UNOFFICIAL TRANSLATION FROM ORIGINAL IN RUSSIAN LANGUAGE

Public Joint Stock Company MOSTOTREST

Unaudited Consolidated Interim Condensed Financial Statements for the six-month period ended 30 June 2019

Contents

Mln RUB	Note	30 June 2019	31 December 2018
Assets			
Goodwill		1 272	1 272
Intangible assets		353	386
Property, plant and equipment	10	21 206	21 424
Trade and other receivables	11	285	261
Amounts due from customers on construction contracts	6	25 085	24 140
Investments in equity-accounted entities		11 605	11 438
Deferred tax assets		4 615	5 823
Other non-current assets		768	687
Non-current assets		**65 189**	**65 431**
Inventories	12	13 865	13 974
Current income tax assets		1 466	83
Trade and other receivables	11	8 765	4 704
Amounts due from customers on construction contracts	6	21 559	16 843
Prepayments		22 817	19 389
Cash and cash equivalents	13	9 324	28 586
Cash at special accounts	13	5 149	9 672
Other current assets		1 133	96
Assets classified as held for sale		44	44
Current assets		**84 122**	**93 391**
Total assets		**149 311**	**158 822**

The unaudited consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the unaudited consolidated interim condensed financial statements set out on pages 8 to 24.

Mln RUB	Note	30 June 2019	31 December 2018
Equity			
Share capital		136	136
Additional paid in capital		6 049	6 049
Reserves		418	348
Retained earnings		20 785	18 234
Equity attributable to owners of the Company		**27 388**	**24 767**
Non-controlling interests		1 978	2 268
Total equity		**29 366**	**27 035**
Liabilities			
Loans and borrowings	16	10 969	6 767
Trade and other payables		1 549	1 857
Deferred tax liabilities		199	167
Non-current liabilities		**12 717**	**8 791**
Loans and borrowings	16	56 377	37 578
Non-controlling interests		673	643
Trade and other payables		18 071	27 643
Amounts due to customers on construction contracts	6	30 839	54 744
Provisions		1 150	1 425
Current income tax liabilities		118	963
Current liabilities		**107 228**	**122 996**
Total liabilities		**119 945**	**131 787**
Total equity and liabilities		**149 311**	**158 822**

These unaudited consolidated interim condensed financial statements were approved by management on 29 August 2019 and were signed on its behalf by:

V.N.Vlasov

General Director

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «МОСТОТРЕСТ» МОСКВА ОГРН 1027739167246

O.G.Tanana

Deputy General Director for Economics and Finance

* The Group has initially applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated (see Note 3).

		Six-month period ended 30 June	
Mln RUB		**2019**	**2018**
Revenue	6	57 190	86 453
Cost of sales	7	(46 115)	(76 638)
Gross profit		**11 075**	**9 815**
Other income		268	636
Administrative expenses	8	(4 934)	(4 611)
Other expenses		(1 136)	(871)
Impairment on trade and other receivables, including contract assets		(399)	(380)
Results from operating activities		**4 874**	**4 589**
Finance income	9	1 791	1 560
Finance costs	9	(2 659)	(3 789)
Net finance costs		**(868)**	**(2 229)**
Share of loss of equity accounted investees, net of income tax		(86)	(737)
Profit before income tax		**3 920**	**1 623**
Income tax expense		(1 294)	(999)
Profit for the period		**2 626**	**624**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Equity investments at fair value through other comprehensive income – net change in fair value		70	(13)
Other comprehensive income, net of income tax		70	(13)
Total comprehensive income for the period		**2 696**	**611**
Profit attributable to:			
Owners of the parent Company		2 496	447
Non-controlling interests		130	177
Profit for the period		**2 626**	**624**
Total comprehensive income attributable to:			
Owners of the parent Company		2 566	434
Non-controlling interests		130	177
Total comprehensive income for the period		**2 696**	**611**
Earnings per share			
Basic and diluted earnings per share (RUB)	15	8,84	1,58

* The Group has initially applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated (see Note 3).

