

**PJSC MOSENERGO**

**IFRS CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
(UNAUDITED)**

**31 March 2020  
Moscow | 2020**

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**PJSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF 31 MARCH 2020**  
**(in millions of Russian Rubles)**

	Notes	31 March 2020	31 December 2019 (restated)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	280 143	284 612
Investment property		1 785	1 803
Intangible assets		621	580
Investments in associates		22 842	22 700
Accounts receivable and prepayments	7	817	694
Other financial assets	8	13 390	13 294
<b>Total non-current assets</b>		<b>319 598</b>	<b>323 683</b>
<b>Current assets</b>			
Inventories	9	14 877	15 617
Accounts receivable and prepayments	7	44 338	34 279
Income tax receivable		269	397
Cash and cash equivalents	10	11 039	11 658
Other financial assets	8	27 487	27 010
Non current assets held for sale		38	37
<b>Total current assets</b>		<b>98 048</b>	<b>88 998</b>
<b>Total assets</b>		<b>417 646</b>	<b>412 681</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	166 124	166 124
Share premium	11	48 661	48 661
Revaluation reserve	11	153 127	153 210
Accumulated loss and other reserves		(35 688)	(41 545)
<b>Total equity</b>		<b>332 224</b>	<b>326 450</b>
<b>Non-current liabilities</b>			
Borrowings	12	25 376	24 838
Employee benefits		419	413
Accounts payable and other liabilities	13	1 105	1 019
Lease liability	11	4 351	5 438
Deferred tax liabilities	14	37 172	37 529
<b>Total non-current liabilities</b>		<b>68 423</b>	<b>69 237</b>
<b>Current liabilities</b>			
Borrowings	12	1 431	1 125
Accounts payable and other liabilities	13	8 025	10 374
Profit tax payable		457	649
Other taxes payable		4 129	1 959
Lease liability		364	361
Provisions		2 593	2 526
<b>Total current liabilities</b>		<b>16 999</b>	<b>16 994</b>
<b>Total liabilities</b>		<b>85 422</b>	<b>86 231</b>
<b>Total equity and liabilities</b>		<b>417 646</b>	<b>412 681</b>

A.A. Butko  
 Managing director

*29 APRIL* 2020

E.Y. Novenkova  
 Chief Accountant

*29 APRIL* 2020

The accompanying notes on the pages 7 to 25 are an integral part of these condensed interim consolidated financial statements.

**PJSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020**  
**(in millions of Russian Rubles)**

	Notes	Three months ended 31 March	
		2020	2019
Revenue	15	59 799	67 092
Operating expenses	16	(51 474)	(54 437)
Impairment loss on financial assets	16	(1 017)	(170)
<b>Operating profit</b>		<b>7 308</b>	<b>12 485</b>
Finance income	17	902	1 384
Finance expense	17	(1 315)	(202)
Share of profit (loss) of associates		142	(224)
Loss from disposal of equity investments		(3)	-
<b>Profit before profit tax</b>		<b>7 034</b>	<b>13 443</b>
Profit tax expense	14	(1 338)	(2 781)
<b>Profit for the period</b>		<b>5 696</b>	<b>10 662</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified subsequently to profit or loss:			
Gain arising from change in fair value of financial assets measured at fair value through other comprehensive income, net of tax		78	-
<b>Total other comprehensive income that will not be reclassified to profit or loss</b>		<b>78</b>	<b>-</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>78</b>	<b>-</b>
<b>Comprehensive income for the period</b>		<b>5 774</b>	<b>10 662</b>
<b>Profit attributable to:</b>			
Owners of PJSC Mosenergo		5 696	10 662
<b>Comprehensive income attributable to:</b>			
Owners of PJSC Mosenergo		5 774	10 662
<b>Basic and diluted earnings per share for profit attributable to the owners of PJSC Mosenergo (in Russian Rubles)</b>	18	<b>0,143</b>	<b>0,269</b>

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**PJSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020**  
**(in millions of Russian Rubles)**

	Notes	Three months ended 31 March	
		2020	2019 (restated)
<b>Cash flow from operating activities</b>			
Profit before profit tax		7 034	13 443
<b>Adjustments to profit before profit tax</b>			
Amortisation and depreciation	16	5 653	4 451
Impairment loss on financial assets	16	1 017	170
Impairment gain (loss) on non-financial assets	16	(7)	20
Change in provisions	16	67	85
Share of (profit) loss of associates		(142)	224
Loss on disposal of equity investments		3	-
(Gain) loss on disposal of property, plant and equipment		(44)	191
Net finance (income) expense	17	413	(1 182)
Total effect of adjustments		6 960	3 959
Cash flows from operations before working capital changes		13 994	17 402
Change in accounts receivable and prepayments		(10 282)	(9 034)
Change in inventories		818	362
Change in accounts payable and other liabilities		(1 036)	(2 057)
Change in other taxes payables (other than profit tax)		1 290	1 612
Change in employee benefit liabilities		6	(4)
Total effect of working capital changes		(9 204)	(9 121)
Income tax paid		(1 778)	(2 016)
Interest paid		(453)	(143)
<b>Net cash from operating activities</b>		<b>2 559</b>	<b>6 122</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment and intangible assets		(3 758)	(2 977)
Proceeds from sale of property, plant and equipment		60	6
Loans issued		(474)	-
Repayment of loans issued		585	250
Interest received		419	586
<b>Net cash used in investing activities</b>		<b>(3 168)</b>	<b>(2 135)</b>
<b>Cash flow from financing activities</b>			
Repayment of lease liabilities		(17)	(38)
<b>Net cash used in financing activities</b>		<b>(17)</b>	<b>(38)</b>
Effect of foreign exchange rate changes on cash and cash equivalents		7	(15)
<b>Decrease in cash and cash equivalents</b>		<b>(619)</b>	<b>3 934</b>
Cash and cash equivalents at the beginning of the period	10	11 658	16 220
<b>Cash and cash equivalents at the end of the period</b>	10	<b>11 039</b>	<b>20 154</b>

