

Consolidated financial statements and independent auditors report

PJSC CCS-Group

31 December 2020

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AUDITOR'S REPORT

To Shareholders and Board of directors
of PJSC "CCS-Group"

Opinion

We have audited the consolidated financial statements of PJSC "CCS-Group" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of profit or loss and other comprehensive Income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for doubtful accounts receivable

We focused on this matter due to significant balances of accounts receivable as at December 31, 2020 and importance of professional judgments and estimates used for calculation of allowance. Allowance represents the best management's estimation with regards to losses, incurred for accounts receivable as at the reporting date. More detailed information is disclosed in Note 9 "Trade and other receivables" to the consolidated financial statements.

We reviewed main assumptions used by management for calculation of allowance to assure their compliance with IFRS.

We tested accounts receivable, assessed by management as not overdue, on a sample basis and formed our judgment with regards of these receivables being classified correctly.

We tested accounts receivable, which are individually impaired, on a sample basis. We tested whether impairment of receivables was detected in a timely manner and, when possible, reconciled information to external sources.

We tested approach for collective allowances on a sample basis. Our procedures comprised comparison of assumptions used with our own knowledge and experience, and other analytical and substantive procedures.

Covenants compliance analysis

The Group has significant amount of outstanding loans and borrowings at year end for financing its operational activities. Amount of loans outstanding is RUB 1 102 893 thousand as at December 31, 2020. Terms and conditions of loan agreements contain several financial and non-financial covenants. More detailed information is disclosed in the Notes 14 "Loans and borrowings" and 29 "Capital risk management" to the consolidated financial statements.

We conducted the following procedures with respect to compliance with terms and conditions of loan agreements:

- reviewed calculation of financial covenants as at December 31, 2020;
- reviewed compliance with non-financial covenants as at December 31, 2020.

Other information

Management is responsible for other information. The other information comprises management report which is expected to be available for us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As at the date of this auditor's report the other information is not available to us and we do not provide any reporting in respect of the other information

Other information

Supplementary information provided in Appendix A to the consolidated financial statements is presented by management to provide additional analysis and is not required by IFRS. Management is responsible for this supplementary information. During our audit of the consolidated financial statements we did not perform any audit procedures with respect to this supplementary information, therefore we do not express an opinion on this supplementary information.

Responsibilities of Management and the Audit Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

The engagement partner on the audit resulting in this independent auditor's report is

Moscow, Russian Federation

29 April 2021



Alexander Malkov

Details of auditor

Name: Baker Tilly Rus JSC

State Registration number: 1027700115409

Address: Office 57, Premise VII, 32 A Khoroshevskoye Shosse, 125284 Moscow, Russia

Member of Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS)
Main registration number 12006010438.

Details of the audited entity

Name: PJSC "CCS-Group"

State Registration number: 1097154022547

Address: Boldina street 106, 300028 Tula, Russia

Consolidated Statement of Financial Position

	Notes	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS			
Non-current			
Property, plant and equipment	5	2 407 428	2 386 946
Intangible assets	6	441 839	111 739
Long-term financial assets	7	1 174	1 227
Deferred tax assets	15	190 839	153 923
		3 041 280	2 653 835
Current			
Inventories	8	93 364	92 104
Trade and other receivables	9	674 606	713 157
Subsidies receivable	10	37 185	24 841
Other assets	11	70 669	70 047
Short-term financial assets	7	-	1 765
Cash and cash equivalents	12	79 954	52 534
		955 778	954 448
Total Assets		3 997 058	3 608 283
Equity			
Share capital	13	26 306	23 714
Treasury shares	13	(2 592)	(2 592)
Share premium	13	333 846	333 846
Revaluation reserve		702 360	702 360
Retained earnings		817 559	603 395
Total Equity		1 877 479	1 660 723
LIABILITIES			
Non-current			
Loans and borrowings	14	659 379	739 928
Deferred income under concession agreements	18	64 170	-
Lease liabilities	16	47 928	48 674
Deferred tax liabilities	15	270 957	264 912
		1 042 434	1 053 514
Current			
Loans and borrowings	14	443 514	201 033
Lease liabilities	16	11 148	13 607
Trade and other payables	17	440 466	496 862
Other liabilities	18	182 017	182 544
		1 077 145	894 046
Total Liabilities		2 119 579	1 947 560
Total Equity and Liabilities		3 997 058	3 608 283

The consolidated financial statements were approved by the Management and signed on 29 April 2021.

