

UNOFFICIAL TRANSLATION FROM ORIGINAL IN RUSSIAN LANGUAGE

Public Joint Stock Company MOSTOTREST

**Unaudited Consolidated Interim Condensed
Financial Statements
for the six months ended 30 June 2020**

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Mln RUB	Note	30 June 2020			31 December 2019
		Total	Held for distribution to owners	Held for continuing use	
Assets					
Goodwill		1 272	1 272	-	1 272
Intangible assets		312	108	204	337
Property, plant and equipment	11	19 783	18 678	1 105	20 483
Trade and other receivables	12	92	91	1	71
Amounts due from customers	6	5 153	4 971	182	2 648
Equity-accounted investments		11 792	11 792	-	12 184
Deferred tax assets		4 955	2 277	2 678	4 916
Other non-current assets		1 250	1 250	-	858
Non-current assets				4 170	42 769
Inventories	13	16 487	16 389	98	13 934
Current income tax assets		649	631	18	534
Trade and other receivables	12	3 656	2 474	1 182	3 266
Amounts due from customers	6	33 023	25 357	7 666	31 795
Prepayments		20 368	14 248	6 120	17 906
Cash and cash equivalents		23 219	11 219	12 000	33 542
Cash on special accounts	14	21 932	21 115	817	25 137
Other current assets		1 929	1 900	29	321
Assets classified as held for distribution to owners		-	-	133 772	29
Current assets				161 702	126 464
Total assets		165 872	133 772	165 872	169 233
Equity					
Share capital		136	-	136	136
Additional paid-in capital		1 220	-	1 220	6 049
Reserves		372	-	372	440
Reserve for acquisition of own shares		(3)	-	(3)	-
Retained earnings		-	-	-	11 106
Equity attributable to owners of the Company		1 725	-	1 725	17 731
Non-controlling interests		1 434	1 434	-	1 176
Total equity		3 159	1 434	1 725	18 907

Mln RUB	Note	30 June 2020			31 December 2019
		Total	Held for distribution to owners	Held for continuing use	
Liabilities					
Loans and borrowings	17	9 567	2 032	7 535	45 645
Trade and other payables	18	1 627	879	748	1 501
Deferred tax liabilities		298	298	-	294
Non-current liabilities				8 283	47 440
Loans and borrowings	17	80 686	80 299	387	28 055
Non-controlling interests		-	-	-	821
Trade and other payables	18	17 837	11 328	6 509	27 171
Contract liabilities	6	36 943	25 456	11 487	45 504
Reserve on liabilities for acquisition of shares	22	3 551	-	3 551	-
Provisions		1 436	1 278	158	1 178
Current tax liabilities		178	178	-	157
Liability on distribution to owners	1	10 590	10 590	-	-
Liabilities held for distribution to owners		-	-	133 772	-
Current liabilities				155 864	102 886
Total liabilities		162 713	132 338	164 147	150 326
Total equity and liabilities		165 872	133 772	165 872	169 233

These unaudited consolidated interim condensed financial statements were approved by management on 4 September 2020 and were signed on its behalf by:

V.N.Vlasov

O.G.Tanana

General Director

Deputy General Director for Economics and Finance

Mln RUB		For the six months ended 30 June	
		2020	2019
Revenue	6	53 132	57 190
Cost of sales	7	(46 183)	(46 115)
Gross profit		6 949	11 075
Other income		358	268
Administrative expenses	8	(5 257)	(4 934)
Other expenses		(548)	(1 136)
Impairment of trade and other receivables, including contract assets		(208)	(399)
Results from operating activities		1 294	4 874
Finance income	9	856	1 791
Finance costs	9	(2 904)	(2 659)
Net finance costs		(2 048)	(868)
Share of loss of equity-accounted investees (net of income tax)		(729)	(86)
(Loss)/profit before income tax		(1 483)	3 920
Income tax expense		(319)	(1 294)
(Loss)/profit for the period		(1 802)	2 626
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Net change in fair value of equity instruments measured through other comprehensive income		(68)	70
Other comprehensive (loss)/income, net of income tax		(68)	70
Total comprehensive (loss)/income for the period		(1 870)	2 696
(Loss)/profit attributable to:			
Owners of the Company		(2 060)	2 496
Non-controlling interests		258	130
(Loss)/profit for the period		(1 802)	2 626
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(2 128)	2 566
Non-controlling interests		258	130
Total comprehensive (loss)/income for the period		(1 870)	2 696
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per share (RUB)	16	(7,30)	8,84