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29 APRIL 2020

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29 APRIL 2020

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**JSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020**  
**(in millions of Russian Rubles)**

	Equity attributable to owners of the PJSC Mosenergo						
	Notes	Share capital	Share premium	Treasury shares	Revaluation reserve	Accumulated loss and other reserves	Total
<b>Balance as of 1 January 2019</b>		<b>166 124</b>	<b>49 213</b>	<b>(871)</b>	<b>104 276</b>	<b>(41 715)</b>	<b>277 027</b>
Profit for the period		-	-	-	-	10 662	10 662
Other comprehensive income (loss):							
Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves		-	-	-	(5)	5	-
<b>Comprehensive income (loss) for the period</b>		-	-	-	<b>(5)</b>	<b>10 667</b>	<b>10 662</b>
<b>Transaction with owners of PJSC Mosenergo</b>							
Dividends declared	11	-	-	-	-	2	2
<b>Balance as of 31 March 2019</b>		<b>166 124</b>	<b>49 213</b>	<b>(871)</b>	<b>104 271</b>	<b>(31 046)</b>	<b>287 691</b>
<b>Balance as of 1 January 2020</b>		<b>166 124</b>	<b>48 661</b>	-	<b>153 210</b>	<b>(41 545)</b>	<b>326 450</b>
Profit for the period		-	-	-	-	5 696	5 696
Other comprehensive income (loss):							
Gain arising from change in fair value of financial assets measured at fair value through other comprehensive income		-	-	-	-	78	78
Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves		-	-	-	(83)	83	-
<b>Comprehensive income (loss) for the period</b>		-	-	-	<b>(83)</b>	<b>5 857</b>	<b>5 774</b>
<b>Balance as of 31 March 2020</b>		<b>166 124</b>	<b>48 661</b>	-	<b>153 127</b>	<b>(35 688)</b>	<b>332 224</b>

A.A. Butko  
 Managing director

*29 APRIL*

2020

E.Y. Novenkova  
 Chief Accountant

*29 APRIL*

2020

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## **1 General information**

### **1.1 Organisation and operations**

Public Joint Stock Company Mosenergo (hereafter referred to as the “PJSC Mosenergo” or the “Company”) was registered and conducts its activities in the Russian Federation.

The primary activities of the Company and its subsidiaries (together referred to as the “Group” or the “Mosenergo Group”) are the production of the generation of heat and electric power, capacity and heat distribution services in Moscow and the Moscow region.

The Group’s electric and heat generation base includes 15 power plants with operational electricity and heat capacity of 12 825 MW and 43 211 GCal/h, respectively.

The Company is registered at the location in the Inspectorate of the Federal Tax Service No. 29 in Moscow, and also as the largest taxpayer in the Interregional Inspectorate of the Federal Tax Service for the largest taxpayers No. 6. PJSC Mosenergo registered office is located at 101/3, Prospekt Vernadskogo, Moscow, 119526, the Russian Federation.

PJSC Mosenergo and its following subsidiaries form the Mosenergo Group:

<b>Name organisation</b>	<b>Nature of business</b>	<b>Percentage of ownership</b>	
		<b>31 March 2020</b>	<b>31 December 2019</b>
LLC Centralny remontno-mekhanicheskiy zavod	Repair and reconstruction services	100,00%	100,00%
LLC Mosenergoproject	Electrical engineering	100,00%	100,00%
LLC Remontproject	Electrical engineering	99,00%	99,00%

### **1.2 Relations with the Government and influence on the Group activities**

At the date of condensed interim consolidated financial statements the Russian Federation owned (both directly and indirectly) over 50% in PJSC Gazprom, through its 100% subsidiary LLC Gazprom energoholding (immediate parent company), which holds 53,49% of PJSC Mosenergo at the 31 March 2020. Thus, PJSC Gazprom is the parent company of the Group and the Russian Federation is the ultimate controlling party of the Group.

The number of consumers of electric and heat generation produced by the Group includes a great number of enterprises controlled by the state or directly related to it. The list of the Group’s major fuel suppliers includes subsidiaries of PJSC Gazprom. The state also controls a number of suppliers of the Group.

The Russian Federation directly affects the Group’s operations through regulations of wholesale electricity (capacity) market and retail heat market by the Federal Antimonopoly Service (the “FAS”) and the executive authorities in the utility rate regulation.

JSC System Operator of the Unified Energy System (SO UES), which is controlled by the Russian Federation through the Federal Agency for State Property Management, regulates operations of generating assets of the Group.

Government policies in the economic, social and other fields can have a significant influence on the Group.

### **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.

### **1.4 Seasonality**

Demand for heat and electric energy produced and sold by the Group is subject to weather conditions and depends on the time of year. The main volume of income from the sale of heat energy falls on the period from October to March. Similarly, although not so explicitly, the main of electricity sales are in the same period. The seasonality of the production of heat and electricity has a corresponding effect on fuel consumption and energy purchases. The seasonality does not impact recognition of income or expenses in the Group.

## **2 Basis of presentation**

This condensed interim consolidated financial information is prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial information 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 (together referred to as the "IFRS"). To improve the presentation, some comparative data in the statements were brought in line with the disclosure of information for the current year.

