5	5
Other revenue	183	139	516	497
<b>Total</b>	<b>269</b>	<b>216</b>	<b>870</b>	<b>922</b>

#### Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Purchased heat energy	11,892	10,139	40,021	41,723
Fuel expenses	1,006	993	3,524	3,890
Water expenses	226	243	484	542
Repair and maintenance	326	195	554	304
Other expenses	444	566	759	1,029
<b>Total</b>	<b>13,894</b>	<b>12,136</b>	<b>45,342</b>	<b>47,488</b>

#### Finance income and expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
<b>Finance income</b>				
Interest income on bank deposits and cash balances on current accounts	92	-	173	1
Lease interest income	3	4	4	7
Income from participation in other organisations	1	-	4	-



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Effect of discounting financial instruments	-	-	156	-
<b>Total finance income</b>	<b>96</b>	<b>4</b>	<b>337</b>	<b>8</b>
<b>Finance expenses</b>				
Interest expense on borrowings	(168)	(34)	(353)	(68)
Lease interest expense	(113)	(164)	(226)	(332)
Effect of discounting financial instruments	(30)	39	(61)	(14)
Other finance expenses	(4)	(4)	(6)	(8)
<b>Total finance expenses</b>	<b>(315)</b>	<b>(163)</b>	<b>(646)</b>	<b>(422)</b>
Including capitalised interest expenses on borrowings relating to qualifying assets	151	-	314	-
<b>Net finance (expense) / income</b>	<b>(68)</b>	<b>(159)</b>	<b>6</b>	<b>(414)</b>

***Outstanding balances***

	<b>Outstanding balance as at 30 June 2020</b>	<b>Outstanding balance as at 31 December 2019</b>
Short-term financial assets	2,489	5,150
Long-term accounts receivable and prepayments	42	46
Short-term accounts receivable and prepayments	188	227
Cash and cash equivalents	29	55
<b>Total assets</b>	<b>2,748</b>	<b>5,478</b>
Long-term borrowings	1,275	1,275
Short-term borrowings	10,006	10,007
Long-term accounts payable and other liabilities	453	771
Short-term accounts payable and other liabilities	23,390	26,146
Long-term lease liabilities	4,100	3,994
Short-term lease liabilities	598	1,046
<b>Total liabilities</b>	<b>39,822</b>	<b>43,239</b>

***Acquisition and construction of non-current and current assets***

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Purchase of property, plant and equipment	1,378	2,702	3,570	3,555
<i>Including capitalised interest expenses on borrowings</i>	151	-	314	-
Purchase of inventories and other assets	38	479	80	515
<b>Total</b>	<b>1,416</b>	<b>3,181</b>	<b>3,650</b>	<b>4,070</b>

***Other operations***

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
(Reversal) of impairment loss on financial assets	-	(2)	-	(8)

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**(b) Transactions with other state-controlled entities**

Information below excludes transactions and outstanding balances with Gazprom Group and its associates as disclosed in Note 6 (a).

The significant Group's transactions during the three and six months ended 30 June 2020 and 30 June 2019 and balances outstanding as of 30 June 2020 and 31 December 2019 with other state-controlled entities are detailed below:

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Revenue from heat energy sales	8,783	7,314	36,699	38,192
Revenue from hot water supply services	5,947	5,646	13,216	12,862
Revenue from transfer of water services	520	526	1,053	1,046
Revenue from connection services to heat and hot water supply system	126	279	532	544
Other revenue	96	74	148	(9)
<b>Total</b>	<b>15,472</b>	<b>13,839</b>	<b>51,648</b>	<b>52,635</b>

**Operating expenses**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Water expenses	1,668	1,594	3,734	3,617
Measurement units maintenance expenses	674	739	1,399	1,479
Taxes other than income tax	246	661	411	1,274
Purchased heat energy	198	238	825	839
Gain on disposal of property, plant and equipment and other assets	(541)	(450)	(1,100)	(2,271)
Other expenses	1,056	746	1,261	1,521
<b>Total</b>	<b>3,301</b>	<b>3,528</b>	<b>6,530</b>	<b>6,459</b>