General Director
CCS-Group



Finance Director
CCS-Group



Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2020 RUB'000	2019 RUB'000
Sales revenue	19	4 111 244	3 703 548
Government subsidies	19	187 340	159 022
Cost of sales	20	(3 214 061)	(2 968 926)
Gross profit		1 084 523	893 644
Selling and marketing expenses	21	(8 769)	(9 395)
Administrative expenses	22	(409 854)	(336 827)
Wages and salaries under option scheme	13, 22	(5 251)	(5 236)
Other operating expenses, net	23	(40 441)	(28 277)
Operating profit		620 208	513 909
Net finance costs	24	(119 848)	(94 892)
Other expenses, net	25	(232 922)	(132 055)
Profit before income tax		267 438	286 962
Income tax expense	15, 26	(58 525)	(50 441)
Profit for the period		208 913	236 521
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
IFRS 16 adoption		-	(7 709)
			-
Other comprehensive (expenses) / income for the period, net of tax		-	(7 709)
Total comprehensive income for the period		208 913	228 812
Earnings per share	27	0,00004405	0,00004824
Diluted earnings per share	27	0,00004272	0,00004679

Consolidated Statement of Cash Flows

	Notes	2020 RUB'000	2019 RUB'000
Cash flows from operating activities			
Profit for the period before taxation		267 438	286 962
<u>Adjustments for:</u>			
Depreciation and amortization	20, 22	217 358	223 455
Net foreign exchange (gain) / loss	24	3 088	1 596
Impairment of doubtful trade and other receivables and prepayments	25	156 775	152 840
Share-based payment reserve	13	5 251	5 236
Loss from sale of shares	24	2 592	336
Interest income	24	(1 070)	(7 447)
Interest expense	24	92 629	88 933
Loss from disposal of property, plant and equipment		3 186	(844)
VAT non-deductable	23	4 375	3 079
Deferred income under concession agreement		-	20 872
Write-off of other liabilities	18	(20 872)	-
Provision for unused vacation	18	5 992	9 061
		736 742	784 079
<u>Adjustments for:</u>			
Change in inventories in course of operational activities		(1 259)	(21 945)
Change in trade and other receivables in course of operational activities		(114 765)	(129 433)
Change in subsidies receivable		(12 344)	(13 651)
Change in trade and other payables in course of operational activities		15 126	30 973
Interest paid		(82 287)	(76 814)
Interest received		1 070	7 447
Income taxes paid		(96 836)	(61 445)
Net cash used in operating activities		445 447	519 211
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(557 160)	(661 814)
(Purchase of investments) / Proceeds from investment disposal		1 817	(2 694)
Net cash received from investing activities		(555 343)	(664 508)
Cash flows from financing activities			
Proceeds from loans and borrowings		3 076 168	2 783 432
Repayment of loans and borrowings		(2 918 459)	(2 618 951)
IFC income participation fee		(8 939)	(5 087)
EBRD, IFC costs reimbursement		-	(8)
Interest expense on lease liabilities		(8 366)	(8 577)
Net cash used in financing activities		140 404	150 809
Effect of exchange rate changes on cash and cash equivalents		(3 088)	(1 596)
Net change in cash and cash equivalents		27 420	3 916
Cash and cash equivalents at beginning of the period	12	52 534	48 618
Cash and cash equivalents at end of the period	12	79 954	52 534

Consolidated Statement of Changes in Equity

	Share capital	Treasury shares	Share premium	Asset revaluation reserve	Retained earnings (restated)	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2019	23 714	(2 592)	333 846	702 360	369 347	1 426 675
Share-based compensation (refer to Note 13 "Share capital")	-	-	-	-	5 236	5 236
Total transactions with shareholders	-	-	-	-	5 236	5 236
Profit for the period	-	-	-	-	236 521	236 521
Other comprehensive loss	-	-	-	-	(7 709)	(7 709)
Total comprehensive income for the period	-	-	-	-	228 812	228 812
Balance at 31 December 2019	23 714	(2 592)	333 846	702 360	603 395	1 660 723
Balance at 1 January 2020	23 714	(2 592)	333 846	702 360	603 395	1 660 723
Treasury shares (refer to Note 13 "Share capital")	2 592	-	-	-	-	2 592
Share-based compensation (refer to Note 13 "Share capital")	-	-	-	-	5 251	5 251
Total transactions with shareholders	2 592	-	-	-	5 251	7 843
Profit for the period	-	-	-	-	208 913	208 913
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	208 913	208 913
Balance at 31 December 2020	26 306	(2 592)	333 846	702 360	817 559	1 877 479