### **2.1 Adjustments of comparative information**

#### *Consolidated statement of financial position*

For the purposes of a more precise and structured presentation of information, the disclosure for the "31 December 2019" column of the consolidated statement of financial position as of 31 March 2020 is adjusted as follows:

- In order to bring to a unified approach the recognition of assets recognised under service contracts based on the economic substance of these assets, they were reclassified from the articles "Other non-current assets" in the amount of RUB 2 681 million and "Other current assets" in the amount of RUB 2 112 million in the article "Property, plant and equipment";
- In order to bring about a unified approach to reflecting the costs of technological connection, based on the economic nature of these expenses, they were reclassified from the articles "Other non-current assets" in the amount of RUB 6 020 million and "Other current assets" in the amount of RUB 633 million into the article "Property, plant and equipment";
- Advances paid for capital construction in the amount of RUB 2 407 million were reclassified from the article "Advances for assets and construction" to the article "Property, plant and equipment";
- Loans issued in the amount of RUB 9 386 million, including an allowance for impairment in the amount of RUB 1 275 million, were reclassified from "Account receivables and prepayments" to "Other financial assets" in non-current assets and in the amount of RUB 27 010 million to "Other financial assets" in current assets;
- Lease liabilities in the amount of RUB 361 million were allocated from the article "Accounts payable and other liabilities" to a separate article "Lease liability" as a part of short-term liabilities and in the amount of RUB 5 438 million as a separate article as part of long-term liabilities



**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 31 MARCH 2020**  
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The effect of the changes in the consolidated statement of financial position as of 31 December 2019 is set out below.

	<b>31 December 2019</b>		
	<b>Amount before adjustments</b>	<b>Adjust- ments</b>	<b>Amount after adjustments</b>
Property, plant and equipment	270 759	13 853	284 612
Accounts receivable and prepayments	10 080	(9 386)	694
Other financial assets	3 908	9 386	13 294
Advances for assets under construction	2 407	(2 407)	-
Other non-current assets	8 701	(8 701)	-
<b>Total non-current assets</b>	<b>320 938</b>	<b>2 745</b>	<b>323 683</b>
Accounts receivable and prepayments	61 289	(27 010)	34 279
Other financial assets	-	27 010	27 010
Other current assets	2 745	(2 745)	-
<b>Total current assets</b>	<b>91 743</b>	<b>(2 745)</b>	<b>88 998</b>
<b>Total assets</b>	<b>412 681</b>	<b>-</b>	<b>412 681</b>
Accounts payable and other liabilities	6 457	(5 438)	1 019
Lease liability	-	5 438	5 438
<b>Total non-current liabilities</b>	<b>69 237</b>	<b>-</b>	<b>69 237</b>
Accounts payable and other liabilities	10 735	(361)	10 374
Lease liability	-	361	361
<b>Total current liabilities</b>	<b>16 994</b>	<b>-</b>	<b>16 994</b>
<b>Total liabilities</b>	<b>86 231</b>	<b>-</b>	<b>86 231</b>
<b>Total equity and liabilities</b>	<b>412 681</b>	<b>-</b>	<b>412 681</b>

*Consolidated statement of cash flows*

As a result of the above referenced changes, the disclosure for the column “For the three months ended 31 March 2019” of the consolidated statement of cash flows for the three months ended 31 March 2020 are adjusted as follows:

- The change in other current and non-current assets in the amount of RUB 635 million rubles was reclassified from the article “Change in other current and non-current assets” to the article “Amortisation and depreciation” in the amount of RUB 627 million and to the article “Change in accounts payable and other liabilities” in the amount of RUB 8 million.

	<b>Three months ended 31 March 2019</b>		
	<b>Amount before adjustments</b>	<b>Adjust- ments</b>	<b>Amount after adjustments</b>
<b>Cash flow from operating activities</b>			
Amortisation and depreciation	3 816	635	4 451
Change in other current and non-current assets	627	(627)	-
Change in accounts payable and other liabilities	(2 049)	(8)	(2 057)

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

To ensure harmonisation with the accounting policies of the parent company PJSC Gazprom, starting from the reporting period ended 30 June 2019 the Group switched to the preparation of the condensed interim consolidated financial statements, which, in addition, will allow interested users of the financial statements to obtain more reliable and relevant information in order to assess the financial position and financial performance of the Group.

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

- 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;
- Changes 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 1 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 Group has reviewed the abovementioned interpretations and amendments to standards for the preparation of the condensed interim consolidated financial statements. The interpretations and amendments to standards have no significant impact on the Group’s condensed interim consolidated financial statements

## **4 Segment information**

The Board of Directors and Managing Director (hereafter referred to as the “Management”) is the Chief operating decision-maker, which reviews the Group’s internal management report in order to assess performance of the Group and allocate resources.

The operating segments are aggregated into two primary reportable segments - electric and heat energy, which generate revenue from manufacturing and sale of electric and heat energy respectively. The other segments consist of services and products sold by the Group such as rental services, feed water sales and maintenance services.

All reportable segments are located in the Russian Federation.

When evaluating the performance of segments and allocating resources, management analyses the information below, prepared in accordance with IFRS. Differences in items between those reported in the segment information and those reported in the Group’s condensed interim consolidated financial statements are due to the unallocated items of income and expense (such as financial income and expense, share of income (loss) of associates, profit tax) that cannot be directly allocated to identifiable reportable segments as these are managed on an overall group basis.

Considering that the management responsible for decision-making does not review assets and liabilities by each reportable segment coupled with lack of technical capabilities to present such information, the Group does not disclose assets and liabilities by segments.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**4.1 Financial results of segments**

The segment information for the three months ended 31 March 2020 and 31 March 2019 is as follows:

	Notes	Electric energy	Heat energy	All other segments	Total	Intra-group transactions	Total
<b>Three months ended 31 March 2020</b>							
<b>Revenue</b>		<b>30 116</b>	<b>29 157</b>	<b>707</b>	<b>59 980</b>	<b>(181)</b>	<b>59 799</b>
Revenue from external customers	15	30 116	29 150	533	59 799	-	<b>59 799</b>
Intra-group revenue		-	7	174	181	(181)	-
<b>Segment financial result</b>		<b>7 772</b>	<b>263</b>	<b>(657)</b>	<b>7 378</b>	<b>-</b>	<b>7 378</b>
Depreciation and amortisation	16	(2 197)	(3 059)	(397)	(5 653)	-	<b>(5 653)</b>
Impairment loss on financial assets	16	(389)	(352)	(276)	(1 017)	-	<b>(1 017)</b>
<b>Three months ended 31 March 2019</b>							
<b>Revenue</b>		<b>33 658</b>	<b>32 842</b>	<b>756</b>	<b>67 256</b>	<b>(164)</b>	<b>67 092</b>
Revenue from external customers	15	33 658	32 835	599	67 092	-	<b>67 092</b>
Intra-group revenue		-	7	157	164	(164)	-
<b>Segment financial result</b>		<b>10 265</b>	<b>2 468</b>	<b>(82)</b>	<b>12 651</b>	<b>-</b>	<b>12 651</b>
Depreciation and amortisation	16	(1 718)	(2 364)	(369)	(4 451)	-	<b>(4 451)</b>
Impairment gain (loss) on financial assets	16	(347)	96	81	(170)	-	<b>(170)</b>