**Finance income and expenses**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
<b>Finance income</b>				
Interest income on bank deposits and cash balances on current accounts	1	21	3	68
<b>Total finance income</b>	<b>1</b>	<b>21</b>	<b>3</b>	<b>68</b>
<b>Finance expenses</b>				
Effect of discounting financial instruments	(100)	-	(145)	-
Lease interest expense	(46)	(66)	(95)	(109)
Interest expense on borrowings	(17)	-	(36)	-
<b>Total finance expenses</b>	<b>(163)</b>	<b>(66)</b>	<b>(276)</b>	<b>(109)</b>
Including capitalised interest expenses on borrowings relating to qualifying assets	17	-	36	-
<b>Net finance (expense) / income</b>	<b>(145)</b>	<b>(45)</b>	<b>(237)</b>	<b>(41)</b>

**Outstanding balances**

	Outstanding balance as at 30 June 2020	Outstanding balance as at 31 December 2019
Short-term financial assets	353	353
Allowance for expected credit loss on financial assets	(353)	(353)
Long-term accounts receivable and prepayments	6,561	5,975
Short-term accounts receivable and prepayments	35,040	32,210
Allowance for expected credit loss and for impairment loss on long-term receivables and prepayments	(12)	(1)
Allowance for expected credit loss impairment loss and for impairment loss on short-term receivables and prepayments	(7,385)	(6,649)
Income tax receivable	1,563	581

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	Outstanding balance as at 30 June 2020	Outstanding balance as at 31 December 2019
Cash and cash equivalents	28	412
<b>Total assets</b>	<b>35,795</b>	<b>32,528</b>
Short-term borrowings	1,175	1,175
Long-term accounts payable and other liabilities	2,358	3,251
Short-term accounts payable and other liabilities	14,246	12,354
Long-term lease liabilities	1,375	1,201
Short-term lease liabilities	143	415
Income tax payable	1	3
Other taxes payable	835	973
Deferred income	1,232	1,419
Provisions	128	104
<b>Total liabilities</b>	<b>21,493</b>	<b>20,895</b>

**Acquisition and construction of non-current and current assets**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Purchase of property, plant and equipment	57	865	173	1,349
<i>Including capitalised interest expenses on borrowings</i>	17	303	36	761
Purchase of inventories and other assets	2	1	3	3
<b>Total</b>	<b>59</b>	<b>866</b>	<b>176</b>	<b>1,352</b>

**Other operations**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
(Reversal of impairment loss) / Impairment loss on financial assets	(313)	(1,008)	671	1,200
Current income tax expense / (income)	357	455	(390)	(656)
Income tax for prior periods	-	(9)	-	(9)

**(c) Transactions with JSC FSC**

Some operations in the wholesale electricity and capacity market ( further on – WECM) are carried out by means of commission agreements concluded with JSC FSC. The current system of financial settlements in JSC FSC does not allow the end customers to receive information about transactions and outstanding balances with the WECM in automatic mode.

The details of main transactions between the Group and JSC FSC are presented below:

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
<b>Revenue</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
Other revenue	1	1	1	2
<b>Operating expenses</b>	<b>(39)</b>	<b>(58)</b>	<b>(104)</b>	<b>(154)</b>
Purchased electricity	(39)	(58)	(104)	(154)

	Outstanding balance as at 30 June 2020	Outstanding balance as at 31 December 2019
Trade and other payables	(3)	(8)
<b>Total liabilities</b>	<b>(3)</b>	<b>(8)</b>

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Short-term remuneration for the services of key management personnel includes remuneration to members of the Board of Directors for fulfilling their duties in these positions and participation in meetings of the Board of Directors and consisted of a monthly wage, bonuses, accrued on them taxes and other obligatory payments into the corresponding budgets, health insurance costs.

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Wages and bonuses	63	90	109	144
Social contributions	12	17	23	31
Termination benefits	1	9	4	10
Remuneration for membership in the Board of Directors	2	1	2	2
<b>Total</b>	<b>78</b>	<b>117</b>	<b>138</b>	<b>187</b>

	Outstanding balance as at 30 June 2020	Outstanding balance as at 31 December 2019
Wages payable	8	10
<b>Total</b>	<b>8</b>	<b>10</b>

The management fee to LLC Gazprom energoholding for the three and six months ended 30 June 2020 amounted to RUB 30 million and RUB 61 million respectively (for the three and six months ended 30 June 2019 amounted RUB 35 million and RUB 65 million respectively).