As part of the restructuring of the Company, approved on 18 May 2020 at the extraordinary general meeting of the shareholders of PJSC Mostotrest, substantially all of the Group's assets and liabilities will be transferred to a newly created joint-stock company Roads and Bridges. Consequently, most of the Group's income and expenses presented in these Consolidated interim condensed statement of profit or loss and other comprehensive income will be further generated in the spin-off legal entity, and, in turn, income and expenses of PJSC Mostotrest will be significantly reduced (refer to Note 1).

Mln RUB	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Additional paid-in capital	Reserve for changes in fair value	Translation reserve	Retained earnings	Total		
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									
Net change in fair value of equity instruments measured through other comprehensive income	-	-	-	70	-	-	70	-	70
Total other comprehensive income	-	-	-	70	-	-	70	-	70
Total comprehensive income for the period equity	-	-	-	70	-	2 496	2 566	130	2 696
Dividends to equity holders	-	-	-	-	-	-	-	(420)	(420)
Net other contributions from (distributions to) shareholders	-	-	-	-	-	55	55	-	55
Balance at 30 June 2019	136	-	6 049	323	95	20 785	27 388	1 978	29 366
Balance as at 1 January 2020	136		6 049	345	95	11 106	17 731	1 176	18 907
Total comprehensive income									
Loss for the period	-	-	-	-	-	(2 060)	(2 060)	258	(1 802)
Other comprehensive income									
Net change in fair value of equity instruments measured through other comprehensive income	-	-	-	(68)	-	-	(68)	-	(68)
Total other comprehensive (loss)/income	-	-	-	(68)	-	-	(68)	-	(68)
Total comprehensive loss/(income) for the period	-	-	-	(68)	-	(2 060)	(2 128)	258	(1 870)
Transactions with owners, recorded directly in equity									
Dividends to non-controlling interests	-	-	(1 281)	-	-	(9 309)	(10 590)	-	(10 590)
Net distributions to and other transactions with shareholders	-	-	-	-	-	42	42	-	42
Treasury shares acquired	-	(3)	(3 548)	-	-	-	(3 551)	-	(3 551)
Changes in ownership interests in subsidiaries									
Increase in share capital of subsidiaries (Note 19)	-	-	-	-	-	221	221	-	221
Balance at 30 June 2020	136	(3)	1 220	277*	95	-	1 725	1 434	3 159

condensed financial statements set out on pages 10 to 26.

Mln RUB	2020	2019
Cash flows from operating activities		
(Loss)/profit for the period	(1 802)	2 626
<i>Adjustments for:</i>		
Depreciation and amortisation	2 311	2 778
Share of loss of equity-accounted investees, net of income tax	729	86
Non-controlling interests	-	31
Profit on disposal of property, plant and equipment	(55)	(6)
Net finance costs	2 048	837
Income tax expense	319	1 294
Other non-cash items	3	(4)
	3 553	7 642
<i>Changes in:</i>		
Inventories	(2 553)	109
Trade and other receivables	(409)	(4 035)
Cash on special accounts (Note 14)	3 205	4 523
Amounts due from customers on construction contracts	(5 291)	(4 660)
Prepayments	(2 462)	(3 428)
Provisions	258	(275)
Trade and other payables	(9 395)	(10 595)
Contract liabilities	(8 561)	(23 905)
Cash flows used in operations before income taxes paid	(21 655)	(34 624)
Income tax paid	(442)	(2 313)
Net cash used in operating activities	(22 097)	(36 937)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	159	67
Acquisition of property, plant and equipment	(860)	(403)
Acquisition of intangible assets	(36)	(30)
Loans given to other organisations	(409)	(1 125)
Proceeds from repayment of loans provided to other organisations	121	101
Interest received	1 766	263
Dividends received	44	-
Net cash used in investing activities	(980)	(1 127)
Cash flows from financing activities		
Proceeds from loans and borrowings	103 147	94 495
Repayment of loans and borrowings	(85 919)	(72 038)
Payment of lease liabilities	(1 086)	(1 488)
Interest paid	(2 788)	(2 167)
Acquisition of subsidiaries, net of cash acquired (Note 19)	(600)	-
Net cash from financing activities	12 754	18 802
Net decrease in cash and cash equivalents	(10 323)	(19 262)
Cash and cash equivalents at 1 January, excluding cash at special accounts	33 542	28 586
Cash and cash equivalents at 30 June, excluding cash at special accounts	23 219	9 324

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, created under government and municipal orders, 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.