Reconciliation of the segment financial result to the profit before profit tax in the consolidated statement of comprehensive income for the three months ended 31 March 2020 and 31 March 2019 is provided as follows:

	Notes	Three months ended 31 March	
		2020	2019
Segment result for reportable segments		8 035	12 733
Segment result for other segments		(657)	(82)
<b>Segment financial result</b>		<b>7 378</b>	<b>12 651</b>
Change in provisions	16	(67)	(85)
Net finance income (expense)	17	(413)	1 182
Share of profit (loss) of associates		142	(224)
Other items		(6)	(81)
<b>Profit before profit tax</b>		<b>7 034</b>	<b>13 443</b>

#### **4.2 Core customers**

The revenue presented within the heat energy segment includes the customer with the revenue exceeding 10% of the Group`s revenue for the three months ended 31 March 2020 and amounting to RUB 27 499 million (for the three months ended 31 March 2019 the revenue of the same customer exceeded 10% of the Group`s revenue and amounted to RUB 30 852 million).

The revenue presented within the electric energy segment includes two customers with the total revenue exceeding 10% of the Group`s revenue for the three months ended 31 March 2020 and amounting to RUB 23 156 million (for the three months ended 31 March 2019 the total revenue of the same two customers exceeded 10% of the Group`s revenue and amounted to RUB 26 904 million).

#### **5 Related parties**

In these consolidated financial statements, parties are considered to be related parties, 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.

Transactions with related parties were carried out on terms and conditions similar to transactions with third parties in relation to the Group. Gas and capacity prices are based on tariffs set by the Federal Antimonopoly Service and competitive selections on the wholesale electricity (capacity) market. Loans and borrowings are provided on market conditions. Bank deposits are placed on market conditions.

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

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**5.1 Transactions with Gazprom Group and its associates**

The Group's transactions and balances outstanding with Gazprom Group and its associates are detailed below:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Transactions with related parties</b>		
<b>Revenue</b>	<b>29 345</b>	<b>32 853</b>
Heat energy	27 757	31 119
Electric energy	1 237	1 319
Other revenue	351	415
<b>Operating expenses</b>	<b>(30 204)</b>	<b>(35 427)</b>
Fuel	(28 509)	(33 690)
Repair, maintenance and service	(808)	(715)
Heat transmission	(184)	(253)
Purchased electricity and capacity	(314)	(330)
Rent	(6)	(6)
Transportation services	(83)	(78)
Cleaning services	(75)	(82)
Insurance expenses excluding medical insurance	(53)	(52)
Medical insurance included in staff costs	(51)	(51)
Agency fee	(41)	(42)
Security and fire safety	(33)	(27)
Other professional services	(127)	(124)
Other operating income	80	23
<b>Finance income</b>	<b>809</b>	<b>376</b>
Interest income on bank deposits and cash balances on current accounts	95	-
Effect of discounting financial instruments	71	71
Interest income on loans issued	643	305
<b>Finance expense</b>	<b>(401)</b>	<b>(49)</b>
Interest expense on borrowings	(345)	-
Lease interest expense	(56)	(49)
<b>Purchase of non-current and current assets</b>	<b>1 161</b>	<b>1 348</b>
Purchase of property, plant and equipment	1 058	586
Purchase of other assets	103	762
<b>Other transactions</b>		
Impairment gain on financial assets	-	46
	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
<b>Balances outstanding with related parties</b>		
Long-term financial assets	12 125	11 810
Short-term financial assets	27 487	27 010
Long-term accounts receivable and prepayments	295	473
Short-term accounts receivable and prepayments	29 413	24 304
Provision impairment loss on short-term receivables	(235)	(254)
Cash and cash equivalents	252	11 460
Advances for assets under construction	2 059	2 247
<b>Total assets</b>	<b>71 396</b>	<b>77 050</b>
Long-term borrowings	(22 700)	(22 700)
Short-term borrowings	(22)	-
Long-term accounts payable and other liabilities	(1 141)	(900)
Short-term accounts payable and other liabilities	(2 171)	(4 068)
Long-term lease liability	(2 083)	(2 149)
Short-term lease liability	(253)	(248)
<b>Total liabilities</b>	<b>(28 370)</b>	<b>(30 065)</b>

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**5.2 Transactions with other state-controlled entities**

Information below excludes transactions and outstanding balances with Gazprom Group and its associates as disclosed in Note 5.1.