The unaudited consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the unaudited consolidated interim condensed financial statements set out on pages 8 to 24.

Mln RUB	**Attributable to equity holders of the Company**							
	Share capital	**Additional paid-in capital**	**Reserve for changes in fair value**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2018	**136**	**6 049**	**306**	**95**	**17 502**	**24 088**	**1 946**	**26 034**
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	-	(538)	(538)	-	(538)
Adjusted balance at 1 January 2018	**136**	**6 049**	**306**	**95**	**16 964**	**23 550**	**1 946**	**25 496**
Total comprehensive income								
Profit for the period	-	-	-	-	447	447	177	624
Other comprehensive income								
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	(13)	-	-	(13)	-	(13)
Total other comprehensive income	**-**	**-**	**(13)**	**-**	**-**	**(13)**	**-**	**(13)**
Total comprehensive income for the period	**-**	**-**	**(13)**	**-**	**447**	**434**	**177**	**611**
Transactions with owners, recorded directly in equity								
Dividends to equity holders (Note 14)	-	-	-	-	(618)	(618)	(252)	(870)
Balance at 30 June 2018	**136**	**6 049**	**293**	**95**	**16 793**	**23 366**	**1 871**	**25 237**
Balance as at 1 January 2019	**136**	**6 049**	**253**	**95**	**18 234**	**24 767**	**2 268**	**27 035**
Total comprehensive income								
Profit for the period	-	-	-	-	2 496	2 496	130	2 626
Other comprehensive income								
Equity investments at fair value through other comprehensive income – net change in fair value	-	-	70	-	-	70	-	70
Total other comprehensive income	**-**	**-**	**70**	**-**	**-**	**70**	**-**	**70**
Total comprehensive income for the period	**-**	**-**	**70**	**-**	**2 496**	**2 566**	**130**	**2 696**
Transactions with owners, recorded directly in equity								
Dividends to equity holders (Note 14)	-	-	-	-	-	-	(420)	(420)
Other contributions from shareholders	-	-	-	-	55	55	-	55
Balance at 30 June 2019	**136**	**6 049**	**323**	**95**	**20 785**	**27 388**	**1 978**	**29 366**

The unaudited consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the unaudited consolidated interim condensed financial statements set out on pages 8 to 24.

	Six-month period ended 30 June	
Mln RUB	**2019**	**2018**
Cash flows from operating activities		
Profit for the period	2 626	624
Adjustments for:		
Depreciation and amortisation	2 778	3 069
Share of loss of equity accounted investees, net of income tax	86	737
Non-controlling interests	31	157
(Profit)/loss on disposal of property, plant and equipment	(6)	6
Net finance costs	837	2 072
Income tax expense	1 294	999
Other non-cash items	(4)	(25)
	7 642	**7 639**
Change in:		
Inventories	109	(3 431)
Trade and other receivables	(4 035)	(3 948)
Cash at special accounts (Note 13)	4 523	6 990
Amounts due from customers on construction contracts	(4 660)	(7 655)
Prepayments	(3 428)	(4 243)
Provisions	(275)	(265)
Trade and other payables	(10 595)	(1 678)
Amounts due to customers on construction contracts	(23 905)	(16 881)
Cash flows used in operations before income taxes paid	**(34 624)**	**(23 472)**
Income tax paid	(2 313)	(1 446)
Net cash used in operating activities	**(36 937)**	**(24 918)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	67	67
Acquisition of property, plant and equipment	(403)	(1 035)
Acquisition of intangible assets	(30)	(17)
Loans given to other organisations	(1 125)	(267)
Repayment of the loans given to other organisations	101	2 340
Interest received	263	150
Net cash (used in)/from investing activities	**(1 127)**	**1 238**
Cash flows from financing activities		
Proceeds from loans and borrowings	94 495	126 871
Repayment of loans and borrowings	(72 038)	(87 878)
Payment of finance lease liabilities	(1 488)	(1 466)
Interest paid	(2 167)	(3 159)
Dividends paid to equity holders of the Company	-	(52)
Net cash from financing activities	**18 802**	**34 316**
Net (decrease)/increase in cash and cash equivalents	**(19 262)**	**10 636**
Cash and cash equivalents at 1 January, excluding cash at special accounts	28 586	4 650
Cash and cash equivalents at 30 June, excluding cash at special accounts	**9 324**	**15 286**

The unaudited consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the unaudited consolidated interim condensed financial statements set out on pages 8 to 24.