Restructuring

On 18 May 2020 at the extraordinary general meeting of the shareholders of PJSC Mostotrest, the shareholders of the Company took the decision to restructure PJSC Mostotrest in the form of spin-off of a new joint-stock company Roads and Bridges (JSC DiM).

As part of the restructuring substantially all of the Group's assets and liabilities will be transferred to JSC DiM, as well as rights and obligations under the existing agreements of the Group. It is planned that the restructuring of PJSC Mostotrest will be completed in the fourth quarter of 2020. The shareholders of PJSC Mostotrest who did not participate in the voting or voted against the restructuring are entitled to submit their shares for redemption at a price of RUB 220.44 per ordinary share of the Company. According to the report on the results of the submission of the shares for redemption by the shareholders of the Company approved by the Board of Directors of PJSC Mostotrest on 7 July 2020, in total, 7 820 613 shares were repurchased from shareholders for a total amount of RUB 1 724 million. Shareholders who did not submit shares for redemption will also become shareholders of JSC DiM, pro rata to their shareholdings according to the Register as at the date of registration of JSC DiM.

In connection with the restructuring most of the Group's income and expenses presented in the Consolidated interim condensed statement of profit or loss and other comprehensive income will be further generated in the spin-off legal entity, and, in turn, income and expenses of PJSC Mostotrest will be significantly reduced.

Liability on distribution to owners

The restructuring is considered as a transaction under common control since the assets and liabilities to be disposed of will be ultimately controlled by the same party before and after the restructuring. Disposal group of assets and liabilities is classified as held for distribution to owners from the date of approval of the restructuring by the shareholders on 18 May 2020. Accordingly, as at 30 June 2020 the Group recognised the liability on distribution to owners in the amount of RUB 10 590 million, determined as the difference between the carrying values of assets and liabilities to be disposed of.

The presented carrying values of disposal group of assets and liabilities as well as their composition, structure and characteristics may change at the date of the actual distribution due to the occurrence, change, termination of the rights and obligations of the Company in respect of this group of assets and liabilities, which may occur from 30 June 2020 to the date of the actual distribution, as well as due to the clarification of certain provisions of the documents on the restructuring, approved and planned for approval by the shareholders of the Company till the actual date of distribution. The Group has applied provisions of IFRS 5 “Non-current assets held for sale and discontinued operations” to account for the decision of the shareholders on the restructuring, and ensured that the carrying values of disposal group of assets and liabilities do not exceed their fair values.

(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.

Pandemic

The first half of 2020 has seen significant global market turmoil triggered by the outbreak of the coronavirus and a sharp decrease in the oil price, which have in turn affected the stock market indices, the drop of quotations of the most shares and financial instruments, as well as depreciation of the Russian Rouble against other currencies. These developments are further increasing the level of uncertainty underlying assumptions and estimates used in the financial statements, as well as a risk level of operating in the Russian Federation. The Group’s management continuously analyses the impact of these circumstances on the financial position of the Group. The industry, in which the Group operates, has not been significantly affected by some current restrictions in the form of forced suspension of operations or outflow of consumers due to the self-isolation regime. The Group continues to work with federal and regional customers providing maintenance services of infrastructure facilities in different regions of Russia, which refers to continuous work cycles. All construction works on the Group’s projects have been continuing in accordance with the previously approved production programs. Since the main customers of the Group are state-owned enterprises and government agencies of the Russian Federation, it is expected that financing of the construction of large infrastructure projects will continue in the foreseeable future, and, in this regard, the Group’s management believes that the current situation will not significantly affect the ability of the Group to operate during at least 12 months after the reporting date.

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 2019 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 2019.

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.

3 Changes in significant accounting policies

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 2019.