**e) Capital commitments**

	30 июня 2020 года	31 декабря 2019 года
Transactions with Gazprom Group and its associates	13,607	13,711
Transactions with other state-controlled entities	300	348
<b>Total</b>	<b>13,907</b>	<b>14,060</b>

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**7 Property, plant and equipment**

	Right-of-use assets	Heating networks	Buildings and facilities	Machinery and equipment	Transport and other assets	Construction in progress	Total
<b>Cost</b>							
<b>As of 1 January 2019</b>	-	243,512	26,401	46,464	8,236	39,886	364,499
Initial recognition as of 1 January 2019	9,930	-	-	-	-	-	9,930
Additions	34	30	-	1	8	13,984	14,057
Disposals	(244)	(674)	(150)	(260)	(120)	(189)	(1,637)
Change in lease agreements terms	(44)	-	-	-	-	-	(44)
Transfer	-	13,452	349	725	244	(14,770)	-
Transfer from (to) other accounts	-	(2)	(74)	(1)	-	-	(77)
<b>As of 30 June 2019</b>	<b>9,676</b>	<b>256,318</b>	<b>26,526</b>	<b>46,929</b>	<b>8,368</b>	<b>38,911</b>	<b>386,728</b>
<b>As of 1 January 2020</b>	<b>9,540</b>	<b>276,397</b>	<b>24,770</b>	<b>47,473</b>	<b>8,508</b>	<b>35,587</b>	<b>402,275</b>
Additions	53	-	53	19	-	13,913	14,038
Disposals	(43)	(412)	(250)	(104)	(9)	(70)	(888)
Change in lease agreements terms	249	-	-	-	-	-	249
Transfer	-	7,757	275	1,219	228	(9,479)	-
Transfer from (to) other accounts	-	-	(6)	(2)	(12)	-	(20)
<b>As of 30 June 2020</b>	<b>9,799</b>	<b>283,742</b>	<b>24,842</b>	<b>48,605</b>	<b>8,715</b>	<b>39,951</b>	<b>415,654</b>
<b>Accumulated depreciation and impairment</b>							
<b>As of 1 January 2019</b>	-	(127,501)	(11,823)	(28,641)	(5,496)	(7,002)	(180,463)
Initial recognition as of 1 January 2019	(1,361)	-	-	-	-	-	(1,361)
Depreciation charge	(514)	(4,536)	(354)	(1,528)	(451)	-	(7,383)
Disposals	44	415	83	182	114	78	916
Impairment loss accrual	-	-	-	-	-	(24)	(24)
Transfer of impairment loss	-	(676)	(83)	(184)	(34)	977	-
Impairment loss reversal	26	-	-	-	-	19	45
Transfer from (to) other accounts	-	1	11	-	-	-	12
<b>As of 30 June 2019</b>	<b>(1,805)</b>	<b>(132,297)</b>	<b>(12,166)</b>	<b>(30,171)</b>	<b>(5,867)</b>	<b>(5,952)</b>	<b>(188,258)</b>

**PJSC MIPC**

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	<b>Right-of-use assets</b>	<b>Heating networks</b>	<b>Building and facilities</b>	<b>Machinery and equipment</b>	<b>Transport and other assets</b>	<b>Construction in progress</b>	<b>Total</b>
<b>As of 1 January 2020</b>	<b>(2,636)</b>	<b>(140,419)</b>	<b>(11,975)</b>	<b>(30,823)</b>	<b>(5,844)</b>	<b>(5,538)</b>	<b>(197,235)</b>
Depreciation charge	(608)	(4,786)	(296)	(1,748)	(603)	-	(8,041)
Disposals	12	98	250	52	-	14	426
Impairment loss accrual	-	-	-	-	-	(2)	(2)
Transfer of impairment loss	-	(482)	(20)	(81)	(110)	693	-
Transfer from (to) other accounts	-	-	3	2	11	-	16
<b>As of 30 June 2020</b>	<b>(3,232)</b>	<b>(145,589)</b>	<b>(12,038)</b>	<b>(32,598)</b>	<b>(6,546)</b>	<b>(4,833)</b>	<b>(204,836)</b>
<i>Net book value</i>							
<b>As of 1 January 2019</b>	<b>-</b>	<b>116,011</b>	<b>14,578</b>	<b>17,823</b>	<b>2,740</b>	<b>32,884</b>	<b>184,036</b>
<b>As of 30 June 2019</b>	<b>7,871</b>	<b>124,021</b>	<b>14,360</b>	<b>16,758</b>	<b>2,501</b>	<b>32,959</b>	<b>198,470</b>
<b>As of 1 January 2020</b>	<b>6,904</b>	<b>135,978</b>	<b>12,795</b>	<b>16,650</b>	<b>2,664</b>	<b>30,049</b>	<b>205,040</b>
<b>As of 30 June 2020</b>	<b>6,567</b>	<b>138,153</b>	<b>12,804</b>	<b>16,007</b>	<b>2,169</b>	<b>35,118</b>	<b>210,818</b>