1 Reporting entity

(a) Organisation and operations

PJSC MOSTOTREST (the "Company") and its subsidiaries (the "Group") comprise Russian public and joint stock companies, limited liability companies as defined in the Civil Code of the Russian Federation and a company located in Cyprus. The Company was established as a state-owned enterprise in 1930. The Company was privatised as an open joint stock company in December 1992.

The Company's registered office is 6 Barklaya str., bld. 5, Moscow, 121087, Russian Federation.

The Group's principal activity is the construction of transport infrastructure assets, including railway, highway and city bridges, overpasses, interchanges, and other engineering structures as well as providing road and bridge maintenance, repair and toll-based operation services. The Group's major customers are government agencies and other public bodies. The Group primarily operates in the European part of the Russian Federation.

The Company's shares are traded under MSTT symbol on Moscow Interbank Currency Exchange (MICEX) stock exchange in Russia.

(b) Business environment

The Group's operations are located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, and particularly by the USA and EU on PJSC MOSTOTREST, as well as retaliatory sanctions imposed by the Russian government has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Ruble, a reduction in direct investment inflows, and a significant tightening in the availability of credit. The longer term effects of implemented sanctions as well as the threat of additional future sanctions are difficult to determine.

Notwithstanding the negative changes in business environment the management of the Group believes that the arisen turbulence in the economy will not have a material effect on the Group's financial position or its financial results.

2 Basis of preparation

(a) Statement of compliance with IAS 34 “Interim Financial Reporting”

These unaudited consolidated interim condensed financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2018 that are available on the Company’s website at www.mostotrest.ru. These unaudited consolidated interim condensed financial statements do not include all the information required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Use of estimates and judgments

The preparation of unaudited consolidated interim condensed financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these unaudited consolidated interim condensed financial statements, the significant judgments made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 17.

3 Changes in significant accounting policies

Except as described below, the accounting policies applied in these unaudited consolidated interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

IFRS 16

The Group has initially adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group leases land plots, warehouses and production premises, construction machinery and production equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

	Property, plant and equipment		
Mln RUB	**Land**	**Buildings and structures**	**Total**
Balance at 1 January 2019	362	290	652
Balance at 30 June 2019	472	984	1 456

The Group presents lease liabilities in "loans and borrowings" in the statement of financial position.

(i) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In accordance with IFRS 16 variable payments which do not depend on index or rate, i.e. do not reflect changes in market rental rates, should not be included in calculation of lease liability. In respect of municipal (or federal) land leases where the lease payments are based on cadastral value of the land plot and do not change until the next potential revision of that value or payments (or both) by the authorities, the Group determined that these lease payments are not considered as either variable (that depend on an index or rate or reflect changes in market rental rates) or in-substance fixed, and therefore these payments are not be included in the measurement of the lease liability.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee, based on the period for which the contract is enforceable. The Group considers that enforceability of the lease is established by the written contract (including penalty clauses) in combination with applicable legislation related to renewal or termination rights (specifically the lessee's preferencial rights to renew the lease). However, the Group determined, that its preferential right to renew would not on its own be treated as substantive, when the lessor can refuse to agree to a request from the Group to extend the lease. As a consequence, for the leases with short contractually stated term (usually 11 months) where the Group has a preferential right to renew in accordance with law, but the lessor can refuse to agree to a request from the Group to extend the lease, the Group determined that the lease term does not exceed the term stated in the contract (11 months).