1. Background

1.1 Principal activities

The primary activities of PJSC “CCS-Group” (“the Company”) and its subsidiaries (together referred to as “the Group”) are production and distribution of heat energy to population and commercial customers as well as providing other communal services, including production and distribution of electricity. The production and distribution facilities of the Group for production and distribution are located mostly in Tula, Bryansk and Kemerovo regions of Russia.

The Group’s total headcount as at 31 December 2020 was 1,599 (31 December 2019: 1,604).

PJSC “CCS-Group” permanently domiciled in Russian Federation since 1 October 2009. The Company’s registered office is located at office 38, 106, Boldina street, Tula, 300028, Russian Federation.

The Company is owned 19.43% by the fund Magna Carta Capital Limited, 19.09% by IFC, 19.09% by EBRD and 22.34% by the fund Specialised Power Limited. From its formation, the Group has expanded substantially through acquisition of assets and incorporation of subsidiaries. A list of subsidiaries is presented in Note 34 «Subsidiaries».

As at 31 December 2020 and 31 December 2019 the Group has not the final beneficiary.

1.2 Operating environment of the Group

Business of the Group is concentrated in the Russian Federation. While the world economy recovers after crisis, Russia is exposed to difficulties related to fall of oil prices and sanctions imposed by the United States of America, the European Union and some other countries in connection with crisis in Ukraine.

The accompanying consolidated financial statements reflect current management’s assessment of the impact of the current business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted and published by the International Accounting Standards Board ("IASB").

2.2 Basis of measurement

The consolidated financial statements are prepared on the historical or amortised cost basis except that property, plant and equipment are revalued periodically.

2.3 Functional and presentation currency

The presentation currency used in the preparation of these consolidated financial statements is Russian Rubles ("RUB"). Management has used the RUB to manage most financial risks and exposures and to manage performance of the Group.

The functional currencies of the Group subsidiaries are chosen to reflect the economic substance of the underlying events and circumstances relevant for the given entity. The functional currency of the Company and its subsidiaries is Russian Ruble ("RUB").

Financial information has been rounded to the nearest thousand RUB.

2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are described in the following notes:

- Trade and other receivables as described in Note 9 "Trade and other receivables";
- Impairment of other assets as described in Note 3.8 "Impairment";
- Revaluation of property, plant and equipment as described in Note 5 "Property, plant and equipment";
- Tax contingencies as described in Note 32.3 "Contingencies";
- Deferred tax assets and liabilities in Note 15.

2.5 Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the settlement of liabilities in the normal course of business.

3. Summary of significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the consolidated financial statements.

3.1 Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2020. Subsidiaries are those enterprises and businesses controlled by the Group. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised gains and losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the consolidated financial statements have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Acquired subsidiaries are consolidated using the purchase method of accounting. This involves the revaluation at fair value of all identifiable assets and liabilities including contingent liabilities of the subsidiary as at the acquisition date regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their revalued amounts which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. The cost of acquisition is measured at fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange including costs directly attributable to the acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired the difference is recognised directly in the consolidated statement of comprehensive income.

Upon acquisition of a non-controlling interest, the difference between the carrying amount and the purchase price is recognized in the Group's equity.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled enterprises are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.3 Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every five years, valuations by external independent appraisers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

A revaluation increase on an item of property, plant and equipment is recognised directly in equity except to the extent that it reverses a previous revaluation decrease recognised in the consolidated statement of comprehensive income. A revaluation decrease on an item of property, plant and equipment is recognised in the consolidated statement of comprehensive income except to the extent that it reverses a previous revaluation increase recognised directly in equity.