4 Seasonality

The Group's construction and reconstruction 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 Construction and Services segments operate in the Russian Federation. Segment «Other» include the company registered and operating in Cyprus. The bulk of the revenue of the Construction segment is earned by PJSC MOSTOTREST and Transstroyemehanzatsiya 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.

As a result of the restructuring, the income and expenses of the Construction, Services and Other segments will be transferred to a new legal entity. The Group's continuing operations will primarily consist of limited operations of the Construction segment (refer to Note 1).

Financial measure / Segment		Construction		Services		Other segments		Eliminations and other		Consolidated Group	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Mln RUB	For the six months ended 30										
Revenue		47 133	51 052	7 088	6 920	-	-	(1 089)	(782)	53 132	57 190
- external revenue		47 093	51 022	5 964	6 142	-	-	75	26	53 132	57 190
- intersegment revenue		40	30	1 124	778	-	-	(1 164)	(808)	-	-
Cost of sales		(41 652)	(41 093)	(5 636)	(5 800)	-	-	1 105	778	(46 183)	(46 115)
Gross profit		5 481	9 959	1 452	1 120	-	-	16	(4)	6 949	11 075
Operating result		452	4 367	853	515	-	(1)	(11)	(7)	1 294	4 874
Profit/(loss) before income tax		(1 401)	4 328	783	411	(853)	(183)	(12)	(636)	(1 483)	3 920
Income tax expense		(189)	(1 177)	(161)	(96)	9	(22)	22	1	(319)	(1 294)
Segment result		(1 590)	3 151	622	315	(844)	(205)	10	(635)	(1 802)	2 626
Depreciation and amortisation		1 733	2 223	578	555	-	-	-	-	2 311	2 778
Share in profit/(loss) of associated companies, net of income tax		324	246	-	-	(1 053)	(332)	-	-	(729)	(86)
Non-controlling interests, recognised as finance income and expense		-	(31)	-	-	-	-	-	-	-	(31)
Capital expenditures		1 932	1 468	457	539	-	-	-	-	2 389	2 007
30 June/31 December											
Mln RUB		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Non-current assets		40 531	37 536	5 225	5 476	787	1 459	(1 934)	(1 702)	44 609	42 769
Current assets		125 903	131 169	5 309	4 548	-	2	(9 978)	(9 284)	121 234	126 435
Assets classified as held for sale		29	29	-	-	-	-	-	-	29	29
Total assets		166 463	168 734	10 534	10 024	787	1 461	(11 912)	(10 986)	165 872	169 233
Non-current liabilities		10 175	45 859	1 353	1 585	-	42	(36)	(46)	11 492	47 440
Current liabilities		149 379	100 389	6 352	6 235	5 427	5 211	(9 937)	(8 949)	151 221	102 886
Total liabilities		159 554	146 248	7 705	7 820	5 427	5 253	(9 973)	(8 995)	162 713	150 326
Non-controlling interests		-	-	418	405	-	-	1 016	771	1 434	1 176

Major customers

During the six-month period ended 30 June 2020 revenue from two customers individually exceeded 10% of the Group's total revenue. Revenue from one of the customers accounted for RUB 21,353 million (40% of the Group's total revenue) and is included in the construction and services segments. The other customer contributed RUB 16,539 million (31% of the Group's total revenue) and this revenue is included in the construction segment.

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.

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:

Mln RUB	For the six months ended 30 June	
	2020	2019
Revenue from contracts for construction of:		
bridges and highways	42 665	43 761
railway infrastructure facilities	2 290	1 998
airfields and airports	1 415	3 703
other facilities	654	1 355
Total revenue from construction contracts	47 024	50 817
Revenue from maintenance and repair of roads	5 964	6 142
Other revenue	144	231
Total revenue	53 132	57 190

Revenue from construction contracts refers to Construction segment. Revenue from contracts on provision of maintenance and repair of roads services refers to Services segment.