The Group's transactions and balances outstanding with other state-controlled entities are detailed below:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Transactions with related parties</b>		
<b>Revenue</b>	<b>7 387</b>	<b>7 504</b>
Electric energy	6 868	6 919
Heat energy	449	520
Other revenue	70	65
<b>Operating expenses</b>	<b>(868)</b>	<b>(924)</b>
Electricity market administration fees	(392)	(379)
Other materials	(261)	(296)
Rent	(5)	(9)
Security and fire safety	(129)	(124)
Fuel	(44)	(44)
Purchased electricity and capacity	(2)	(37)
Other professional services	(38)	(44)
Fines, penalties and compensation for breach of contract terms	5	-
Other operating income	(2)	9
<b>Finance income</b>	<b>59</b>	<b>215</b>
Interest income on bank deposits and cash balances on current accounts	56	210
Effect of discounting financial instruments	3	5
<b>Finance expense</b>	<b>(69)</b>	<b>(106)</b>
Foreign exchange loss	-	(15)
Lease interest expense	(69)	(91)
<b>Other transactions</b>		
Impairment gain (loss) on financial assets	(167)	1 220
	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
<b>Balances outstanding with related parties</b>		
Long-term accounts receivable and prepayments	392	64
Provision impairment loss on long-term receivables	(104)	-
Short-term accounts receivable and prepayments	15 413	15 352
Provision impairment loss on short-term receivables	(12 470)	(12 453)
Cash and cash equivalents	10 723	96
Advances for assets under construction	3	4
<b>Total assets</b>	<b>13 957</b>	<b>3 063</b>
Short-term accounts payable and other liabilities	(1 326)	(1 384)
Long-term lease liability	(2 135)	(3 143)
Short-term lease liability	(74)	(95)
<b>Total liabilities</b>	<b>(3 535)</b>	<b>(4 622)</b>

Some of the transactions on the wholesale electricity and capacity market OREM are conducted through commission agreements with JSC FSC. Current financial system of JSC FSC does not provide the final counterparty with automated information about transactions and outstanding balances with the ultimate consumers. State-controlled entities and Gazprom Group and its associates may also act as counterparties.

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The Group's transactions and balances outstanding with JSC FSC are detailed below:

<i>Transactions with related parties</i>	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	<b>18 516</b>	<b>22 155</b>
Electric energy	18 516	22 155
<b>Expenses</b>	<b>(2 609)</b>	<b>(2 890)</b>
Purchased electricity and capacity	(2 609)	(2 890)

<i>Balances outstanding with related parties</i>	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Short-term accounts receivable and prepayments	4 976	2 647
Provision impairment loss on short-term receivables	(5)	(2)
<b>Total assets</b>	<b>4 971</b>	<b>2 645</b>
Short-term accounts payable and other liabilities	(759)	(420)
<b>Total liabilities</b>	<b>(759)</b>	<b>(420)</b>

### 5.3 Transactions with associates

The Group's transactions and balances outstanding with associates are detailed below:

<i>Transactions with related parties</i>	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	<b>689</b>	<b>728</b>
Heat energy	605	711
Other revenue	84	17
<b>Operating expenses</b>	<b>(8)</b>	<b>(10)</b>
Heat transmission	(8)	(10)
<b>Finance income</b>	<b>21</b>	<b>34</b>
Finance income	21	34
<b>Other transactions</b>		
Impairment loss on financial assets	(719)	-

<i>Balances outstanding with related parties</i>	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Long-term accounts receivable and prepayments	1 275	1 275
Provision impairment loss on long-term receivables	(1 275)	(1 275)
Short-term accounts receivable and prepayments	3 542	2 830
Provision impairment loss on short-term receivables	(3 542)	(2 823)
<b>Total assets</b>	<b>-</b>	<b>7</b>

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**5.4 Contractual obligations for the construction of property, plant and equipment**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Gazprom Group and its associates	5 277	4 650
<b>Total</b>	<b>5 277</b>	<b>4 650</b>

**5.5 Transactions with key management and managing organisation**

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, as well as members of the Management Committee of the Company until the transfer of the powers of the sole executive body to the managing organisation of LLC Gazprom energoholding under the contract dated 21.05. 2015 № 2-02/1830, for the performance by them of their duties in their posts on an ongoing basis and consisted of a monthly salary, premium, accrued on these taxes and other obligatory payments into the corresponding budgets, health insurance costs. After the transfer of the powers of the sole executive body, the remuneration of the managing organisation is included in the total amount of short-term remuneration for the services of key management personnel.

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<i>Transactions with related parties</i>		
Wages and salaries	10	9
Social taxes and contributions	2	2
<b>Total</b>	<b>12</b>	<b>11</b>

There are no outstanding balances as of 31 March 2020 and as of 31 December 2019 for transactions with key management.

Remuneration to managing organisation LLC Gazprom energoholding for the three months ended 31 March 2020 was in the amount of RUB 33 million (for three months ended 31 March 2019: RUB 33 million).



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**6 Property, plant and equipment**

