

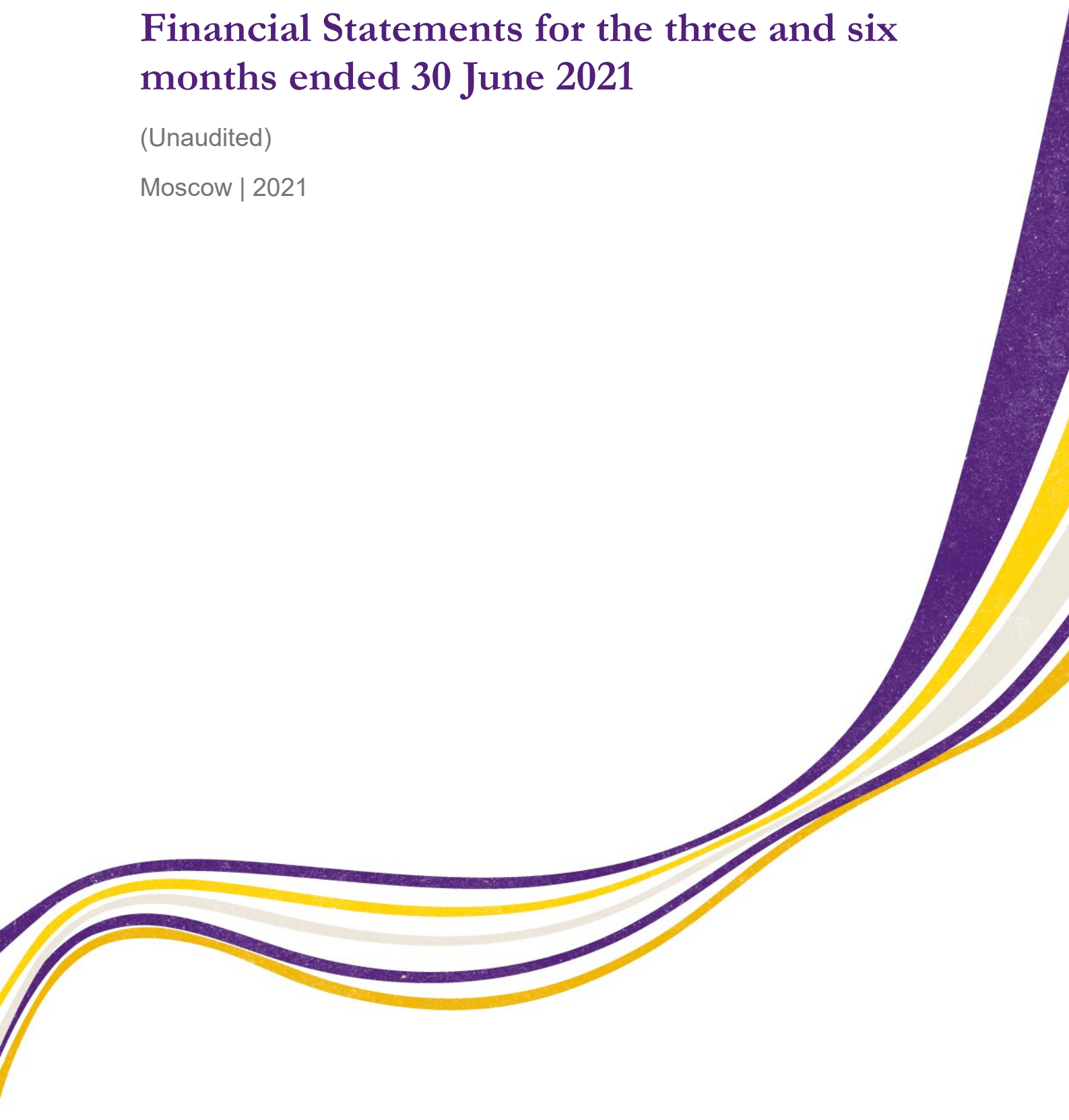
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PJSC MIPS

IFRS Condensed Interim Consolidated Financial Statements for the three and six months ended 30 June 2021

(Unaudited)

Moscow | 2021



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Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders of Public Joint Stock Company “Moscow Integrated Power Company”

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Public Joint Stock Company “Moscow Integrated Power Company” (PJSC MIPC) and its subsidiaries (the “Group”) as at 30 June 2021 and the related condensed interim consolidated statement of comprehensive income for the three and six months ended 30 June 2021, the condensed interim consolidated statements of cash flows and changes in equity for the six months ended 30 June 2021, and notes to the condensed interim consolidated financial statements (the “condensed interim consolidated financial statements”).

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at 30 June 2021 and for the six months then ended are not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

Engagement partner



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

Date of the Report on Review

12 August 2021



Audited entity

Name:

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

Address of the legal entity within its location:

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

State registration:

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

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

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

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

State registration:

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

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

Membership in a self-regulatory organization of auditors:

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

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

PJSC MIPC
Condensed Interim Consolidated Statement of Financial Position
as at 30 June 2021 (unaudited)
(in millions of Russian Rubles)

	Note	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	225,212	220,310
Intangible assets		1,219	1,509
Accounts receivable and prepayments	7	10,614	8,297
Deferred tax assets	13	1,711	2,106
Financial assets	8	902	874
Total non-current assets		239,658	233,096
Current assets			
Inventories		1,051	1,076
Accounts receivable and prepayments	7	48,425	39,977
Income tax receivable		3,980	6
Cash and cash equivalents	9	454	358
Financial assets	8	4,795	14,466
Total current assets		58,705	55,883
Non-current assets held for sale		120	121
Total current assets		58,825	56,004
Total assets		298,483	289,100
EQUITY AND LIABILITIES			
Equity			
Share capital	10	25,628	25,628
Share premium	10	139,680	139,680
Treasury shares	10	(16,979)	(16,971)
Accumulated profit and other reserves	10	17,352	8,163
Equity attributable to the shareholders of PJSC MIPC		165,681	156,500
Non-controlling interest		(29)	192
Total equity and reserves		165,652	156,692
Non-current liabilities			
Borrowings	11	21,291	21,585
Provisions for post-employment benefits		208	197
Accounts payable and others liabilities	12	5,893	6,687
Lease liabilities		7,033	6,097
Deferred tax liabilities	13	9,481	9,127
Total non-current liabilities		43,906	43,693
Current liabilities			
Borrowings	11	8,404	10,396
Accounts payable and others liabilities	12	78,036	75,552
Income tax payable		-	134
Other taxes payable	14	1,229	1,069
Lease liabilities		1,018	819
Provisions		238	745
Total current liabilities		88,925	88,715
Total liabilities		132,831	132,408
Total equity and liabilities		298,483	289,100

Deputy Managing Director / Director for Economy and Finance

Chief Accountant



N.V. Bondal

M.V. Sviridenko

12

August

2021

The accompanying notes on pages 9-28 are an integral part of these condensed interim consolidated financial statements.