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 based on the geographical location of construction sites:

Mln RUB	For the six months ended 30 June	
	2020	2019
Central Federal District	38 843	41 218
Southern Federal District	4 321	5 842
Far Eastern Federal District	3 144	2 820
Volga Federal District	541	576
Northwestern Federal District	150	108
Siberian Federal District	25	253
Total revenue from construction contracts	47 024	50 817

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

Mln RUB	For the six months ended 30 June	
	2020	2019
Central Federal District	5 075	5 507
Southern Federal District	525	328
Northwestern Federal District	364	307
Total revenue from maintenance and repair of roads	5 964	6 142

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

Mln RUB	30 June 2020	31 December 2019
Amounts due from customers on construction contracts include:		
Customers' receivables	21 100	22 959
Contract assets	17 076	11 484
Contract liabilities	(36 943)	(45 504)
	1 233	(11 061)

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 2020 was impacted by an impairment of RUB 37 million (31 December 2019: RUB 29 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.

As at 30 June 2020 amounts due from customers on construction contracts included retentions in the amount of RUB 6,295 million (31 December 2019: RUB 5,868 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
Revenue recognised during the period less revenue recognised in the contract liability at the beginning of the period	25 133	-
Transfers from contract assets to receivables	(19 737)	-
Revenue recognised in the contract liability at the beginning of the period	-	21 891
Cash inflow, excluding amounts recognised as revenue during the period	-	(14 071)
Change in revenue recognised for the period from obligations fulfilled (partially fulfilled) in previous periods	204	741
Change in allowance for impairment	(8)	-
	5 592	8 561

Performance obligations on construction contracts remaining as at 30 June 2020 are amounted to RUB 324,173 million, RUB 300,726 million of which relate to the contracts, rights and obligations under which are planned for transfer to the spin-off legal entity (31 December 2019: RUB 280 414 million).

7 Cost of sales

Mln RUB	For the six months ended 30 June	
	2020	2019
Services of subcontractors	14 741	16 321
Materials	11 902	9 788
Personnel expenses	9 640	9 883
Labor, transport, machinery and equipment received	2 089	2 582
Depreciation and amortisation	2 048	1 740
Bank guarantees costs	931	798
Design works	392	499
Insurance	349	556
Other	4 091	3 948
	46 183	46 115

8 Administrative expenses

Mln RUB	For the six months ended 30 June	
	2020	2019
Personnel expenses	3 654	3 577
Services provided by third parties	727	477
Depreciation and amortisation	219	187
Taxes other than income tax	135	112
Materials	118	118
Social expenses	92	75
Insurance	76	69
Business trip expenses	32	64
Rent expense	26	72
Other administrative expenses	178	183
	5 257	4 934

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

Mln RUB	For the six months ended 30 June	
	2020	2019
Recognised in profit or loss:		
Net change in fair value of loans provided to equity-accounted investees	369	307
Interest income on bank deposits	239	79
Interest income on long-term investment contracts	208	1 243
Interest income on loans given	27	36
Effect of discounting financial assets	13	123
Foreign exchange gain	-	3
Total finance income	856	1 791
Interest expense on borrowings	(2 484)	(2 053)
Interest expense on leases	(225)	(274)
Effect of discounting financial liabilities	(195)	(301)
Non-controlling interests	-	(31)
Total finance costs	(2 904)	(2 659)
Net finance costs recognised in profit or loss for the period	(2 048)	(868)

10 Deferred tax assets

As at 30 June 2020 the Group recognised deferred tax asset in the amount of RUB 1,842 million in respect of tax loss carry-forwards. As disclosed in Note 1, the shareholders of the Company approved the decision on the restructuring of the Company in the form of a spin-off. As result, the Company might not be able to generate a sufficient amount of taxable profit in subsequent periods. Due to the uncertainties relating to the restructuring, the necessity and the amount of provision for the deferred tax asset will be assessed after the restructuring during the preparation of the Group's consolidated financial statements for the year 2020.

11 Property, plant and equipment

During the six-month period ended 30 June 2020 the Group acquired property, plant and equipment for a total amount of RUB 1,848 million (six-month period ended 30 June 2019: RUB 1,017 million).

Property, plant and equipment with a carrying amount of RUB 184 million were disposed of by the Group during the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: RUB 61 million) resulting in a gain on disposal of RUB 55 million in the current reporting period (six-month period ended 30 June 2019: gain of RUB 6 million), which is included in 'other income' in the unaudited consolidated interim condensed statement of profit or loss and other comprehensive income.