	<b>ROUA</b>	<b>B&amp;C</b>	<b>M&amp;E</b>	<b>TN</b>	<b>Other</b>	<b>CIP</b>	<b>Total</b>
<b>Revalued amount</b>							
<b>Balance as of 1 January 2019</b>	<b>5 459</b>	<b>128 463</b>	<b>149 239</b>	<b>13 179</b>	<b>23 783</b>	<b>22 356</b>	<b>342 479</b>
Additions	-	-	4	-	27	2 090	2 121
Disposals	-	(10)	(255)	(180)	(23)	(49)	(517)
Transfers	-	234	919	-	644	(1 797)	-
Transfer from (to) other accounts	-	16	-	-	-	-	16
<b>Balance as of 31 March 2019</b>	<b>5 459</b>	<b>128 703</b>	<b>149 907</b>	<b>12 999</b>	<b>24 431</b>	<b>22 600</b>	<b>344 099</b>
<b>Balance as of 1 January 2020</b>	<b>5 955</b>	<b>124 690</b>	<b>97 597</b>	<b>12 041</b>	<b>18 534</b>	<b>26 298</b>	<b>285 115</b>
Additions	-	-	-	1	1	2 218	2 220
Effect of leases modification	(1 020)	-	-	-	-	-	(1 020)
Disposals	-	-	(48)	(2)	(8)	(49)	(107)
Transfers	-	250	768	-	52	(1 070)	-
Transfer from (to) other accounts	-	13	-	-	1	-	14
<b>Balance as of 31 March 2020</b>	<b>4 935</b>	<b>124 953</b>	<b>98 317</b>	<b>12 040</b>	<b>18 580</b>	<b>27 397</b>	<b>286 222</b>
<b>Depreciation and impairment loss</b>							
<b>Balance as of 1 January 2019</b>	<b>(40)</b>	<b>(39 080)</b>	<b>(57 152)</b>	<b>(2 031)</b>	<b>(10 701)</b>	<b>(712)</b>	<b>(109 716)</b>
Depreciation charge	(117)	(1 107)	(2 447)	(307)	(417)	-	(4 395)
Transfers	-	-	(10)	-	(20)	30	-
Disposals	-	1	49	19	10	68	147
Transfer from (to) other accounts	-	(5)	-	-	-	-	(5)
<b>Balance as of 31 March 2019</b>	<b>(157)</b>	<b>(40 191)</b>	<b>(59 560)</b>	<b>(2 319)</b>	<b>(11 128)</b>	<b>(614)</b>	<b>(113 969)</b>
<b>Balance as of 1 January 2020</b>	<b>(503)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(503)</b>
Depreciation charge	(127)	(1 478)	(3 096)	(279)	(630)	-	(5 610)
Transfers	-	-	(99)	-	-	99	-
Disposals	-	-	32	-	2	-	34
<b>Balance as of 31 March 2020</b>	<b>(630)</b>	<b>(1 478)</b>	<b>(3 163)</b>	<b>(279)</b>	<b>(628)</b>	<b>99</b>	<b>(6 079)</b>
<b>Net book value</b>							
Balance as of 1 January 2019	<b>5 419</b>	<b>89 383</b>	<b>92 087</b>	<b>11 148</b>	<b>13 082</b>	<b>21 644</b>	<b>232 763</b>
Balance as of 31 March 2019	<b>5 302</b>	<b>88 512</b>	<b>90 347</b>	<b>10 680</b>	<b>13 303</b>	<b>21 986</b>	<b>230 130</b>
Balance as of 1 January 2020	<b>5 452</b>	<b>124 690</b>	<b>97 597</b>	<b>12 041</b>	<b>18 534</b>	<b>26 298</b>	<b>284 612</b>
Balance as of 31 March 2020	<b>4 305</b>	<b>123 475</b>	<b>95 154</b>	<b>11 761</b>	<b>17 952</b>	<b>27 496</b>	<b>280 143</b>
<b>Net book value of property, plant and equipment had no revaluation taken place</b>							
Balance as of 1 January 2019	<b>5 419</b>	<b>51 700</b>	<b>72 457</b>	<b>10 922</b>	<b>11 663</b>	<b>21 827</b>	<b>173 988</b>
Balance as of 31 March 2019	<b>5 302</b>	<b>51 288</b>	<b>71 185</b>	<b>10 487</b>	<b>11 922</b>	<b>21 756</b>	<b>171 940</b>
Balance as of 1 January 2020	<b>5 452</b>	<b>50 262</b>	<b>70 006</b>	<b>9 681</b>	<b>11 756</b>	<b>26 146</b>	<b>173 303</b>
Balance as of 31 March 2020	<b>4 305</b>	<b>50 062</b>	<b>68 490</b>	<b>9 487</b>	<b>11 560</b>	<b>27 241</b>	<b>171 145</b>

Abbreviations used in the headings of the table above are as follows: ROUA – right-of-use assets, B&C-buildings and constructions, M&E - machinery and equipment, TN - transmission networks, CIP - construction in progress.

As of 31 March 2019 property, plant and equipment included right-of-use assets with carrying amount of RUB 4 305 million, related mainly to land and office buildings.

The class “Other” includes land, motor vehicles, computer equipment, office supplies and other equipment.

Property, plant and equipment of the Group are not burdened with collateral obligations.

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**7 Accounts receivable and prepayments**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Trade receivables	336	-
Accounts receivable on investments	326	410
Other receivables	192	222
Allowance for impairment loss on non-financial assets	(104)	-
<b>Total financial assets</b>	<b>750</b>	<b>632</b>
Other receivables	67	62
<b>Total non-financial assets</b>	<b>67</b>	<b>62</b>
<b>Total non-current assets</b>	<b>817</b>	<b>694</b>
Trade receivables	50 970	42 573
Accounts receivable on investments	2 784	2 784
Accounts receivable from sale of property, plant and equipment	969	786
Other receivables	1 184	1 312
Allowance for impairment loss on financial assets	(17 397)	(16 545)
<b>Total financial assets</b>	<b>38 510</b>	<b>30 910</b>
Advances to suppliers and prepaid expenses	4 294	2 699
VAT recoverable	184	161
Tax prepayments other than income tax	2 156	1 300
Other receivables	651	674
Allowance for impairment loss on financial assets	(1 457)	(1 465)
<b>Total non-financial assets</b>	<b>5 828</b>	<b>3 369</b>
<b>Total current assets</b>	<b>44 338</b>	<b>34 279</b>

Allowance for impairment loss on financial and non-financial assets includes allowance for impairment loss on trade receivables (31 March 2020: RUB 17 501 million, 31 December 2019: RUB 16 545 million), other receivables (31 March 2020: RUB 606 million, 31 December 2019: RUB 614 million) advances paid to suppliers (31 March 2020: RUB 851 million, 31 December 2019: RUB 851 million).

**8 Other financial assets**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Loan issued	10 880	10 660
Impairment loss on loans issued	(1 275)	(1 275)
Equity instruments measured at FVTOCI	3 785	3 909
<b>Total non-current assets</b>	<b>13 390</b>	<b>13 294</b>
Loan issued	27 487	27 010
<b>Total current assets</b>	<b>27 487</b>	<b>27 010</b>

Financial assets measured at fair value through other comprehensive income include the following:

	<b>31 March 2020</b>	<b>31 December 2019</b>
LLC GAZEKS-Management		
Share in equity	33,33%	33,33%
Fair value	1 485	1 485
PJSC OGK-2		
Share in equity	3,89%	3,89%
Fair value	2 424	2 424

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With regard to equity investments in LLC GAZEKS-Management, the management estimated that the Group does not have a significant influence on this company based on the following factors:

- The Group does not have any representative in the Board of Directors and does not have a right to appoint them;
- The Group does not participate in policy-making decisions including participate in managerial decisions;
- The Group does not enter into significant transactions, there is no interchange of managing personnel between the PJSC Mosenergo and LLC GAZEKS-Management and there is no sharing of technical information between the companies.