PJSC MIPC

**Condensed Interim Consolidated Statement of Comprehensive Income
for the three and six months ended 30 June 2021 (unaudited)**

(in millions of Russian Rubles, unless otherwise specified)

	Note	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
Revenue	15	26,519	24,814	100,752	82,396
Operating expenses (Impairment loss) / reversal of impairment loss on financial assets	16	(29,044)	(26,850)	(87,999)	(73,474)
Operating profit / (loss)		(2,233)	(2,195)	11,800	6,682
Finance income	17	180	111	334	360
Finance expense	17	(249)	(362)	(560)	(606)
Profit / (loss) before tax		(2,302)	(2,446)	11,574	6,436
Income tax income / (expense)	13	490	791	(2,606)	(1,187)
Profit / (loss) for the period		(1,812)	(1,655)	8,968	5,249
Comprehensive income / (loss) for the period		(1,812)	(1,655)	8,968	5,249
Profit / (loss) for the period attributable to:					
Shareholders of PJSC MIPC		(1,693)	(1,687)	9,189	5,196
Non-controlling interest		(119)	32	(221)	53
Comprehensive income / (loss) for the period attributable to:					
Shareholders of PJSC MIPC		(1,693)	(1,687)	9,189	5,196
Non-controlling interest		(119)	32	(221)	53
Basic and diluted earnings / (loss) per share attributable to the shareholders of PJSC MIPC (in Russian Rubles)	18	(7.3)	(7.2)	39.4	22.3

Deputy Managing Director — Director for Economy and Finance

Chief Accountant



N.V. Bondal

M.V. Sviridenko

12 August 2021

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PJSC MIPC
Condensed Interim Consolidated Statement of Cash Flows
for the six months ended 30 June 2021 (unaudited)

(in millions of Russian Rubles)

	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash flows from operating activities			
Profit before tax		11,574	6,436
Adjustments to profit before tax:			
Amortisation and depreciation	16	8,944	8,621
Impairment loss on financial assets		953	2,240
Impairment loss on non-financial assets	16	39	53
Gain on disposal of property, plant and equipment and other non-current assets	16	(1,631)	(1,669)
Finance income	17	(334)	(360)
Finance expense	17	560	606
Change in provisions	16	(507)	40
Cash flows from operating activities before changes in working capital		19,598	15,967
Changes in working capital:			
Change in accounts receivable and prepayments		(10,157)	(3,754)
Change in inventories		22	(50)
Change in accounts payable and other liabilities		2,351	(3,508)
Change in other taxes payable		160	(138)
Changes in provisions for post-employment benefits		11	40
Changes in working capital		(7,613)	(7,410)
Income tax paid		(5,965)	(1,374)
Interest paid		(381)	(447)
Net cash flows from operating activities		5,639	6,736
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(12,789)	(13,873)
Proceeds from sale of property, plant and equipment and other assets		956	1,047
Repayment of loans issued		9,755	2,661
Interest paid and capitalised		(939)	(982)
Interest received		253	258
Net cash flows used in investing activities		(2,764)	(10,889)
Cash flows from financing activities			
Proceeds from borrowings		-	5,000
Repayment of borrowings		(2,289)	-
Repayment of lease liabilities		(490)	(697)
Net cash flows (used in) / from financing activities		(2,779)	4,303
Increase in cash and cash equivalents		96	150
Cash and cash equivalents at the beginning of the period	9	358	922
Cash and cash equivalents at the end of the period	9	454	1,072

Deputy Managing Director — Director for Economy and Finance

Chief Accountant



N.V. Bondal

M.V. Sviridenko

12

August

2021

The accompanying notes on pages 9-28 are an integral part of these condensed interim consolidated financial statements.

PJSC MIPC
Condensed Interim Consolidated Statement of Changes in Equity
for the six months ended 30 June 2021 (unaudited)

(in millions of Russian Rubles)

	Note	Equity attributable to the shareholders of PJSC MIPC				Total	Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Accumulated (loss) / profit and other reserves			
Balance as at 1 January 2020		25,628	139,680	(16,971)	(3,281)	145,056	285	145,341
Profit for the period		-	-	-	5,196	5,196	53	5,249
Comprehensive income for the period		-	-	-	5,196	5,196	53	5,249
Balance as at 30 June 2020		25,628	139,680	(16,971)	1,915	150,252	338	150,590
Balance as at 1 January 2021		25,628	139,680	(16,971)	8,163	156,500	192	156,692
Profit / (loss) for the period		-	-	-	9,189	9,189	(221)	8,968
Comprehensive income / (loss) for the period		-	-	-	9,189	9,189	(221)	8,968
Transactions with the shareholders presented directly in equity		-	-	-	-	-	-	-
Treasury shares		-	-	(8)	-	(8)	-	(8)
Balance as at 30 June 2021		25,628	139,680	(16,979)	17,352	165,681	(29)	165,652

Deputy Managing Director — Director for Economy and Finance

Chief Accountant



N.V. Bondal

M.V. Svridenko

12

August

2021

The accompanying notes on pages 9-28 are an integral part of these condensed interim consolidated financial statements.

1 General information

1.1 Organisational structure and operations

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

PJSC MIPC is an operator of the longest heating system in the world: the Company operates more than 16.9 thousand kilometers of heating networks, including about 8.5 thousand kilometers of transmission heating networks and 8.4 thousand kilometers of distributing heating networks. PJSC MIPC maintains 141 energy stations with a total heat generation capacity of 4996.014 Gkal/hr. The Company also operates above 10.5 thousand heating units.