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(ii) Transition

Previously, the Group classified agreements for property and production equipment leases as operating leases under IAS 17. The land plots, warehouses and production premises, construction machinery and production equipment are leased under such agreements. The leases typically run for a period of one to two years for production equipment and 5 to 49 years for land plots with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The Group applied to all its leases the approach under which a right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

The Group leases a number of construction machinery and production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

C. As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value on transition to IFRS 16. The sub-lease contracts are classified as operating leases under IFRS 16.

D. Impacts on financial statements

(i) Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property and additional lease liabilities. The impact on transition is summarised below.

Mln RUB	**1 January 2019**
Right-of-use assets presented in property, plant and equipment	652
Lease liabilities	(652)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 9%.

Mln RUB	**1 January 2019**
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	2 662
Discounted using the incremental borrowing rate at 1 January 2019	2 026
Finance lease liabilities recognised as at 31 December 2018	4 123
– Recognition exemption for leases of low-value assets	(23)
– Recognition exemption for leases with less than 12 months of lease term at transition	(135)
– Extension options reasonably certain to be exercised	74
– Recognition exemption for in respect of municipal (or federal) land lease agreements	(1 290)
Lease liabilities recognised at 1 January 2019	4 775

(ii) Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RUB 1,456 million of right-of-use assets (including investment property) and RUB 1,515 million of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised RUB 155 million RUB of depreciation charges and RUB 48 million of interest costs from these leases. No depreciation is recognised for the right-of-use asset that meets the definition of investment property.

For the impact of IFRS 16 on segment information, see Note 5.

4 Seasonality

The Group's construction and overhaul of highways is, to some extent, affected by seasonality. During the period from November to April each year construction of these projects in some regions of Russia is significantly impacted by snow cover and low temperatures, reducing the speed of construction or stopping construction completely. Most of the works on these projects are performed in May to October each year and, therefore, revenue from these projects is recognised towards the second half of the year. Further, cash flows from these projects also tend to be collected towards the second half of the year since the customers for these projects are typically invoiced as soon as certain stages of work are completed.

5 Operating segments

Under the current structure, the Group's business is divided into Construction and Services segments. The companies included in both segments operate in the Russian Federation. Other segments include the company registered and operating in Cyprus. The bulk of the revenue of the Construction segment is earned by PJSC MOSTOTREST and Transstroymehanizatsiya LLC, and the bulk of revenue of the Service segment is earned by JSC Mostotrest-Service.

The financial information for the segments is prepared in accordance with the same accounting standards as those used to prepare the Group's consolidated financial statements under IFRS. Financial information presented to the Group's CEO is derived from the internal management reports. The Group's CEO reviews operating performance of the segments on at least a quarterly basis and allocates resources on this basis.

Financial measure / Segment	**Construction**		**Services**		**Other segments**		**Eliminations and other**		**Consolidated Group**	
Mln RUB	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Revenue	51 052	80 915	6 920	5 688	-	-	(782)	(150)	57 190	86 453
-external revenue	51 022	80 907	6 142	5 506	-	-	26	40	57 190	86 453
-intersegment revenue	30	8	778	182	-	-	(808)	(190)	-	-
Cost of sales	(41 093)	(72 363)	(5 800)	(4 454)	-	-	778	179	(46 115)	(76 638)
Gross profit	9 959	8 552	1 120	1 234	-	-	(4)	29	11 075	9 815
Operating result	4 367	3 946	515	614	(1)	(1)	(7)	30	4 874	4 589
Profit/(loss) before income tax	4 328	2 313	411	563	(183)	(919)	(636)	(334)	3 920	1 623
Income tax expense	(1 177)	(830)	(96)	(141)	(22)	(21)	1	(7)	(1 294)	(999)
Segment result	**3 151**	**1 483**	**315**	**422**	**(205)**	**(940)**	**(635)**	**(341)**	**2 626**	**624**
Depreciation and amortisation	2 223	2 501	555	568	-	-	-	-	2 778	3 069
Share in profit/(loss) of associated companies, net of income tax	246	284	-	-	(332)	(1 021)	-	-	(86)	(737)
Non-controlling interests, recognised as finance income	(31)	(157)	-	-	-	-	-	-	(31)	(157)
Capital expenditures	1 468	1 015	539	543	-	-	-	-	2 007	1 558