Items of property, plant and equipment acquired after periodic revaluation are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes cost of materials, direct labour and an appropriate portion of production overheads. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in the consolidated statement of comprehensive income as an expense as incurred.

Property, plant and equipment, other than land and buildings are accounted for using historical cost model.

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual assets. Land is not depreciated. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

Buildings	15 – 100 years
Modular boiler-houses	7 – 20 years
Machinery and equipment	3 – 15 years
Vehicles	5 – 7 years
Furniture, fixture and fittings	2 – 5 years
Right-of-use assets	2 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets in the form of a right of use are initially measured at historical cost and amortized to the earlier of the following dates: the expiration date of the useful life of the asset in the form of a right of use or the expiration date of the lease. The initial cost of an asset in the form of a right of use includes the amount of the initial measurement of the lease liability, lease payments made before or at the date the lease commenced, and initial direct costs. Once recognized, right-of-use assets are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Assets in the form of right of use are presented in the statement of financial position as a separate article.

The lease liability is initially measured at the present value, rental payments that have not yet been made at the start of the lease and are subsequently measured at amortized cost, with interest recognized in finance costs in the consolidated statement of profit or loss and other comprehensive income. Lease obligations are presented in the statement of financial position as part of the lease obligations (long-term and short-term).

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

The main rental objects of the Group are facilities used to provide the population with heat supply, electricity and other utilities (heating networks, heating mains, boiler houses, buildings, equipment, etc.) and land.

3.4 Intangible assets

Lease rights are shown at historical cost. Lease rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of lease rights over their estimated useful lives, which is 10 years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years). Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 3 years). Costs associated with maintaining computer software are expensed as incurred.

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Such intangible assets are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows: Concession agreements 1-23 years, Other intangible assets 1-10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains or losses arising from derecognition of an intangible asset are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment test in goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Summary of significant accounting policies (continued)

3.5 Concession agreements

Financial assets

The Group shall recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The operator has an unconditional right to receive cash if the grantor contractually guarantees to pay the operator (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public. Financial asset is measured initially at fair value. Financial asset is measured subsequently at amortised cost.

Intangible assets

The Group shall recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. Intangible assets received in connection with concession agreements are measured at fair value of construction/modernization services less amortization and impairment.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

3.7 Financial instruments

Non-derivative financial instruments of the Group comprise investments in equity and debt securities, trade receivables, cash and cash equivalents, loans and borrowings, trade and other payables.

Non-derivative financial instruments (financial assets and liabilities) are recognised initially at fair value plus any costs directly attributable to the transaction, except for financial instruments at fair value, changes in which are recognised through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are measured in accordance with the methods described below.

The classification of financial instruments to a particular category occurs at the time of their adoption to accounting based on the business model used by the organization for managing financial assets and liabilities and the characteristics of the financial instrument associated with contractual cash flows.

Financial assets measured at amortized cost

A financial asset is classified as measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus or minus the amount of accumulated depreciation calculated using the effective interest method - the difference between the initial amount and the amount of the maturity date, and, in relation to financial assets, adjusted for the provision for losses.

3. Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Loans and receivables related to financial assets measured at amortized cost include financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group intends to sell immediately or in the near term (which shall be classified as held for trading), and those that the Group upon initial recognition designates at fair value through profit or loss.

Cash and cash equivalents related to financial assets measured at amortized cost include cash in hand and in bank accounts, deposits held at call with banks with original maturities of three months or less, and deposits held at call. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management policy are included in cash and cash equivalents for the purpose of the statement of cash flows. The Group presents interest accrued on bank accounts balances as cash flows from operating activities in the consolidated statement of cash flows.

Financial assets at fair value through other comprehensive income

The financial asset is classified at fair value through other comprehensive income if it is held within a business model that is achieved both through the receipt of contractual cash flows and the sale of financial assets and the contractual terms of the financial asset determine the receipt on the dates indicated cash flows that are solely payments of principal and interest on the principal amount outstanding. When the recognition of a financial asset is discontinued, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

For the purposes of the above classification, the principal amount of the debt is the fair value of the financial asset upon initial recognition. Interest includes only reimbursement for the time value of money, for credit risk in respect of principal that remains outstanding for a certain period of time, and for other usual risks and costs associated with lending, as well as profit margins.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss, except when it is measured at amortized cost or at fair value through other comprehensive income.