The Company continuously supplies heat to 13 million Moscow residents.

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

Group formation

As of 30 June 2021 and 31 December 2020 LLC Gazprom energoholding was the immediate parent company of the Group (hereinafter– the “parent company”) with an actual ownership interest of 99.46% and 99.45% as of 30 June 2021 and 31 December 2020, respectively. The Group’s immediate parent company does not issue consolidated financial statements for public use.

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

Subsidiary	Nature of business	Interest held, %	
		30 June 2021	31 December 2020
SC MIPC Registration systems	Energy distribution services	100.00	100.00
LLC MIPC-Finance	Operations on the securities market	100.00	100.00
LLC Tsentr technologicheskikh prisoedineniy MIPC	Connection to engineering networks	100.00	100.00
LLC Tsentr upravleniya nedvizhimostiu	Intermediary services in buying, selling and renting real estate	100.00	100.00
LLC TSK Mosenergo	Production, transmission and distribution of steam and hot water (heat energy)	74.64	74.64

As of 30 June 2021 there are no significant restrictions in getting access to the subsidiaries’ assets or using them for settling the subsidiaries’ obligations.

The Group holds no preference shares.

1.2 Relationships with the Government and their effect on the Group’s operations

As of the date of the preparation of the condensed interim consolidated financial statements the Russian Federation owns (both directly and indirectly) over 50% in PJSC Gazprom, which is the 100% parent company of LLC Gazprom energoholding, which as of 30 June 2021 owns 99.46% of the shares of PJSC MIPC. Thus, PJSC Gazprom is the Group’s parent company, and the Russian Federation is the Group’s ultimate controlling party.

Among the Group’s buyers there are a significant number of entities controlled by the state or directly related to it. The state also controls a number of the Group's suppliers.

The Government of the Russian Federation directly affects the Group's operations through regulation of the wholesale electricity (capacity) market and the retail heat energy market effected by the Federal Antimonopoly Service and executive rate management authorities. JSC "System Operator of the Unified Energy System" (hereinafter – "SO UES"), which is controlled by the Russian Federation represented by the Federal Agency for State Property Management, coordinates the Group's activities in the field of generating capacities.

The state policy in the economic, social and other areas can have a significant impact on the Group's operations.

1.3 Operating environment in the Russian Federation

The economy of the Russian Federation displays certain characteristics of an emerging market. The tax, currency and customs legislation of the Russian Federation is still developing and is subject to varying interpretations. Fluctuations in oil prices, continuing political tensions in the region, as well as international sanctions against some Russian entities and citizens have affected 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 as well as its effect on the Group's operations may differ from management's current expectations.

The coronavirus pandemic (COVID-19), which occurred in the first quarter of 2020, has had a significant negative impact on the world economy. The scale and duration of these events remain uncertain and may affect the Group's financial position and performance.

The Group's management believes that it is taking all necessary measures to support the sustainability and development of the Group's business in the current environment. As the pandemic was spreading, the Company took early actions to prevent the spread of the coronavirus infection at the Group's facilities, so it managed to avoid the impact of the virus spread on the stability of the Group's technological and functional processes. Currently, the Group's management is taking measures to optimize fixed costs and reallocate expenses for the Company's investment program.

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

1.4 Seasonal nature of activities

Seasons and weather conditions influence the demand for heat energy. Income from the sale of heat energy is mainly generated from October to March. The seasonal nature of heat energy production has the corresponding effect on the purchase of heat energy, as well as consumption of fuel and other resources. The seasonal nature of operations does not affect the recognition of income or expenses by the Group.

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS").

3 Summary of significant accounting policies and critical accounting estimates

Significant accounting policies followed by the Group and critical accounting estimates in applying the accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

3.1 Application of amendments to standards

The following amendments to current IFRSs became effective for periods beginning on or after 1 January 2021:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases Interest Rate Benchmark Reform-Phase 2 (issued in August 2020 and effective for annual reporting periods beginning on or after 1 January 2021). The amendments provide temporary exemptions that are applied to eliminate the consequences for the financial statements in cases where the interbank offer rate (IBOR) is replaced by an alternative nearly risk-free interest rate.
- Amendments to IFRS 16 Leases (issued in March 2021 and effective for annual reporting periods beginning on or after 1 April 2021). The amendments extend previously existing COVID-19-related rent concessions, which were issued in May 2020 and became effective for annual reporting periods beginning on or after 1 June 2020, and allow lessees, as a practical expedient, not to assess whether specific rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications, and instead to account for these rent concessions as if they were not lease modifications. The amendments do not affect lessors.

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

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

Certain amendments are effective for annual periods beginning on or after 1 January 2022. In particular, the Group has not early adopted the following amendments:

- Amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify the criteria for classifying liabilities as current or non-current.
- Amendments to IFRS 9 Financial Instruments (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments clarify which fees are included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments specify which costs are included in estimating the cost of fulfilling a contract for assessing whether the contract is onerous.
- Amendments to IAS 16 Property, Plant and Equipment (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments prohibit deducting from the cost of property, plant and equipment amounts received from selling items produced while the asset is being prepared for its intended use. Instead, such sales proceeds and related cost are recognised in profit or loss.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (issued as part of the Annual Improvements to International Financial Reporting Standards 2018-2020 and effective for annual reporting periods beginning on or after 1 January 2022) simplify the application of IFRS 1 by a subsidiary after its parent, with respect to the measurement of cumulative translation differences.
- Amendments to IFRS 3 (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022) update the reference to the 2018 Conceptual Framework for Financial Reporting

**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)**

(in millions of Russian Rubles, unless otherwise specified)

to determine what an asset or liability is in a business combination, and add a new exception for liabilities and contingent liabilities.

- Amendments to IAS 1 Presentation of Financial Statements (issued in February 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify how the concept of materiality should be applied when making decisions on accounting policy disclosures.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (issued in February 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify how to distinguish changes in accounting estimates from changes in accounting policies.
- Amendments to IAS 12 Income Taxes (issued in May 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify that the recognition exemption does not apply to transactions that, upon initial recognition, give rise to the same taxable and deductible temporary differences.