Property plant and equipment amount as of 30 June 2020 includes right-of-use assets with the carrying amount of RUB 6,567 million mainly related to land and buildings.

Property plant and equipment are not pledged as collateral.

## 8 Accounts receivable and prepayments

	30 June 2020	31 December 2019
<b>Short-term accounts receivable</b>		
Trade receivables	26,507	27,617
Subsidies receivable	2,321	2,066
Other accounts receivable	863	909
<b>Total financial accounts receivable</b>	<b>29,691</b>	<b>30,592</b>
Other accounts receivable	11,391	10,056
Advances to suppliers and prepaid expenses	119	45
VAT receivable	650	109
Other taxes receivable, other than income tax	95	89
<b>Total non-financial accounts receivable</b>	<b>12,255</b>	<b>10,299</b>
<b>Total short-term accounts receivable and prepayments</b>	<b>41,946</b>	<b>40,891</b>
<b>Long-term accounts receivable</b>		
Trade receivables	642	78
<b>Total financial accounts receivable</b>	<b>642</b>	<b>78</b>
Other accounts receivable	7,203	6,697
Advances to suppliers and prepaid expenses	25	29
VAT receivable	28	25
<b>Total non-financial accounts receivable</b>	<b>7,256</b>	<b>6,751</b>
<b>Total long-term accounts receivable and prepayments</b>	<b>7,898</b>	<b>6,829</b>

Short-term trade receivables are presented net of allowance for impairment as of 30 June 2020 in the amount of RUB 16,996 million, as of 31 December 2019 RUB 14,913 million respectively.

Long-term trade receivables are presented net of allowance for impairment as of 30 June 2020 in the amount of RUB 15 million, as of 31 December 2019 RUB 1 million respectively.

Short-term other financial receivables are presented net of allowance for impairment as of 30 June 2020 in the amount of RUB 196 million, as of 31 December 2019 RUB 174 million respectively.

Short-term other non-financial receivables are presented net of allowance for impairment as of 30 June 2020 in the amount of RUB 555 million, as of 31 December 2019 RUB 502 million respectively.

Advances to suppliers and prepaid expenses are presented net of allowance for impairment as of 30 June 2020 in the amount of RUB 10 million, as of 31 December 2019 RUB 8 million respectively.

## 9 Financial assets

	30 June 2020	31 December 2019
Equity instruments measured at fair value through profit or loss	902	864
<b>Total long-term financial assets</b>	<b>902</b>	<b>864</b>
Loans issued (including interest)	2,489	5,150
<b>Total short-term financial assets</b>	<b>2,489</b>	<b>5,150</b>

## 10 Cash and cash equivalents

	30 June 2020	31 December 2019
Bank and cash balances	1,052	679
Deposits with maturity of less than three months	20	243
<b>Total</b>	<b>1,072</b>	<b>922</b>

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As at 30 June 2020 restricted cash includes the minimum balance on settlement accounts in the amount of RUB 913 million (as of 31 December 2019: RUB 413 million). As of 30 June 2020 the arrested cash amounted to RUB nil million (as of 31 December 2019: RUB 2 million).

## 11 Equity

### Share capital and share premium

As of 30 June 2020 and 31 December 2019 total number of ordinary shares of RUB 100 par value each amounts to 256,271,317. All issued ordinary shares are fully paid.

As of 30 June 2020 and 31 December 2019 the Group has no authorized shares, additionally authorized for placement, but not placed.

Share premium amounted to RUB 139,680 million includes excess of the cash proceeds from the issue of share capital and excess of the value of property and liabilities received as a result of additional issue of ordinary shares during reorganization over the nominal value of authorized capital.