Irrespective of the conditions described above, an entity may, at the initial recognition of a financial asset at its sole discretion, classify it, without the right of subsequent reclassification, as measured at fair value through profit or loss or through other comprehensive income, if this will eliminate or significantly reduce the inconsistency of approaches to evaluation or recognition (sometimes referred to as an «accounting discrepancy»).

3. Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

The Group recognises the disposal of a financial asset only in the event of termination of the rights for cash flows under the relevant contract or if the financial asset and the related risks and rewards are transferred to other entity. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, it continues to recognise the financial asset. When the financial asset is fully derecognized, the difference between its carrying amount assessed at the date of derecognition and the amount of the consideration received (including the amount of the new asset received less the amount of the new obligation assumed) shall be recognized in profit or loss. The Group derecognises financial liabilities only when they are discharged, cancelled or expired.

Financial liabilities mainly include trade and other accounts payable, loans and borrowings payable, and classified as subsequently measured at amortised cost by using the effective interest method.

The Group enters into derivative financial instruments (CAP options) in its operating activities. More details are disclosed in note 14. The Group does not use other derivative financial instruments.

3.8 Impairment

The carrying amounts of Group's financial assets carried at amortised cost/cost and non-financial assets, not including deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Financial assets carried at amortised cost

The Group reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of loss is measured as difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivables original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgment to estimate the amount of any impairment loss.

3. Summary of significant accounting policies (continued)

3.8 Impairment (continued)

Financial assets carried at cost

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value cannot be reliably measured. If there is objective evidence that such investments are impaired the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of loans and receivables are recognised in the consolidated statement of comprehensive income and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in the consolidated statement of comprehensive income and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted-average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

3.10 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. Summary of significant accounting policies (continued)

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium.

3.13 Equity

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a decrease in equity.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

3.14 Employee benefits

The Group provides remuneration package consisting of basic salary and bonuses. They are charged to cost of sales and operating expenses. In the normal course of business the Group contributes to the local state pension funds on behalf of its employees. The mandatory contributions to the governmental pension funds are expensed as incurred.

3. Summary of significant accounting policies (continued)

3.15 Taxation

Income tax on profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the change in the amount of income taxes payable (recoverable) in future periods in respect of the temporary taxable (deductible) differences and carry-forward of unused tax losses. Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability settled based on the tax rates that have been enacted or substantively enacted at the reporting date.

3.16 Revenue

IFRS 15 provides for a model to recognize revenue from contracts with customers, i.e. from production and distribution of heat energy to population and commercial customers, that includes five stages and requires that revenue should be recognized in an amount reflecting the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires that entities apply judgments and consider all relevant facts and circumstances while applying each stage of the model in respect of the contracts with customers. The standard also requires recognizing incremental costs of obtaining a contract and costs to fulfill a contract. Besides, the standard requires making more extensive disclosures.

The Group applied IFRS 15 retrospectively using the cumulative effect recognition method as at the date of initial recognition of January 1, 2018. The adoption of this standard has had no material impact on the consolidated financial statements of the Group.

Revenue from other communal services is recognised in the consolidated statement of comprehensive income when services are rendered.

No revenue is recognised if there are significant uncertainties regarding recoverability of the consideration due and associated costs.

3.17 Municipal subsidies

Subsidies provided by the Kiselevsk Government to compensate the Group for the losses incurred as a result of selling heat to public at regulated reduced tariffs, are recognized in profit or loss in the period in which they were incurred.

3. Summary of significant accounting policies (continued)

3.18 Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Interest expense is recognised in the consolidated statement of comprehensive income in the amount of change of the carrying amount of liability other than from cash payments or cash receipts. All interest costs incurred in connection with borrowings, which are not directly attributable to the acquisition, construction or production of qualifying assets, are expensed as incurred.

3.19 Finance income / costs

Finance income / costs comprise interest expense on borrowings, interest income on funds invested, dividend income, bank fees and foreign exchange gains and losses recognised in the consolidated statement of comprehensive income.

3.20 Operating segments

The Group does not disclose information about operating segments in the absence of components that meet the definition of paragraph 5 of IFRS 8 "Operating segments".