	30 June/31 December									
Mln RUB	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-current assets	60 084	60 368	5 642	5 486	1 131	1 156	(1 668)	(1 579)	65 189	65 431
Current assets	86 075	96 104	4 679	4 421	23	6	(6 699)	(7 184)	84 078	93 347
Assets classified as held for sale	44	44	-	-	-	-	-	-	44	44
Total assets	**146 203**	**156 516**	**10 321**	**9 907**	**1 154**	**1 162**	**(8 367)**	**(8 763)**	**149 311**	**158 822**
Non-current liabilities	11 978	8 873	1 698	1 618	-	-	(959)	(1 700)	12 717	8 791
Current liabilities	103 444	120 146	4 279	3 214	4 964	4 767	(5 459)	(5 131)	107 228	122 996
Total liabilities	**115 422**	**129 019**	**5 977**	**4 832**	**4 964**	**4 767**	**(6 418)**	**(6 831)**	**119 945**	**131 787**
Non-controlling interests	**-**	**-**	**314**	**309**	**-**	**-**	**1 664**	**1 959**	**1 978**	**2 268**

The Group has initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 3). As a result, the Group recognised RUB 652 million of right-of-use assets and RUB 652 million of liabilities from those lease contracts. The assets and liabilities are included in the Construction segment (right-of-use assets in the amount of RUB 1,275 million and lease liabilities in the amount of RUB 1,331 million) and Service segment (right-of-use assets in the amount of RUB 182 million and lease liabilities in the amount of RUB 184 million) as at 30 June 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated (see Note 3).

Major customers

During the six-month period ended 30 June 2019 revenue from two customers individually exceeded 10% of the Group's total revenue. Revenue from one of the customers accounted for RUB 20,886 million (37% of the Group's total revenue) and is included in the construction and services segments. The other customer contributed RUB 15,455 million (27% of the Group's total revenue) and this revenue is included in the construction segment.

During the six-month period ended 30 June 2018 revenue from three customers individually exceeded 10% of the Group's total revenue. Revenue from one of the customers accounted for RUB 28,034 million (32% of the Group's total revenue) and is included in the construction and services segments. The other customer contributed RUB 20,921 million (24% of the Group's total revenue) and this revenue is included in the construction segment. The third customer contributed RUB 9,506 million (11% of the Group's total revenue) and this revenue is included in the construction segment.

6 Revenue from contracts with customers

In accordance with IFRS 15 information on revenue of the Group broken down by performance obligations is presented below:

	Six-month period ended 30 June	
Mln RUB	**2019**	**2018**
Revenue from contracts for construction of:		
bridges and highways	43 761	71 118
airfields and airports	3 703	7 976
railway infrastructure facilities	1 998	29
other facilities	1 355	1 394
Total revenue from construction contracts	50 817	80 517
Revenue from maintenance and repair of roads	6 142	5 506
Other revenue	231	430
Total revenue	**57 190**	**86 453**

Other revenue of the Group includes revenue from sales of several types of construction products of its own production and construction materials to outside customers.

Revenue from construction contracts and contracts on provision of maintenance and repair of roads services are recognized over time. Revenue from other contracts with customers is recognized at a point in time.