### Dividends

In accordance with the legislation of the Russian Federation the distributable reserves of the Company are limited to the retained earnings recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Rules.

According to the decision of the Annual General Meeting of shareholders of PJSC MIPC dividends on ordinary registered shares of PJSC MIPC for the results of 2019 were not accrued.

### Treasury shares

As of 30 June 2020 and 31 December 2019 treasury shares comprised 23,298,456 ordinary shares amounted to RUB 16,971 million.

## 12 Borrowings

The table below provides information about the contractual terms of the Group's interest-bearing borrowings measured at amortised cost:

	Nominal interest rate as of period end %	Year of maturity	30 June 2020	31 December 2019
<b>Short-term borrowings with fixed interest rate</b>				
<b>Short-term part of long-term bonds</b>				
Bonds series 001P-01	8.65	2020	140	140
Bonds series 001P-02	8.45	2021	5,069	80
Bonds series 001P-03	6.80	2020	43	43
<b>Short-term borrowings with variable interest rate</b>				
<b>Borrowings</b>				
JSC GPB Bank	4.98	2020	10,000	10,000
PJSC Sberbank	4.90	2020	1,175	1,175
JSC SMP Bank	5.50	2020	5,000	-
<b>Short-term part of long-term borrowings</b>				
PJSC Mosenergo	4.77	2020	6	7
<b>Total short-term borrowings</b>			<b>21,433</b>	<b>11,445</b>
<b>Long-term borrowings with fixed interest rate</b>				
<b>Bonds</b>				
Bonds series 001P-01	8.65	2022	4,993	4,993
Bonds series 001P-02	8.45	2021	-	4,988
Bonds series 001P-03	6.80	2022	4,988	4,988
<b>Long-term borrowings with variable interest rate</b>				
<b>Borrowings</b>				
PJSC Mosenergo	4.77	2023	1,275	1,275
<b>Total long-term borrowings</b>			<b>11,256</b>	<b>16,244</b>



**PJSC MIPC**

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(in millions of Russian Rubles)

<b>Total</b>	<b>32,689</b>	<b>27,689</b>
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All borrowings are denominated in RUB. There is no pledge of property rights under borrowings of the Group as of 30 June 2020 and as of 31 December 2019.

**13 Accounts payable and other liabilities**

	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Short-term accounts payable</b>		
Trade payables	23,447	27,058
Payables for the acquisition of property, plant and equipment	6,488	9,413
Other payables	13	1
<b>Total financial accounts payable</b>	<b>29,948</b>	<b>36,472</b>
Liabilities from contracts with customers	31,244	26,768
Advances received on subsidies	24	23
Other payables	1,599	1,656
<b>Total non-financial accounts payable</b>	<b>32,867</b>	<b>28,447</b>
<b>Total short-term accounts payable and other liabilities</b>	<b>62,815</b>	<b>64,919</b>
<b>Long-term accounts payable</b>		
Payables for the acquisition of property, plant and equipment	438	751
Other payables	15	20
<b>Total financial accounts payable</b>	<b>453</b>	<b>771</b>
Liabilities from contracts with customers	4,281	6,362
<b>Total non-financial accounts payable</b>	<b>4,281</b>	<b>6,362</b>
<b>Total long-term accounts payable and other liabilities</b>	<b>4,734</b>	<b>7,133</b>

**14 Income tax**

**Components of income tax expense**

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current income tax expense / (income)	357	455	(390)	(656)
Income tax for prior periods	-	(9)	-	(9)
Deferred income tax	434	95	(797)	(516)
<b>Income tax expense / income</b>	<b>791</b>	<b>541</b>	<b>(1,187)</b>	<b>(1,181)</b>

The tax effect of taxable and deductible temporary differences for the six months ended 30 June 2020 is presented below:

	<b>1 January 2020</b>	<b>Recognised in profit or loss</b>	<b>30 June 2020</b>
Property plant and equipment	(10,764)	(1,399)	(12,163)
Intangible assets	9	8	17
Financial assets	20	41	61
Inventory	(112)	48	(64)
Accounts receivable and prepayments	(148)	829	681
Borrowings	(6)	-	(6)
Accounts payable and other liabilities	287	(7)	280
Lease liabilities	1,713	(105)	1,608
Other items	248	(50)	198
Tax loss carried forward	1,680	(162)	1,518
<b>Total</b>	<b>(7,073)</b>	<b>(797)</b>	<b>(7,870)</b>