3.21 Share-based payment transactions

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 13.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3. Summary of significant accounting policies (continued)

3.21 Share-based payment transactions (continued)

Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

3.22 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 5 to 10 years

3. Summary of significant accounting policies (continued)

3.22 Leases (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.8 «Impairment».

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that is considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

4. Application of new and revised International Financial Reporting Standards

4.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2020

A number of new standards, interpretations or amendments to existing standards are effective for annual periods beginning on or after 1 January 2020. Information on the new standards, interpretations or amendments to existing standards which are relevant for the Group is prescribed below.

Definition of a Business — Amendments to IFRS 3

On 22 October 2018, the IASB issued “Definition of a Business (Amendments to IFRS 3)” aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

The Group adopted the amendment and will apply the definition to asset acquisitions that occur on or after the beginning of 1 January 2020.

Definition of Material — Amendments to IAS 1 and IAS 8

On 31 October 2018, the IASB issued “Definition of Material (Amendments to IAS 1 and IAS 8)” to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after 1 January 2020.

The Group adopted the amendment and will apply the definition of “material” on financial statements for annual reporting periods beginning on or after 1 January 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. These amendments set out the IFRSs and their accompanying documents to reflect the issue of the revised Conceptual Framework for Financial Reporting in 2018 by modifying references which were earlier made to, or quotations from, the IASC’s Framework for the Preparation and Presentation of Financial Statements adopted by the Board in 2001 (Framework) or the Conceptual Framework for Financial Reporting issued in 2010. The amendments pertain to following standards and are effective for annual periods beginning on or after 1 January 2020:

- IFRS 2 Share-based payment
- IFRS 3 Business Combinations
- IFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRS 14 Regulatory Deferral Accounts
- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 34 Interim Financial Reporting
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 38 Intangible Assets
- IFRIC 12 Service Concession Arrangements
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- SIC-32 Intangible Assets — Web Site Costs

The Group has adopted above amendments on prospective basis i.e. to be applied after the beginning of the first annual reporting period beginning on or after 1 January 2020.

4. Application of new and revised International Financial Reporting Standards (continued)

4.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2020 (continued)

IBOR Reform Phase 1 amendments

On 26 September 2019, the IASB issued “Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)” as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 “Financial Instruments” and IAS 39 “Financial Instruments: Recognition and Measurement”, which require forward-looking analysis. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively.

The Group reviewed the impact of the amendments and concluded that there is no significant impact of the amendment on the consolidated financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

On 28 May 2020, the IASB published Covid-19-Related Rent Concessions (Amendment to IFRS 16) amending the standard to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The Group reviewed the impact of the amendment and concluded that there is no impact of this amendment on the consolidated financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s consolidated financial statements.

Annual Improvements to IFRS Standards 2018–2020

On 14 May 2020, the IASB issued “Annual Improvements to IFRS Standards 2018–2020” which relate to following International Financial Reporting Standards (IFRSs):

- IFRS 1 “First-time Adoption of International Financial Reporting Standards” — Subsidiary as a first-time adopter;
- IFRS 9 “Financial Instruments” — Fees in the “10 per cent” test for derecognition of financial liabilities;
- IFRS 16 “Leases” — Lease incentives; and
- IAS 41 “Agriculture” — Taxation in fair value measurements.

4. Application of new and revised International Financial Reporting Standards (continued)

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

The amendments to IFRS 1, IFRS 9, and IAS 41 published are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.

The management is in the process of assessing the impact of these amendments to the consolidated financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

On 14 May 2020, the IASB issued “Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)” regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

The amendments published are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The management is in the process of assessing the impact of these amendments to the consolidated financial statements.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

On 14 May 2020, the IASB issued “Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)” amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

The amendments are effective for annual periods beginning on or after 1 January 2022 with an early application permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

The management is in the process of assessing the impact of these amendments to the consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023 and are to be applied retrospectively. Earlier application is permitted.

The management is in the process of assessing the impact of these amendments to the consolidated financial statements.