Below is the information on the geographical allocation of revenue from construction contracts. This allocation is made based on the geographical location of construction sites:

	Six month period ended 30 June	
Mln RUB	**2019**	**2018**
Central Federal District	41 218	49 080
Southern Federal District	5 842	21 126
Far Eastern Federal District	2 820	3 121
Volga Federal District	576	652
Siberian Federal District	253	508
Northwestern Federal District	108	6 030
Total revenue from construction contracts	**50 817**	**80 517**

Below is the information on the geographical allocation of revenue from maintenance and repair of roads:

	Six month period ended 30 June	
Mln RUB	**2019**	**2018**
Central Federal District	5 507	5 446
Southern Federal District	328	60
Northwestern Federal District	307	-
Total revenue from construction contracts	**6 142**	**5 506**

The following table provides information about receivables, contract assets and contract liabilities from construction contracts with customers:

Mln RUB	**30 June 2019**	**31 December 2018**
Amounts due from customers on construction contracts including:		
Receivables	36 412	34 805
Contract assetss	10 232	6 178
Amounts due to customers on construction contracts including:		
Contract liabilities	(30 839)	(54 744)
	15 805	**(13 761)**

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The amount of contract assets during the period ended 30 June 2019 was impacted by an impairment charge of RUB 136 million (2018: RUB 68 million). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group signs acts of acceptance of work performed with customers.

The contract liabilities primarily relate to the advance consideration received from customers on construction contracts.

The retentions on construction contracts are amounts of progress billings that are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified.

As at 30 June 2019 amounts due from customers on construction contracts included retentions in respect of constructions in progress in the amount of RUB 24,348 million (2018: RUB 27,910 million).

The significant changes in contract assets and contract liabilities on contracts with customers for the reporting period are presented in the following table:

Mln RUB	Contract assets	Contract liabilities
Total revenue recognised during the period less revenue recognised that was included in the contract liability at the beginning of the period	17 612	-
Transfers from contract assets to receivables	(13 571)	-
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	33 205
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(13 779)
Increases as a result of changes in the measure of progress	81	4 479
Allowance for impairment	(68)	-
	4 054	**23 905**

Performance obligations on construction contracts remaining as at 30 June 2019 are amounted to RUB 264,761 million.

7 Cost of sales

	Six month period ended 30 June	
Mln RUB	**2019**	**2018**
Services of subcontractors	16 321	28 627
Personnel expenses	9 883	11 165
Materials	9 788	21 597
Depreciation and amortisation	2 582	2 812
Machinery, equipment, transport, and labor services received	1 740	4 907
Bank guarantees costs	798	991
Insurance	556	537
Design works	499	594
Other	3 948	5 408
	46 115	**76 638**

8 Administrative expenses

	Six month period ended 30 June	
Mln RUB	**2019**	**2018**
Personnel expenses	3 577	3 138
Services provided by third parties	477	386
Depreciation and amortisation	187	212
Materials	118	134
Taxes other than income tax	112	162
Social expenses	75	91
Rent expense	72	96
Insurance	69	71
Business trip expenses	64	69
Other administrative expenses	183	252
	4 934	**4 611**

9 Finance income and costs recognized in profit or loss for the period

	Six month period ended 30 June	
Mln RUB	**2019**	**2018**
Recognised in profit or loss:		
Interest income on long-term investment contracts	1 243	959
Interest income on loans given	343	360
Effect of discounting the financial assets	123	193
Interest income on bank deposits	79	48
Foreign exchange gain	3	-
Total finance income	**1 791**	**1 560**
Interest expense on borrowings	(2 053)	(2 835)
Effect of discounting financial liabilities	(301)	(462)
Interest expense on leases	(274)	(335)
Non-controlling interests	(31)	(157)
Total finance costs	**(2 659)**	**(3 789)**
Net finance costs recognised in profit or loss for the period	**(868)**	**(2 229)**

10 Property, plant and equipment

During the six-month period ended 30 June 2019 the Group acquired property, plant and equipment for a total amount of RUB 1,017 million (six-month period ended 30 June 2018: RUB 1,522 million).

Property, plant and equipment with a carrying amount of RUB 61 million were disposed of by the Group during the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: RUB 73 million) resulting in a gain on disposal of RUB 6 million (six-month period ended 30 June 2018: loss of RUB 6 million), which is included in‘other income’ (2018: ‘other expense’) in the unaudited consolidated interim condensed statement of profit or loss and other comprehensive income.