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

4 Segment information

Segment information for the six months ended 30 June 2021 and the six months ended 30 June 2020 is presented below:

	Note	Heat energy	Connection to the heating system	Other segments	Total by segments	Intercompany transactions	Total
<i>For the six months ended 30 June 2021</i>							
Revenue		97,809	2,425	2,887	103,121	(2,369)	100,752
External revenue	15	96,394	2,223	2,135	100,752	-	100,752
Intercompany revenue		1,415	202	752	2,369	(2,369)	-
Financial result by segments		8,486	1,841	(561)	9,766	-	9,766
Amortisation and depreciation	16	(8,781)	(5)	(158)	(8,944)	-	(8,944)
Reversal of impairment loss/(Impairment loss) on receivables		(1,102)	(43)	156	(989)	-	(989)
	Note	Heat energy	Connection to the heating system	Other segments	Total by segments	Intercompany transactions	Total
<i>For the six months ended 30 June 2020</i>							
Revenue		79,352	2,363	2,719	84,434	(2,038)	82,396
External revenue	15	78,322	2,162	1,912	82,396	-	82,396
Intercompany revenue		1,030	201	807	2,038	(2,038)	-
Financial result by segments		4,917	1,765	(1,637)	5,045	-	5,045
Amortisation and depreciation	16	(8,460)	(34)	(128)	(8,621)	-	(8,621)
Impairment loss on receivables		(2,168)	(41)	(88)	(2,297)	-	(2,297)

PJSC MIPC

Notes to the Condensed Interim Consolidated Financial Statements for the three and six months ended 30 June 2021 (unaudited)

(in millions of Russian Rubles, unless otherwise specified)

Segment information for the three months ended 30 June 2021 and the three months ended 30 June 2020 is presented below:

	Note	Heat energy	Connection to the heating system	Other segments	Total by segments	Intercompany transactions	Total
For the three months ended 30 June 2021							
Revenue		24,507	1,470	1,312	27,289	(770)	26,519
External revenue	15	24,169	1,368	982	26,519	-	26,519
Intercompany revenue		338	102	330	770	(770)	-
Financial result by segments		(3,915)	1,146	(278)	(3,047)	-	(3,047)
Amortisation and depreciation	16	(4,154)	(2)	(70)	(4,226)	-	(4,226)
Reversal of impairment loss/(Impairment loss) on receivables		210	(53)	167	324	-	324
	Note	Heat energy	Connection to the heating system	Other segments	Total by segments	Intercompany transactions	Total
For the three months ended 30 June 2020							
Revenue		23,075	1,265	1,195	25,535	(721)	24,814
External revenue	15	22,760	1,165	889	24,814	-	24,814
Intercompany revenue		315	100	306	721	(721)	-
Financial result by segments		(2,743)	946	(977)	(2,774)	-	(2,774)
Amortisation and depreciation	16	(3,632)	(29)	(70)	(3,731)	-	(3,731)
Impairment loss on receivables		(163)	(32)	71	(124)	-	(124)

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

Profit before tax in the consolidated statement of comprehensive income is calculated based on the financial result for reportable segments as follows:

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
Financial result for reportable segments		(2,769)	(1,797)	10,327	6,682
Financial result for other segments		(278)	(977)	(561)	(1,637)
Financial result by segments		(3,047)	(2,774)	9,766	5,045
Net finance expense	17	(69)	(251)	(226)	(246)
Loss compensation under property liquidation	16	814	579	2,034	1,636
Profit / (Loss) before tax		(2,302)	(2,446)	11,574	6,436

5 Related parties

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

PJSC Gazprom is the Group's ultimate parent company. The Russian Federation is the Group's ultimate controlling party.

(a) Gazprom Group and its associates

The Group's significant transactions during the three and six months ended 30 June 2021 and 30 June 2020 and balances outstanding with Gazprom Group and its associates are detailed below:

PJSC MIPC

**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)**

(in millions of Russian Rubles, unless otherwise specified)

Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Revenue from heat energy transmission services	52	63	300	255
Revenue from heat energy sales	18	21	104	94
Revenue from hot water supply services	-	2	-	5
Other revenue	214	183	663	516
Total	284	269	1,067	870

Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Purchased heat energy	12,684	11,892	52,291	40,021
Fuel expenses	936	1,006	3,717	3,524
Repair and maintenance	536	326	873	554
Water expenses	294	226	654	484
Software and maintenance	151	66	279	159
Rent	94	18	184	36
Production services	99	76	139	124
Cleaning and maintenance of territories	55	57	111	97
Transport	31	32	63	69
Consulting, legal and audit services	42	31	53	63
Communication services	21	21	45	41
Security services	14	-	44	3
Purchased electricity and capacity	9	9	24	24
Banking services	1	2	1	3
Other operating expenses	115	132	96	140
Total	15,082	13,894	58,574	45,342

Finance income and expense

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Finance income				
Interest income on loans issued	127	92	256	173
Interest income on bank deposits and cash balances on current accounts	1	-	1	-
Effect of discounting financial instruments	-	-	-	156
Lease interest income	2	3	5	4
Income from participation in other entities	-	1	-	4
Total finance income	130	96	262	337
Finance expense				
Lease interest expense	(99)	(113)	(201)	(226)
Interest expense on borrowings	(28)	(168)	(52)	(353)
Effect of discounting financial instruments	(9)	(30)	(26)	(61)
Other finance expense	(2)	(4)	(4)	(6)
Total finance expense	(138)	(315)	(283)	(646)

PJSC MIPC**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)***(in millions of Russian Rubles, unless otherwise specified)****Outstanding balances***

	Outstanding balance as at 30 June 2021	Outstanding balance as at 31 December 2020
Short-term financial assets	4,795	14,466
Long-term accounts receivable and prepayments, gross	34	38
Short-term accounts receivable and prepayments, gross	223	116
Cash and cash equivalents	39	32
Total assets	5,091	14,652
Long-term borrowings	2,239	2,239
Short-term borrowings	10	6
Long-term accounts payable and liabilities	93	3
Short-term accounts payable and liabilities	29,704	30,804
Long-term lease liabilities	3,962	3,721
Short-term lease liabilities	543	483
Total liabilities	36,551	37,256

Acquisition of non-current and current assets

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Purchase of property, plant and equipment	1,960	1,378	2,806	3,570
<i>Including capitalised expenses on borrowings from related parties</i>	-	151	-	314
Purchase of materials and other assets	65	38	165	80
Acquisition of right-of-use assets	11	-	334	30
Total	2,036	1,416	3,305	3,680

For the three and six months ended 30 June 2021, dividends declared to the parent company amounted to RUB nil million (for the three and six months ended 30 June 2020: RUB nil million).