## 9 Inventories

	<b>31 March 2020</b>	<b>31 December 2019</b>
Materials and supplies	1 780	1 756
Spare parts	6 608	6 523
Fuel	6 858	7 731
Other supplies	77	56
	<b>15 323</b>	<b>16 066</b>
Allowance for inventory obsolescence	(446)	(449)
<b>Total</b>	<b>14 877</b>	<b>15 617</b>

As of 31 March 2020 the allowance for inventory obsolescence was amount RUB 446 million (31 December 2019: RUB 449 million).

As of 31 March 2020 and as of 31 December 2019 the Group does not have pledged inventories.

## 10 Cash and cash equivalents

	<b>31 March 2020</b>	<b>31 December 2019</b>
Cash on hand and bank balances	1 045	118
Deposits with original maturity of three months or less	9 994	11 540
<b>Total cash and cash equivalents</b>	<b>11 039</b>	<b>11 658</b>

As of 31 March 2020 and 31 December 2019 the Group had no arrested cash amounts.

## **11 Equity**

### **11.1 Share capital and share premium**

As of 31 March 2020 and 31 December 2019 the declared share capital comprised 39 749 359 700 ordinary shares of RUB 1 par value each. All issued ordinary shares are fully paid.

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

Share premium amounted to RUB 48 661 million includes excess of the cash proceeds from the issue of share capital over its par value amounted to RUB 49 220 million net of the transaction costs amounted to RUB 7 million, and a negative result from the subsequent sale of treasure shares amounted to RUB 552 million.

### **11.2 Treasury shares**

Treasury shares as of 31 March 2020 and 31 December 2019 are realised completely.

### **11.3 Dividends**

On 13 June 2019 the Annual General Shareholders' Meeting of the PJSC Mosenergo made the decision to pay dividends for the results of Group's activity for 2018. The amount of declared dividends on the issuer shares was RUB 0, 21004 per share, total amount of dividends is RUB 8 320 million. The amount of unclaimed dividends for the result of financial years 2013 to 2014 is RUB 13 million.

On 31 May 2018 the Annual General Shareholders' Meeting of the PJSC Mosenergo made the decision to pay dividends for the results of Group's activity for 2017. The amount of declared dividends on the issuer shares was RUB 0,16595 per share, total amount of dividends is RUB 6 573 million. The amount of unclaimed dividends for the result of financial years 2012 to 2013 is RUB 7 million.

### **11.4 Revaluation reserve**

As of 31 March 2020 in the line "Revaluation reserve" there were disclosed revaluation reserve for property, plant and equipment in the amount of RUB 153 127 million (as of 31 December 2019: RUB 153 210 million).

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## 12 Borrowings

	<b>31 March 2020</b>	<b>31 December 2019</b>
Bank borrowings	25 376	24 838
<b>Total long-term borrowings</b>	<b>25 376</b>	<b>24 838</b>
Current portion of long-term bank borrowings	1 431	1 125
<b>Total short-term borrowings</b>	<b>1 431</b>	<b>1 125</b>

The terms and conditions of outstanding liabilities at the reporting date are as follows:

	<b>Cur rency</b>	<b>Effective interest rate</b>	<b>Year of matu</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
BNP Paribas S.A.	EUR	EURIBOR 6M+2,00%	2022	4 085	3 263
Bank GPB (JSC)	RUB	6,25%	2022	22 722	22 700
<b>Total</b>				<b>26 807</b>	<b>25 963</b>

## 13 Accounts payable and other liabilities

	<b>31 March 2020</b>	<b>31 December 2019</b>
Accounts payable for acquired property, plant and equipment	1 105	1 019
<b>Total financial liabilities</b>	<b>1 105</b>	<b>1 019</b>
<b>Total non-current liabilities</b>	<b>1 105</b>	<b>1 019</b>
Trade payables	3 541	4 919
Accounts payable for acquired property, plant and equipment	1 820	3 040
Dividends payable	77	78
Other payables	1 875	1 600
<b>Total financial liabilities</b>	<b>7 313</b>	<b>9 637</b>
Liabilities from contracts with customers	635	652
Other payables	77	85
<b>Total non-financial liabilities</b>	<b>712</b>	<b>737</b>
<b>Total current liabilities</b>	<b>8 025</b>	<b>10 374</b>

## 14 Profit tax

### 14.1 Components of profit tax

	<b>2020</b>	<b>2019</b>
<b>Three months ended 31 March</b>		
Current profit tax expense	(1 714)	(2 536)
Adjustments to current profit tax of previous periods	-	(195)
Deffered profit tax income (expense)	376	(50)
<b>Profit tax expense</b>	<b>(1 338)</b>	<b>(2 781)</b>

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**14.2 Tax effects of taxable and deductible temporary differences**

Tax effects of taxable and deductible temporary differences for the three months ended 31 December 2020 and 31 December 2019 are as follows:

	<b>Opening balance</b>	<b>Effect of new standards</b>	<b>Recog- nised in P/L<sup>1)</sup></b>	<b>Recog- nised in OCI<sup>2)</sup></b>	<b>Closing balance</b>
<b>Three months ended 31 March 2020</b>					
Property, plant and equipment	(40 361)	-	530	-	(39 831)
Investment property	(215)	-	-	-	(215)
Other financial assets	401	-	7	(19)	389
Accounts receivable and prepayments	535	-	166	-	701
Non current assets held for sale	18	-	1	-	19
Accounts payable and other liabilities	71	-	(125)	-	(54)
Lease liability	1 137	-	(218)	-	919
Employee benefit liabilities	82	-	1	-	83
Tax losses carried forward	146	-	6	-	152
Provisions	678	-	-	-	678
Borrowings	(19)	-	7	-	(12)
Other current and non-current assets	(2)	-	1	-	(1)
<b>Total</b>	<b>(37 529)</b>	<b>-</b>	<b>376</b>	<b>(19)</b>	<b>(37 172)</b>
<b>Three months ended 31 March 2019</b>					
Property, plant and equipment	(29 966)	(1 052)	179	-	(30 839)
Investment property	(146)	-	(2)	-	(148)
Other financial assets	353	-	-	-	353
Accounts receivable and prepayments	(251)	-	(107)	-	(358)
Non current assets held for sale	33	-	4	-	37
Accounts payable and other liabilities	144	-	(110)	-	34
Lease liability	-	1 052	27	-	1 079
Employee benefit liabilities	59	-	(1)	-	58
Tax losses carried forward	145	-	4	-	149
Provisions	658	-	-	-	658
Borrowings	11	-	(37)	-	(26)
Other current and non-current assets	9	-	(7)	-	2
<b>Total</b>	<b>(28 951)</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>(29 001)</b>

<sup>1)</sup>P/L – profit or loss, <sup>2)</sup>OCI – other comprehensive income.

**15 Revenue**

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Electricity and power	30 116	33 658
Heat energy	29 150	32 835
Other revenue	533	599
<b>Total</b>	<b>59 799</b>	<b>67 092</b>

Other revenue was primarily received from rental services, feed water sales and maintenance services.

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**16 Operating expenses**

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Fuel	36 137	40 923
Amortisation and depreciation	5 653	4 451
Employee benefits	3 083	3 016
Purchased electricity and capacity	2 923	3 263
Repair, maintenance and service	1 054	1 003
Taxes other than profit tax	507	(417)
Other materials	501	515
Electricity market administration fees	399	386
Security and fire safety	249	233
Transportation services	123	120
Heat transmission	198	271
Software and maintenance	108	99
Cleaning services	96	105
Consulting, legal and audit services	70	23
Change in provisions	67	85
Insurance expenses excluding medical insurance	53	52
Agency fee	44	42
Rent	13	27
Reversal of impairment loss (loss) on non-financial assets	(7)	20
Fines, penalties and compensation for breach of contract terms	(22)	(15)
(Gain) loss on disposal of property, plant and equipment	(44)	191
Other professional services	225	178
Other operating loss (income)	44	(134)
<b>Total operating expenses</b>	<b>51 474</b>	<b>54 437</b>

Impairment loss (reversal of impairment loss) on assets and change in provisions are presented below.

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Impairment loss on trade receivables	(1 017)	(170)
<b>Total impairment loss on financial assets</b>	<b>(1 017)</b>	<b>(170)</b>
Charge for allowance for inventory obsolescence	3	-
Charge for allowance for other receivables	4	(20)
<b>Total impairment loss on non-financial assets</b>	<b>7</b>	<b>(20)</b>
Change in tax provision	(67)	(85)
<b>Total change in provisions</b>	<b>(67)</b>	<b>(85)</b>

For the three months ended 31 March 2020 the average number of employees of the Group was 8 730 (for the three months ended 31 March 2019: 8 476).

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**(UNAUDITED) 31 MARCH 2020**  
**(in millions of Russian Rubles)**

**17 Finance income and expense**

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Interest income on bank deposits and cash balances on current accounts	152	426
Foreign exchange gain	6	436
Interest income on loans issued	664	358
Other interest income	80	164
<b>Total finance income</b>	<b>902</b>	<b>1 384</b>
Interest expense on borrowings	(360)	(21)
Foreign exchange loss	(808)	(15)
Lease interest expense	(130)	(146)
Other interest expense	(17)	(20)
<b>Total finance expense</b>	<b>(1 315)</b>	<b>(202)</b>

**18 Basic and diluted earnings per share, attributable to PJSC Mosenergo**

Earnings per share attributable to owners of PJSC Mosenergo have been calculated by dividing the profit for the period, attributable to the owners of PJSC Mosenergo by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (Note 12.2). The calculation of earnings per share is presented in the table below.

	<b>2020</b>	<b>2019</b>
<b>Three months ended 31 March</b>		
Issued shares (thousand of pieces)	39 749 360	39 749 360
Effect of treasury shares (thousand of pieces)	-	(140 229)
Weighted average number of ordinary shares (thousand of pieces)	39 749 360	39 609 131
Profit attributable to the owners of PJSC Mosenergo (in RUB mln)	5 696	10 662
Profit per ordinary share (basic and diluted) (in Russian Roubles)	<b>0,143</b>	<b>0,269</b>

As of 31 March 2020 and 31 December 2019 there are no dilutive financial instruments outstanding in the Group.

**19 Unrecognised contractual commitments**

**19.1 Capital commitments**

As of 31 March 2020 the Group was involved in a number of contracts for construction and purchase of property, plant and equipment for RUB 8 476 million (31 December 2019: RUB 6 748 million).

**19.2 Taxation**

The Russian Federation tax legislation is subject to varying interpretation and changes, which can occur frequently. The management's interpretation of legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise.



## **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 months ended 31 March 2020 (31 December 2019: there was no change). There were no transfers between levels for the three months ended 31 March 2019 (31 December 2019: there were no transfers).

As of 31 March 2020 and 31 December 2019 the Group had the following assets that are measured at fair value:

	Note	Level 1	Level 2	Level 3	Total
<b>Balance as of 31 March 2020</b>					
Financial assets at FVTOCI	8	2 423	-	1 485	<b>3 908</b>
<b>Balance as of 31 December 2019</b>					
Financial assets at FVTOCI	8	-	-	3 909	<b>3 909</b>

As of 31 March 2020 and 31 December 2019 the estimated fair value of financial assets and liabilities not recognised at fair value in the condensed interim consolidated statement of financial position is close to their carrying amount.