11 Trade and other receivables

Mln RUB	30 June 2019	31 December 2018
Trade receivables	3 868	3 581
Value added tax	2 469	830
Security deposits for participation in tenders	1 981	1
Taxes other than income tax	43	43
Other receivables	689	510
	9 050	4 965
Non-current	285	261
Current	8 765	4 704
	9 050	4 965

12 Inventories

As at 30 June 2019 the work-in-progress included construction costs in the amount of RUB 2,470 million (31 December 2018: RUB 2,998 million) under the projects for which construction contracts with customers have not been concluded. The Group assesses these costs as recoverable and expects that the construction contracts with customers will be concluded in the foreseeable future. This assessment is based on the established long-term business relationships with these customers, the unconditional fulfillment of their obligations to pay for the works performed in previous years, the existing specific plans and schedules of actions, which are timely executed by customers, and the obtained positive conclusions of technical expertise on certain construction projects.

13 Cash at special accounts

Cash at special accounts in the amount of RUB 5,149 million (31 December 2018: RUB 9,672 million) represents cash received from customers, the state entities, for specific financing of certain construction projects as part of treasury or bank supervision over certain public construction contracts. The use of these funds is regulated by Resolutions of the Government of the Russian Federation #70 dated 04 February 2016, #963 dated 20 September 2014, #1563 dated 27 December 2014, and the Order of the Ministry of Finance of the Russian Federation #213n dated 25 December 2015, which set out purposes, procedures and terms the Group should comply with in order to use the funds.

14 Dividends

In 2019 profit for 2018 were not distributed for payment of dividends.

15 Earnings per share

The calculation of basic earnings per share at 30 June 2019 was based on the earnings attributable to the ordinary shareholders of RUB 2,496 million (six-month period ended 30 June 2018: RUB 447 million), and a weighted-average number of outstanding ordinary shares in the amount of 282 215 500 (six-month period ended 30 June 2018: 282 215 500), calculated as shown below. The Company does not have dilutive potential ordinary shares.

	Six month period ended 30 June	
	2019	**2018**
Issued shares at 1 January and 30 June	282 215 500	282 215 500
Weighted-average number of shares for the period ended 30 June	**282 215 500**	**282 215 500**
Profit attributed to shareholders (mln RUB)	**2 496**	**447**
Basic and diluted earnings per share (RUB)	**8,84**	**1,58**

16 Loans and borrowings

	Liabilities			
mln RUB	**Bonds**	**Other loans and borrowings**	**Lease liabilities**	**Total**
Balance at 31 December 2018	10 446	29 776	4 123	44 345
Impact of adopting IFRS 9 since 1 January	-	-	652	652
Balance at 1 January 2019	10 446	29 776	4 775	44 997
Changes from financing cash flows				
Proceeds from loans and borrowings	-	94 495	-	94 495
Repayment of borrowings	-	(72 038)	-	(72 038)
Discount effect	-	(69)	-	(69)
Payment of finance lease liabilities	-	-	(1 488)	(1 488)
Interest paid	(564)	(1 328)	(275)	(2 167)
Total changes from financing cash flows	**(564)**	**21 060**	**(1 763)**	**18 733**
Other changes				
Liability-related				
New leases	-	-	1 289	1 289
Interest expense	573	1 480	274	2 327
Total liability-related other changes	**573**	**1 480**	**1 563**	**3 616**
Balance at 30 June 2019	**10 455**	**52 316**	**4 575**	**67 346**

Mln RUB	30 June 2019	31 December 2018
Current liabilities		
Unsecured bonds	3 243	5 531
Unsecured bank loans	51 046	29 776
Lease liabilities	2 088	2 271
	56 377	37 578
Non-current liabilities		
Secured bank loans	1 270	-
Unsecured bonds	7 212	4 915
Lease liabilities	2 487	1 852
	10 969	6 767
Total loans and borrowings	**67 346**	**37 578**

Lease liabilities are secured by the leased assets received under the finance lease agreements.