12 Trade and other receivables

Mln RUB	<u>30 June 2020</u>	<u>31 December 2019</u>
Trade payables	11 342	12 969
Value added tax payable	1 321	7 539
Payables to personnel	3 972	5 149
Taxes payable other than income tax and value added tax	740	960
Other payables and accrued expenses	2 089	2 055
	<u>19 464</u>	<u>28 672</u>
Long-term	1 627	1 501
Short-term	17 837	27 171
	<u>19 464</u>	<u>28 672</u>

13 Inventories

As at 30 June 2020 the work-in-progress included construction costs in the amount of RUB 3,102 million (31 December 2019: RUB 1,711 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.

14 Cash on special accounts

Cash at special accounts in the amount of RUB 21,932 million (31 December 2019: RUB 25,137 million) represents cash received, 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.

15 Dividends

In 2020 profit for 2019 were not distributed for payment of dividends.

16 (Loss)/earnings per share

The calculation of basic loss per share at 30 June 2020 was based on the earnings attributable to the ordinary shareholders of RUB 2,032 million (six-month period ended 30 June 2019: earnings RUB 2 496 million), and a weighted-average number of outstanding ordinary shares in the amount of 278 410 621 (six-month period ended 30 June 2019: 282 215 500), calculated as shown below. The Company does not have dilutive potential ordinary shares.

	For the six months ended 30 June	
	2020	2019
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	278 410 621	282 215 500
(Loss)/profit attributed to shareholders (mln RUB)	(2 060)	2 496
(Loss)/profit attributed to shareholders taking into account the offer to buy back shares (mln RUB)	(2 032)	2 496
Basic and diluted (loss)/earnings per share (RUB)	(7,30)	8,84

17 Loans and borrowings

mln RUB	Liabilities			Total
	Bonds	Other loans and borrowings	Lease liabilities	
Balance at 1 January 2020	7 914	61 604	4 182	73 700
Changes attributable to cash flows from financing activities				
Proceeds from loans and borrowings	-	103 147	-	103 147
Repayment of borrowings	-	(85 919)	-	(85 919)
Payment of lease liabilities	-	-	(1 086)	(1 086)
Interest paid	(399)	(2 164)	(225)	(2 788)
Total changes attributable to cash flows from financing activities	(399)	15 064	(1 311)	13 354
Other changes				
<i>Attributable to obligations</i>				
New lease agreements	-	-	543	543
The effect of discounting	-	(53)	-	(53)
Interest expense	407	2 077	225	2 709
Total other changes attributable to obligations	407	2 024	768	3 199
Balance at 30 June 2020	7 922	78 692	3 639	90 253

mln RUB	Liabilities			Total
	Bonds	Other loans and borrowings	Lease liabilities	
Balance at 31 December 2018	10 446	29 776	4 123	44 345
Impact of adopting IFRS 9 since 1 January 2019	-	-	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)
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				
<i>Liability-related</i>				
New leases	-	-	1 289	1 289
Discount effect	-	(69)	-	(69)
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 2020	31 December 2019
Current liabilities		
Unsecured bonds	387	399
Unsecured bank loans	77 497	24 031
Lease liabilities	1 607	1 852
	<u>80 686</u>	<u>28 055</u>
Non-current liabilities		
Unsecured bank loans	-	35 800
Unsecured bonds	7 535	7 515
Lease liabilities	2 032	2 330
	<u>9 567</u>	<u>45 645</u>
Total loans and borrowings	<u>90 253</u>	<u>73 700</u>

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:

	30 June 2020	31 December 2019
Unsecured bonds	11,1%	11,1%
Unsecured bank loans	7,8%	8,7%
Lease liabilities	12,2%	12,6%

Liquidity Risk

As at the reporting date, the Group breached the terms of loan agreements to maintain several financial ratios. As a result, lenders are entitled to apply penalties and other requirements in accordance with the provisions of loan agreements with banks. As at the reporting date, total outstanding balance of these bank loans amounted to RUB 77,497 million, RUB 29,390 million of which represent long-term loans, which due to such a breach were reclassified to the current liabilities.

The Group is currently in negotiation with the lenders with an aim to revise the terms of loan agreements. The management believes that lenders will not charge fines or apply other requirements for tightening the terms of loan agreements. Furthermore, the undrawn credit facilities under the current agreements on open credit lines amount to RUB 8,262 million. Management believes that current agreements with banks are sufficient to maintain appropriate liquidity in the foreseeable future.