(b) Transactions with other state-controlled entities

Information below excludes transactions and outstanding balances with Gazprom Group and its associates, as this information is disclosed in Note 5 (a).

The Group's significant transactions during the three and six months ended 30 June 2021 and 30 June 2020 and balances outstanding with other state-controlled entities are detailed below:

Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Revenue from heat energy sales	9,473	8,783	47,650	36,699
Revenue from hot water supply services	5,932	5,947	13,077	13,216
Revenue from water transmission services	546	520	1,090	1,053
Revenue from connection to the heat and hot water supply system	422	126	640	532
Other revenue	74	96	126	148
Total	16,447	15,472	62,583	51,648

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**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)**

(in millions of Russian Rubles, unless otherwise specified)

Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Water expenses	1,689	1,668	3,779	3,734
Production services	831	569	1,445	1,139
Maintenance costs of accounting units	681	674	1,231	1,399
Purchased electricity and capacity	215	193	538	495
Purchased heat energy	152	198	520	825
Banking services	101	91	197	188
Fuel expenses	15	16	53	51
Security services	5	13	11	18
Communication services	4	4	8	7
Repair and maintenance	1	1	1	1
Income from disposal of property, plant and equipment and other non-current assets	(710)	(541)	(1,938)	(1,100)
Other operating expenses	(308)	352	(477)	(455)
Total	2,676	3,238	5,368	6,302

Finance income and expense

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Finance income				
Interest income on bank deposits and cash balances on current accounts	1	1	1	3
Total finance income	1	1	1	3
Finance expenses				
Effect of discounting financial instruments	(27)	(100)	(104)	(145)
Lease interest expense	(44)	(46)	(88)	(95)
Interest expense on borrowings	(64)	(17)	(120)	(36)
Total finance expense	(135)	(163)	(312)	(276)

Outstanding balances

	Outstanding balance as at 30 June 2021	Outstanding balance as at 31 December 2020
Short-term financial assets	331	370
Long-term accounts receivable and prepayments, gross	10,885	8,118
Short-term accounts receivable and prepayments, gross	37,446	31,138
Allowance for expected credit losses and impairment on short-term financial assets	(331)	(370)
Allowance for expected credit losses and impairment on long-term receivables and prepayments	(954)	(502)
Allowance for expected credit losses and impairment on short-term receivables and prepayments	(5,771)	(6,029)
Cash and cash equivalents	114	66
Total assets	41,720	32,791
Long-term borrowings	4,371	4,371
Long-term accounts payable and liabilities	2,910	3,463
Short-term accounts payable and liabilities	22,328	19,173
Long-term lease liabilities	1,413	1,348
Short-term lease liabilities	399	39
Provisions	211	223
Total liabilities	31,632	28,617

PJSC MIPC**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)***(in millions of Russian Rubles, unless otherwise specified)****Acquisition of non-current and current assets***

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Purchase of property, plant and equipment	596	57	1,635	173
<i>Including capitalised expenses on borrowings from related parties</i>	<i>64</i>	<i>17</i>	<i>120</i>	<i>36</i>
Purchase of materials and other assets	2	2	3	3
Acquisition of right-of-use assets	1	5	36	23
Total	599	64	1,674	199

Other transactions

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Impairment loss / (reversal of impairment loss) on financial assets	(164)	(313)	286	671
Total	(164)	(313)	286	671

Information on transactions with the state related to payments of taxes and levies is provided in Notes 13, 14 and 16.

(c) Transactions with JSC FSC

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with JSC Financial Settling Center (hereinafter – JSC FSC). The current financial system of JSC FSC does not provide final counterparties with automated information about transactions and outstanding balances with participants of the wholesale electricity and capacity market. State-controlled entities and Gazprom Group and its associates may also act as counterparties.

Details of principal transactions between the Group and JSC FSC are presented below:

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Other revenue	1	1	2	1
Purchase of electricity and capacity	(49)	(39)	(125)	(104)

Outstanding balances

	Outstanding balance as at 30 June 2021	Outstanding balance as at 31 December 2020
Short-term payables and other liabilities	3	8
Total liabilities	3	8

(d) Remuneration of key management personnel

Short-term remuneration for the services of key management personnel includes remuneration to members of the Board of Directors for the performance of their duties in these positions and participation in meetings of the Board of Directors, and consisted of monthly salaries, bonuses, taxes accrued on them and other mandatory payments to the relevant budgets, as well as medical insurance costs.

PJSC MIPC**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)***(in millions of Russian Rubles, unless otherwise specified)*

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Wages and bonuses	9	8	19	15
Social contributions	2	1	4	3
Remuneration for membership in the Board of Directors	1	1	4	4
Total	12	10	27	22

	Outstanding balance as at 30 June 2021	Outstanding balance as at 31 December 2020
Wages payable	1	1
Total	1	1

The fee payable to LLC Gazprom energoholding, the management company, for the three and six months ended 30 June 2021 amounted to RUB 30 million and RUB 60 million, respectively (for the three and six months ended 30 June 2020 amounted to RUB 30 million and RUB 61 million, respectively).

e) Unrecognised contractual capital commitments

	30 June 2021	31 December 2020
Gazprom Group and its associates	15,482	13,403
Other state-controlled entities	554	137
Total	16,036	13,540

PJSC MIPC**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)***(in millions of Russian Rubles, unless otherwise specified)***6 Property, plant and equipment**

Changes in the carrying amount of property, plant and equipment are presented below:

	Right-of-use assets	Heating networks	Buildings and facilities	Machinery and equipment	Vehicles and other assets	Construction in progress	Total
<i>Cost</i>							
As of 1 January 2020	9,540	276,397	24,770	47,473	8,508	35,587	402,275
Additions	53	-	53	19	-	13,913	14,038
Disposals	(43)	(412)	(250)	(104)	(9)	(70)	(888)
Change in lease agreements terms	249	-	-	-	-	-	249
Transfer	-	7,757	275	1,219	228	(9,479)	-
Transfer from (to) other accounts	-	-	(6)	(2)	(12)	-	(20)
As of 30 June 2020	9,799	283,742	24,842	48,605	8,715	39,951	415,654
As of 1 January 2021	8,210	300,859	25,343	51,274	8,190	36,695	430,571
Additions	370	-	-	5	266	12,544	13,185
Disposals	(47)	(645)	(119)	(2,097)	(31)	(86)	(3,025)
Change in lease agreements terms	1,288	-	-	-	-	-	1,288
Transfer	-	7,790	63	2,748	103	(10,704)	-
Transfer from (to) other accounts	-	-	-	-	-	(42)	(42)
As of 30 June 2021	9,821	308,004	25,287	51,930	8,528	38,407	441,977

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**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)**

(in millions of Russian Rubles, unless otherwise specified)

	Right-of-use assets	Heating networks	Buildings and facilities	Machinery and equipment	Vehicles and other assets	Construction in progress	Total
<i>Accumulated depreciation and impairment</i>							
As of 1 January 2020	(2,636)	(140,419)	(11,975)	(30,823)	(5,844)	(5,538)	(197,235)
Accrued for the period	(608)	(4,786)	(296)	(1,748)	(603)	-	(8,041)
Disposals	12	98	250	52	-	14	426
Impairment loss accrual	-	-	-	-	-	(2)	(2)
Transfer of impairment loss	-	(482)	(20)	(81)	(110)	693	-
Transfer from (to) other accounts	-	-	3	2	11	-	16
As of 30 June 2020	(3,232)	(145,589)	(12,038)	(32,598)	(6,546)	(4,833)	(204,836)
As of 1 January 2021	(2,573)	(148,684)	(11,638)	(33,466)	(6,251)	(7,649)	(210,261)
Accrued for the period	(521)	(5,371)	(346)	(1,611)	(706)	-	(8,555)
Disposals	32	430	76	1,487	14	10	2,049
Impairment loss accrual	-	-	-	-	-	(1)	(1)
Transfer of impairment loss	-	(1,026)	(25)	(270)	(104)	1,425	-
Impairment loss reversal	1	-	-	-	-	2	3
As of 30 June 2021	(3,061)	(154,651)	(11,933)	(33,860)	(7,047)	(6,213)	(216,765)
<i>Net book value</i>							
As of 1 January 2020	6,904	135,978	12,795	16,650	2,664	30,049	205,040
As of 30 June 2020	6,567	138,153	12,804	16,007	2,169	35,118	210,818
As of 1 January 2021	5,637	152,175	13,705	17,808	1,939	29,046	220,310
As of 30 June 2021	6,760	153,353	13,354	18,070	1,481	32,194	225,212

**Notes to the Condensed Interim Consolidated Financial Statements
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(in millions of Russian Rubles, unless otherwise specified)

The property, plant and equipment amount as of 30 June 2021 includes right-of-use assets with the carrying amount of RUB 6,760 million mainly related to buildings and facilities, vehicles and land plots.

Transport and other assets include land plots, vehicles, computer equipment, office supplies and other equipment.

The total cash outflow under lease agreements for the six months ended 30 June 2021 amounted to RUB 823 million, including RUB 333 million, which accounted for interest expenses, and RUB 490 million for repayment of the principal amount of debt (for the six months ended 30 June 2020 – RUB 407 and RUB 697 million, respectively). Short-term lease expenses and expenses related to variable lease payments that are not included in lease liabilities are recognised as operating expenses in the consolidated statement of comprehensive income. The cash outflow from such contracts does not differ significantly from the amount of expenses.

The Group's property, plant and equipment are not pledged as collateral.

7 Accounts receivable and prepayments

	30 June 2021	31 December 2020
Short-term accounts receivable		
Trade receivables	33,604	26,366
Subsidies receivable	3,358	1,294
Other accounts receivable	2,797	2,613
Total financial accounts receivable	39,759	30,273
Other accounts receivable	7,665	9,164
Advances to suppliers and prepaid expenses	129	58
VAT receivable	739	102
Taxes receivable, other than income tax	133	380
Total non-financial accounts receivable	8,666	9,704
Total short-term accounts receivable and prepayments	48,425	39,977
Long-term accounts receivable		
Trade receivables	1,206	762
Other accounts receivable	3	-
Total financial accounts receivable	1,209	762
Other accounts receivable	9,315	7,460
Advances to suppliers and prepaid expenses	15	20
VAT receivable	75	55
Total non-financial accounts receivable	9,405	7,535
Total long-term accounts receivable and prepayments	10,614	8,297

Trade receivables are presented net of allowance for expected credit losses in the amount of RUB 17,248 million and RUB 16,513 million, as at 30 June 2021 and 31 December 2020, respectively.

Other receivables are presented net of allowance for expected credit losses in the amount of RUB 1,444 million and RUB 1,628 million, as at 30 June 2021 and 31 December 2020, respectively.

Other non-financial receivables are presented net of allowance for impairment in the amount of RUB 408 million and RUB 373 million, as at 30 June 2021 and 31 December 2020, respectively.

Prepayments to suppliers and prepaid expenses are presented net of allowance for impairment in the amount of RUB 7 million and RUB 9 million, as at 30 June 2021 and 31 December 2020, respectively.

These allowances mainly relate to short-term receivables and prepayments, except for the allowance for trade receivables in the amount of RUB 954 million and other receivables in the amount of RUB 11 million, which was formed for long-term trade receivables and long-term other receivables as at 30 June 2021 (RUB 502 million and RUB nil million as at 31 December 2020, respectively).

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Notes to the Condensed Interim Consolidated Financial Statements for the three and six months ended 30 June 2021 (unaudited)

(in millions of Russian Rubles, unless otherwise specified)

8 Financial assets

	30 June 2021	31 December 2020
Equity securities measured at fair value through profit or loss	902	874
Total long-term financial assets	902	874
Loans issued (including interest receivable)	4,795	14,466
Total short-term financial assets	4,795	14,466

The Group owns 55.78% of shares of Mutual Investment Fund Perlovsky and is entitled to receive cash corresponding to this share from the mutual investment fund, without control over the assets of the fund. Assets of Mutual Investment Fund Perlovsky are operated by an independent management company. Investments in Mutual Investment Fund Perlovsky are classified by the Group as financial assets measured at fair value through profit or loss.