The bank loans are attracted in RUB under fixed interest rates. The weighted-average effective interest rates at the reporting dates were as follows:

	2019	2018
Unsecured bonds	11,9%	11,9%
Unsecured bank loans	9,8%	9,0%
Finance lease liabilities	13,1%	14,7%

Liquidity Risk

As at 30 June 2019 the Group’s total current liabilities exceeded total current assets by RUB 23 billion. The Group maintains open credit lines with a number of major Russian banks to meet requirements for short-term finance. The undrawn credit facilities at 30 June 2019 amounted to RUB 27 billion. The undrawn credit facilities are available to the Group for the term of 1-3 years. Management believes that current agreements with banks are sufficient to maintain appropriate liquidity in the foreseeable future.

17 Measurement of fair values

The fair values of financial assets and liabilities as at the reporting dates were not significantly different from their carrying amounts. The basis for determining fair values is disclosed in Note 2. Inputs for the valuation of financial assets consisting of corporate equity investments, measured at fair value through other comprehensive income, are primarily based on the observable market data (hierarchy level 1).

18 Related party transactions

(a) Management remuneration

During the six-month period ended 30 June 2019 key management received remuneration in the amount of RUB 1,821 million (six-month period ended 30 June 2018: RUB 1,033 million) of which RUB 1,214 million were included in personnel costs within administrative expenses in the statement of profit or loss for 2018.

(b) Sales

Mln RUB	Transaction value		Outstanding balance	
	2019	**2018**	**30 June 2019**	**31 December 2018**
Sale of goods to:				
Investments in equity accounted investees	25	143	29	1
Other related parties	2	119	258	347
Services rendered to:				
Investments in equity accounted investees	379	2 250	424	749
Other related parties	4 561	11 304	(2 203)	(7 378)
	4 967	**13 816**	**(1 492)**	**(6 281)**

Sales of goods and services to other related parties mainly represent sales to companies related to shareholders of the Group.

(i) Purchases

Mln RUB	Transaction value		Outstanding balance at	
	2019	**2018**	**30 June 2019**	**31 December 2018**
Purchase of goods from:				
Other related parties	11	4 733	-	(925)
Services received from:				
Investments in equity accounted investees	563	271	(251)	(174)
Other related parties	545	519	(111)	(644)
	1 119	**5 523**	**(363)**	**(1 743)**

Purchases of goods and services from related parties mainly consist of purchases from companies related to shareholders of the Group.

(ii) Loans

Mln RUB	Transaction value				Outstanding balance	
	Placement		Repayment		30 June	31 December
	2019	2018	2019	2018	2019	2018
Loans given to:						
Investments in equity accounted investees	-	81	-	(2 181)	4 358	4 051
	-	**81**	**-**	**(2 181)**	**4 358**	**4 051**

Interest income on loans given to related parties for the reporting period amounted to RUB 307 million (six-month period ended 30 June 2018: RUB 344 million). Interest received on loans given to related parties for the reporting period amounted to RUB 0 million (six-month period ended 30 June 2018: RUB 97 million).

Mln RUB	Transaction value				Outstanding balance	
	Placement		Repayment		30 June	31 December
	2019	2018	2019	2018	2019	2018
Loans received from:						
Investments in equity accounting investees	-	517	-	(410)	-	-
Other related parties	640	188	(1 635)	(1)	2 600	3 595
	640	**705**	**(1 635)**	**(411)**	**2 600**	**3 595**

Interest expense on loans received from related parties for the reporting period amounted to RUB 0 million (six-month period ended 30 June 2018: RUB 10 million). Interest paid on loans received from related parties for the reporting period amounted to RUB 0 million (six-month period ended 30 June 2018: RUB 4 million).

19 Events subsequent to the reporting date

After the reporting date the Group fulfilled in full the requirement of bond holders for redemption of the 07 Series bonds for total amount of RUB 2 704 million according to the terms of bonds prospectus. The Group has set the coupon rate for 7-12 coupons at 9.25% per annum (the coupon rate for 1-6 coupons was set at 11.50% per annum).