18 Trade and other payable

Mln RUB	<u>30 June 2020</u>	<u>31 December 2019</u>
Trade payables	11 342	12 969
Value added tax payable	1 321	7 539
Payables to personnel	3 972	5 149
Taxes payable other than income tax and value added tax	740	960
Other payables and accrued expenses	2 089	2 055
	<u>19 464</u>	<u>28 672</u>
Long-term	1 627	1 501
Short-term	17 837	27 171
	<u>19 464</u>	<u>28 672</u>

19 Acquisition of non-controlling interests**(a) Acquisition of additional equity interest of non-controlling participants in TSM**

In the beginning of January 2020 the Group increased its ownership interest in TSM from 83.99% to 100% by acquiring an additional 16.01% equity interest for RUB 600 million. The carrying value of TSM's net assets recognised in the consolidated financial statements was RUB 5,126 million at the acquisition date. The Group recognised a decrease in non-controlling interest in the amount of RUB 821 million. The difference between the carrying value of the acquired non-controlling interests and the consideration paid amounted to RUB 221 million. This difference was recorded in the equity since the transaction was carried out with TSM's participants.

20 Related party transactions

(a) Management remuneration

During the six-month period ended 30 June 2020 key management received remuneration in the amount of RUB 1,874 million (six-month period ended 30 June 2019: RUB 1,821 million) of which RUB 1,354 million were included in personnel costs within administrative expenses in the statement of profit or loss for 2019.

(b) Sales

Mln RUB	Transaction value		Outstanding balance as at	
	2020	2019	30 June 2020	31 December 2019
Sale of goods to:				
Equity-accounted investees	-	25	2	45
Other related parties	2	2	16	12
Services rendered to:				
Equity-accounted investees	856	379	(513)	567
Companies related to the Group's shareholders	692	4 544	2 159	3 548
Other related parties	19	17	43	47
	1 569	4 967	1 707	4 219

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 as at	
	2020	2019	30 June 2020	31 December 2019
Purchase of goods from:				
Companies related to the Group's shareholders	6	2	(2)	(1)
Other related parties	49	9	(1)	-
Services received from:				
Equity-accounted investees	575	563	(490)	(563)
Companies related to the Group's shareholders	1 047	445	257	(163)
Other related parties	273	100	107	150
	1 950	1 119	(129)	(577)

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 as at	
	Placement		31 December	
	2020	2019	30 June 2020	2019
Loans given to:				
Equity-accounted investees	20	-	5 593	5 212
	20	-	5 593	5 212

Interest income on loans given to related parties for the reporting period amounted to RUB 359 million (six-month period ended 30 June 2019: RUB 307 million). This loan is recognised at fair value through profit or loss in the financial statements. During the reporting period the Group did not receive interest payments on loans issued to related parties.

Mln RUB	Transaction value				Outstanding balance as at	
	Placement		Repayment		31 December	
	2020	2019	2020	2019	30 June 2020	2019
Loans received from:						
Companies related to the Group's shareholders	-	640	(530)	(1 635)	1 187	1 735
	-	640	(530)	(1 635)	1 187	1 735

Interest expense on loans received from related parties for the reporting period amounted to RUB 34 million (six-month period ended 30 June 2019: RUB 0 million).

During the reporting period the Group did not pay interest on loans received from related parties.

21 Events subsequent to the reporting date

On 7 July 2020 the Board of Directors of PJSC Mostotrest approved the report on the results of the submission of shares for redemption by the Company's shareholders. The Company announced the share repurchase on the basis of the decision of the extraordinary general meeting of the shareholders of PJSC Mostotrest of 18 May 2020 on restructuring of the Company in the form of spin-off of JSC DiM. The shares were repurchased at a price of RUB 220.44 per ordinary share of the Company. In total, 7,820,613 shares were repurchased from shareholders for a total amount of RUB 1,724 million.

Shareholders who did not submit shares for redemption will also become shareholders in JSC DiM, pro rata to their shareholdings according to the Register as at the date of registration of JSC DiM.

As at the reporting date in these unaudited consolidated interim condensed financial statements a reserve for liabilities on acquisition of shares was recognised in the amount of RUB 3,551 million, based on the maximum number of the potential shareholders' claims for redemption of shares at a price of RUB 220.44 per ordinary share of the Company.