The increase in the fair value of financial assets measured at fair value through profit or loss for the three and six months ended 30 June 2021 amounted to RUB 28 million due to an increase of Mutual Investment Fund Perlovsky's net assets and was recognised in profit and loss (for the three and six months ended 30 June 2020: profit in the amount of RUB 38 million).

As at 30 June 2021 short-term financial assets include a loan with a floating interest rate issued to PJSC Gazprom in the amount of RUB 4,795 million under the liaison protocol for Gazprom Group companies in respect of intercompany financing (cash pooling) (as at 31 December 2020: RUB 14,466 million).

9 Cash and cash equivalents

	30 June 2021	31 December 2020
Cash on hand and bank account balances	432	331
Deposits with maturity of three months or less	22	27
Total	454	358

As of 30 June 2021 restricted cash includes the minimum balance on settlement accounts in the amount of RUB 277 million (as of 31 December 2020: RUB 261 million). As of 30 June 2021 seized cash amounted to RUB 28 million (as of 31 December 2020: RUB nil million).

10 Equity

Share capital and share premium

As of 30 June 2021 and 31 December 2020 the total number of ordinary shares issued with the par value of RUB 100 each amounts to 256,271,317. All issued ordinary shares have been fully paid.

As of 30 June 2021 and 31 December 2020 the Group has no authorized shares, additionally authorized for placement but not placed.

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

Treasury shares

As of 30 June 2021 treasury shares comprised 23,328,262 shares amounting to RUB 16,979 million (as of 31 December 2020: 23,298,456 shares amounting to RUB 16,971 million)

Dividends

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

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Notes to the Condensed Interim Consolidated Financial Statements for the three and six months ended 30 June 2021 (unaudited)

(in millions of Russian Rubles, unless otherwise specified)

11 Borrowings

	Interest rate as of the period end %	Year of maturity	30 June 2021	31 December 2020
Long-term borrowings with a fixed interest rate				
<i>Bonds</i>				
Bonds series 001P-01	8.65	2022	-	4,993
Bonds series 001P-02	7.10	2023	4,700	-
Bonds series 001P-03	6.80	2022	4,988	4,988
Bonds series 001P-04	5.80	2023	4,992	4,993
Long-term borrowings with a variable interest rate				
<i>Borrowings</i>				
PJSC Mosenergo	5.83	2023	1,275	1,275
PJSC Mosenergo	5.23	2024	965	965
<i>Bank loans</i>				
PJSC Bank VTB	6.40	2022	4,370	4,370
PJSC Bank VTB	6.40	2022	1	1
Total long-term borrowings			21,291	21,585
Short-term borrowings with a fixed interest rate				
<i>Short-term part of long-term bonds</i>				
Bonds series 001P-01	8.65	2022	5,138	143
Bonds series 001P-02	7.10	2021	77	5,072
Bonds series 001P-03	6.80	2021	49	46
Bonds series 001P-04	5.80	2021	130	129
Short-term borrowings with a variable interest rate				
<i>Bank loans</i>				
JSC Bank Rossiya	6.60	2021	3,000	5,000
<i>Short-term part of long-term borrowing</i>				
PJSC Mosenergo	5.83	2021	6	5
PJSC Mosenergo	5.23	2021	4	1
Total short-term borrowings			8,404	10,396
Total			29,695	31,981

All loans and borrowings are denominated in RUB. There is no pledge of property rights under borrowing agreements as at 30 June 2021 (as at 31 December 2020: no pledge).

As at 30 June 2021 and 31 December 2020, the Group met the financial conditions associated with the loans and borrowings.

12 Accounts payable and other liabilities

	30 June 2021	31 December 2020
Short-term accounts payable		
Trade payables	29,361	30,126
Payables for the acquisition of property, plant and equipment	5,617	8,669
Other payables	36	78
Total financial accounts payable	35,014	38,873
Liabilities from contracts with customers	39,168	34,641
Other payables	3,854	2,038
Total non-financial accounts payable	43,022	36,679
Total short-term accounts payable and other liabilities	78,036	75,552
Long-term accounts payable		
Payables for the acquisition of property, plant and equipment	93	3
Total financial accounts payable	93	3
Liabilities from contracts with customers	5,800	6,684
Total non-financial accounts payable	5,800	6,684
Total long-term accounts payable and other liabilities	5,893	6,687

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(in millions of Russian Rubles, unless otherwise specified)

13 Income tax

Components of income tax expense

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Current income tax	850	357	(1,857)	(390)
Deferred income tax	(360)	434	(749)	(797)
Total	490	791	(2,606)	(1,187)

Tax effect of taxable and deductible temporary differences for the six months ended 30 June 2021 and 30 June 2020 is presented in the table below:

	1 January	Recognised in profit or loss	30 June
For the six months ended 30 June 2021			
Property, plant and equipment	(11,596)	(859)	(12,455)
Intangible assets	21	5	26
Financial assets	67	(13)	54
Accounts receivable and prepayments	917	135	1,052
Accounts payable and other liabilities	376	(331)	45
Lease liabilities	1,333	235	1,568
Borrowings	(7)	4	(3)
Inventories	(69)	(19)	(88)
Tax loss carried forward	1,681	122	1,803
Other items	256	(28)	228
Total	(7,021)	(749)	(7,770)
For the six months ended 30 June 2020			
Property, plant and equipment	(10,764)	(1,399)	(12,163)
Intangible assets	9	8	17
Financial assets	20	41	61
Accounts receivable and prepayments	(148)	829	681
Accounts payable and other liabilities	287	(7)	280
Lease liabilities	1,713	(105)	1,608
Borrowings	(6)	-	(6)
Inventories	(112)	48	(64)
Tax loss carried forward	1,680	(162)	1,518
Other items	248	(50)	198
Total	(7,073)	(797)	(7,870)

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

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

	30 June 2021	31 December 2020
Deferred tax assets	1,711	2,106
Deferred tax liabilities	(9,481)	(9,127)
Deferred tax liabilities, net	(7,770)	(7,021)

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(in millions of Russian Rubles, unless otherwise specified)