The tax effect of taxable and deductible temporary differences for the six months ended 30 June 2019 is presented below:

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### Notes to the Condensed Interim Consolidated Financial Statements for the three and six months ended 30 June 2020 (unaudited)

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	1 January 2019	Recognised in profit or loss	Effect of initial application of IFRS 16	30 June 2019
Property plant and equipment	(9,665)	(2,620)	(1,705)	(13,990)
Intangible assets	16	-	-	16
Financial assets	4	-	-	4
Inventory	(93)	(12)	-	(105)
Accounts receivable and prepayments	123	886	-	1,009
Borrowings	-	(4)	-	(4)
Accounts payable and other liabilities	270	1,789	-	2,059
Lease liabilities	86	-	1,977	2,063
Other items	181	18	-	199
Tax loss carried forward	2,276	(573)	-	1,703
<b>Total</b>	<b>(6,802)</b>	<b>(516)</b>	<b>272</b>	<b>(7,046)</b>

The tax effect of the movement on these temporary differences is recorded at the rate of 20%, which was enacted by the relevant legislation in the Russian Federation.

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The details of the deferred tax balances (after the offset) presented in the consolidated statement of financial position are presented below:

	30 June 2020	31 December 2019
Deferred tax assets	1,871	1,620
Deferred tax liabilities	(9,741)	(8,693)
<b>Deferred tax liabilities, net</b>	<b>(7,870)</b>	<b>(7,073)</b>

## 15 Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Revenue from heat energy sales	14,605	12,282	60,201	63,058
Revenue from hot water supply services	8,092	7,673	17,866	17,457
Revenue from connection services to heat and hot water supply system	1,165	1,512	2,162	2,493
Revenue from heat energy transmission services	63	58	255	322
Revenue from transfer of water services	520	526	1,053	1,046
Other revenue	369	326	859	688
<b>Total</b>	<b>24,814</b>	<b>22,377</b>	<b>82,396</b>	<b>85,064</b>

## 16 Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Purchased heat energy	12,264	10,458	41,268	42,901
Staff costs	4,060	4,157	8,453	8,517
Amortisation and depreciation	3,731	4,020	8,621	7,838
Water expenses	1,909	1,850	4,252	4,189
Repair and maintenance	1,394	1,215	2,067	1,592
Purchased electricity	1,158	1,143	3,139	3,105
Fuel	1,028	1,022	3,592	3,957
Measurement units maintenance expenses	674	740	1,399	1,480
Production services	403	700	1,131	1,301
Taxes other than income tax	246	661	411	1,274
Software and technical support	142	240	352	518
Other inventories	136	316	414	526

**PJSC MIPC**

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	For the three months ended 30 June		For the six months ended 30 June	
Security services	170	209	375	417
Professional and consulting services	95	112	178	170
Bank services	92	100	191	201
Communication services	33	32	67	64
Rent	28	27	66	45
Change in provisions (Reversal of impairment loss)/impairment loss on non-financial assets	(1)	(43)	40	(18)
Gain on disposal of property, plant and equipment and other assets	(40)	(57)	53	54
Other income	(389)	(656)	(1,669)	(2,714)
<b>Total</b>	<b>(283)</b>	<b>133</b>	<b>(926)</b>	<b>145</b>
<b>Total</b>	<b>26,850</b>	<b>26,379</b>	<b>73,474</b>	<b>75,562</b>

Rent expenses for the three and six months ended 30 June 2020 include short-term rent expenses in the amount of RUB 11 and RUB 31 million. (for the three and six months ended 30 June 2019 RUB 27 and RUB 45 million, respectively).