14 Other taxes payable

	30 June 2021	31 December 2020
Social contributions	539	530
Property tax	511	35
VAT payable	62	384
Other taxes	117	120
Total	1,229	1,069

15 Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Revenue from heat energy sales	16,117	14,605	78,374	60,201
Revenue from hot water supply services	8,000	8,092	17,720	17,866
Revenue from connection to the heat and hot water supply system	1,368	1,165	2,223	2,162
Revenue from water transmission services	546	520	1,090	1,053
Revenue from heat energy transmission services	52	63	300	255
Other revenue	436	369	1,045	859
Total	26,519	24,814	100,752	82,396

16 Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Purchased heat energy	13,073	12,264	53,786	41,268
Amortisation and depreciation	4,226	3,731	8,944	8,621
Staff costs	4,053	4,060	8,437	8,453
Water expenses	1,998	1,909	4,475	4,252
Fuel expenses	955	1,028	3,786	3,592
Electricity and capacity	1,258	1,158	3,365	3,139
Repair and maintenance	1,508	1,548	2,040	2,279
Production services	965	403	1,645	1,131
Taxes other than income tax	676	730	1,336	1,442
Maintenance costs of accounting units	681	674	1,231	1,399
Security services	227	170	473	375
Software and maintenance	167	142	342	352
Other materials	178	66	308	202
Rent	113	28	223	66
Consulting, legal and audit services	114	95	200	178
Banking services	103	92	199	191
Cleaning and maintenance of territories	93	41	190	103
Transportation	52	69	99	109
Communication services	37	33	76	67
Health and safety expenses	24	13	53	25
Public utilities	22	17	48	42
Impairment loss / (reversal of impairment loss) on non-financial assets	(26)	(40)	39	53
Fines, penalties, forfeit for violation of the terms of contracts	(103)	(325)	(358)	(1,065)
Change in litigation provisions	(394)	(1)	(507)	40
Gain on disposal of property, plant and equipment and other non-current assets	(532)	(395)	(1,631)	(1,669)
Other income, net	(424)	(660)	(800)	(1,171)
Total	29,044	26,850	87,999	73,474

PJSC MIPC**Notes to the Condensed Interim Consolidated Financial Statements
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Compensation for losses resulting from the liquidation of property for the three and six months ended 30 June 2021 amounted to RUB 814 million and RUB 2,034 million, respectively (for the three and six months ended 30 June 2020: RUB 579 million and RUB 1,637 million, respectively).

17 Finance income and expense

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Finance income				
Interest income on loans issued	127	93	256	173
Income from participation in other entities	18	7	38	32
Income from changes in the fair value of equity securities measured at fair value through profit or loss	28	-	28	37
Lease interest income	2	3	5	4
Interest income on bank deposits and cash balances on current accounts	5	8	7	18
Effect of discounting financial instruments	-	-	-	96
Total finance income	180	111	334	360
Finance expense				
Interest expense on borrowings	(509)	(519)	(1,005)	(1,023)
Lease interest expense	(183)	(207)	(374)	(416)
Effect of discounting financial instruments	(36)	(130)	(130)	(145)
Other finance expense	(2)	(7)	(4)	(6)
Total finance expense	(730)	(863)	(1,513)	(1,590)
Less capitalised interest expenses on borrowings relating to qualifying assets	481	501	953	984
Total finance expense, net	(249)	(362)	(560)	(606)
Total net finance expense	(69)	(251)	(226)	(246)

18 Basic and diluted earnings per share attributable to the shareholders of PJSC MIPC

Earnings per share attributable to the shareholders of PJSC MIPC are calculated by dividing the profit of the shareholders of PJSC MIPC for the reporting period by the weighted average number of outstanding shares, less the weighted average number of ordinary shares acquired by the Group and considered its treasury shares (Note 10). The calculation of earnings per share is presented in the table below.

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Outstanding shares – weighted average number (in thousands)	256,271,317	256,271,317	256,271,317	256,271,317
Treasury shares (in thousands)	(23,305,372)	(23,298,456)	(23,305,372)	(23,298,456)
Weighted average number of outstanding shares (in thousands)	232,965,945	232,972,861	232,965,945	232,972,861
Profit / (loss) attributable to the shareholders of PJSC MIPC for the period (in millions of Russian Rubles)	(1,693)	(1,687)	9,189	5,196
Basic and diluted earnings / (loss) per share attributable to the shareholders of PJSC MIPC (in Russian Rubles)	(7.3)	(7.2)	39.4	22.3

As at 30 June 2021 and 31 December 2020 there are no instruments with dilutive effect.

19 Contingent and contractual commitments

As at 30 June 2021 the Group had unrecognised contractual capital commitments in the amount of RUB 80,154 million including VAT (as at 31 December 2020: RUB 52,958 million including VAT).

20 Fair value of financial instruments

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

Level 1 financial instruments

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

Level 2 financial instruments

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

Level 3 financial instruments

If one or more of the significant inputs in the valuation model used to measure the fair value of an instrument are not based on observable market prices, the instrument is included in Level 3. The fair value of financial instruments, such as 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 Levels 1, 2 and 3 for the three and six months ended 30 June 2021 (31 December 2020: there was no change); there were no transfers between levels either (31 December 2020: there were no transfers).

As at 30 June 2021 and 31 December 2020 the following financial assets measured at fair value were recognised in the Group's balance sheet:

	30 June 2021				31 December 2020			
	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3	Fair value
Financial assets measured at fair value								
Equity securities measured at fair value through profit or loss	-	-	902	902	-	-	874	874
Total financial assets measured at fair value	-	-	902	902	-	-	874	874

As at 30 June 2021 and 31 December 2020 the estimated fair value of financial assets and liabilities which are not recognised at fair value in the consolidated statement of financial position is a reasonable approximation to their carrying amount.

PJSC MIPC

**Notes to the Condensed Interim Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)**

(in millions of Russian Rubles, unless otherwise specified)

21 Events after the reporting period

On 9 July 2021 the Group repaid a loan issued by JSC Bank Rossiya in the amount of RUB 3,000 million.

On 29 July 2021 the Group received a loan from PJSC Sberbank in the amount of RUB 3,000 million for a period until 2 July 2023 with the interest rate equal to the key rate of the Central Bank of the Russian Federation +1.05%.