**17 Finance income and expense**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
<b>Finance income</b>				
Interest income on loans issued	93	-	173	-
Interest income on bank deposits and cash balances on current accounts	8	67	18	182
Income from participation in other organisations	7	22	32	43
Lease interest income	3	4	4	7
Income from changes in fair value of equity securities measured at fair value through profit or loss	-	-	37	49
Effect of discounting financial instruments	-	-	96	-
<b>Total finance income</b>	<b>111</b>	<b>93</b>	<b>360</b>	<b>281</b>
<b>Finance expense</b>				
Interest expense on borrowings	(519)	(522)	(1,023)	(1,043)
Lease interest expense	(207)	(298)	(416)	(554)
Effect of discounting financial instruments	(130)	39	(145)	(14)
Other finance expenses	(7)	(4)	(6)	(8)
<b>Total finance expense</b>	<b>(863)</b>	<b>(785)</b>	<b>(1,590)</b>	<b>(1,619)</b>
Including capitalised interest expenses on borrowings relating to qualifying assets	501	488	984	975
<b>Net finance expense</b>	<b>(251)</b>	<b>(204)</b>	<b>(246)</b>	<b>(363)</b>

**18 Basic and diluted earnings (loss) per share attributable to the shareholders of PJSC MIPC**

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
Outstanding shares (weighted average number)	256,271,317	249,460,465	256,271,317	249,460,465
Treasury shares (weighted average number)	(23,298,456)	(23,298,456)	(23,298,456)	(23,293,831)
<b>Weighted average number of outstanding shares</b>	<b>232,972,861</b>	<b>226,162,009</b>	<b>232,972,861</b>	<b>226,166,634</b>
(Loss) / profit attributable to the shareholders of PJSC MIPC for the period	(1,687)	(2,285)	5,196	6,131

## PJSC MIPC

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<b>Basic and diluted earnings (loss) per share attributable to the shareholders of PJSC MIPC (in Russian Rubles)</b>	<b>(7.2)</b>	<b>(10.1)</b>	<b>22.3</b>	<b>27.1</b>
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As at 30 June 2020 and 31 December 2019 there are no instruments with dilutive effect.

## 19 Capital commitments

As at 30 June 2020 the Group had capital commitments in the amount of RUB 48,464 million including VAT (as at 31 December 2019: RUB 47,134 million including VAT).

## 20 Fair value of financial instruments

The fair value of financial assets and liabilities is determined as follows:

### *Financial instruments in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market closing prices at the reporting date.

### *Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market is determined by using various valuation techniques, primarily based on market or income approach, such as discounted cash flows valuation method. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

### *Financial instruments in Level 3*

If one or more of the significant inputs in the valuation model used to fair value an instrument is not based on observable market data, the instrument is included in Level 3. The fair value of financial instruments, such as short-term trade and other receivables and trade and other payables are classified as Level 3.

There was no change in the fair value measurement methods attributed to Level 2 and Level 3 for the three and six months ended 30 June 2020 (31 December 2019: there was no change) there were no transfers between levels for the six months ended 30 June 2020 (31 December 2019: there were no transfers).

As at 30 June 2020 and 31 December 2019 the following assets and liabilities measured at fair value were recognised in the Group's balance sheet:

			Fair value			
	Note	Carrying amount	Level 1	Level 2	Level 3	Total
<b>30 June 2020</b>						
<b>Financial assets measured at fair value</b>						
Equity securities measured at fair value through profit or loss	9	902	-	-	902	<b>902</b>
<b>31 December 2019</b>						
<b>Financial assets measured at fair value</b>						
Equity securities measured at fair value through profit or loss	9	864	-	-	864	<b>864</b>

As at 30 June 2020 and 31 December 2019 the estimated fair value of financial assets and liabilities which are not recognised at fair value in the condensed interim consolidated statement of financial position is reasonable approximation to their carrying amount.

## **PJSC MIPC**

### **Notes to the Condensed Interim Consolidated Financial Statements for the three and six months ended 30 June 2020 (unaudited)**

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#### **21 Events after reporting period**

On 7 July 2020 the record was made in the Unified State Register of Legal Entities on the liquidation of LLC TSK MIPC.

On 10 July 2020 a loan was repaid to JSC GPB Bank in the amount of RUB 10,000 million at the account of the loan received from JSC Bank ROSSIYA in the amount of RUB 5,000 million for a period until 9 July 2021 and the loan from JSC GPB Bank in the amount of RUB 5,000 million for a period until 11 January 2021.

On 22 July 2020 PJSC MIPC placed the bond loan in the amount of RUB 5,000 million for a period of 6 years with the rate of 5.80% per annum with an offer after 3 years and repaid the loan from JSC GPB Bank in the amount of RUB 5,000 million, which was received on 10 July 2020.