5. Property, plant and equipment

<u>In thousands of RUB</u>	Land and buildings	Machinery and equipment	Vehicles	Fixtures and fittings	Assets under construction	Prepayments for fixed assets	Right-of-use assets	Total
Cost / revalued amount								
At 31 December 2019	1 441 191	301 254	44 757	5 065	776 929	221 490	210 258	3 000 944
Revaluation	-	-	-	-	-	-	-	-
Additions	88 773	18 542	3 672	676	336 298	75 222	26 988	550 171
Disposals	(227)	(1 990)	(250)	-	(337 388)	-	-	(339 855)
Transfers	-	-	-	-	221 491	(221 491)	-	-
At 31 December 2020	1 529 737	317 806	48 179	5 741	997 330	75 221	237 246	3 211 260
Depreciation and impairment								
At 31 December 2019	268 401	152 491	32 697	3 194	-	-	157 215	613 998
Revaluation	-	-	-	-	-	-	-	-
Depreciation charge	100 030	63 187	4 589	1 393	-	-	29 417	198 616
Disposals	(6 941)	(1 591)	(250)	-	-	-	-	(8 782)
Transfers	-	-	-	-	-	-	-	-
At 31 December 2020	361 490	214 087	37 036	4 587	-	-	186 632	803 832
Revalued amounts at								
At 31 December 2020	1 168 247	103 719	11 143	1 154	997 330	75 221	50 614	2 407 428
At 31 December 2019	1 172 790	148 763	12 060	1 871	776 929	221 490	53 043	2 386 946

5. Property, plant and equipment (continued)

<u>In thousands of RUB</u>	Land and buildings	Machinery and equipment	Vehicles	Fixtures and fittings	Assets under constructio n	Prepayments for fixed assets	Right-of-use assets	Total
Cost / revalued amount								
At 31 December 2018	1 342 056	260 946	45 703	3 148	544 701	1 689	-	2 198 243
Initial recognition on January 1, 2019	-	-	-	-	-	-	208 999	208 999
Revaluation	-	-	-	-	-	-	-	-
Additions	47 593	11 616	633	1 917	316 381	221 260	1 259	600 659
Transfers	51 832	29 781	-	-	(81 613)	-	-	-
Disposals	(290)	(1 089)	(1 579)	-	(2 540)	(1 459)	-	(6 957)
At 31 December 2019	1 441 191	301 254	44 757	5 065	776 929	221 490	210 258	3 000 944
Depreciation and impairment								
At 31 December 2018	156 729	84 264	28 844	2 052	-	-	-	271 889
Initial recognition on January 1, 2019	-	-	-	-	-	-	126 446	126 446
Revaluation	-	-	-	-	-	-	-	-
Depreciation charge	111 753	69 070	5 413	1 142	-	-	30 769	218 147
Disposals	(81)	(843)	(1 560)	-	-	-	-	(2 484)
At 31 December 2019	268 401	152 491	32 697	3 194	-	-	157 215	613 998
Revalued amounts at At 31 December 2019	1 172 790	148 763	12 060	1 871	776 929	221 490	53 043	2 386 946
At 31 December 2018	1 185 327	176 682	16 859	1 096	544 701	1 689	-	1 926 354

5. Property, plant and equipment (continued)

Revaluation

Management based their estimate of the fair value of the property, plant and equipment mostly on the results of the independent appraisals. The independent appraisals were performed by LLC Stremlenie, a member of the non-commercial partnership "Russian Board of appraisers". As at 30 June 2016 land and buildings owned by the Group were evaluated in course of periodic valuation in accordance with the adopted accounting policy (previous valuation was performed as at 31 December 2011).

Two methods were used during the valuation of assets: Income capitalization approach and Cost approach.

The test for adequate profitability of the assets and possible impairment was performed using discounted cash flow (DCF) method. DCF model included projections over 9.5 year period and was based on the following main assumptions:

- Revenue growth assumption — 3.6-4.7%;
- Macroeconomic assumptions per official government forecasts;
- Discount rate — WACC estimated at 19.21% applied to RUB cash flows.

Historical cost

The net book value of property, plant and equipment that would have been recognized under the historic cost method is RUB 1,820,835 thousand as at 31 December 2020 (31 December 2019: RUB 1,799,577 thousand).

The carrying amount of fully depreciated but used property, plant and equipment

The book value of fully depreciated but used property, plant and equipment is RUB 614,481 thousand as at 31 December 2020 (31 December 2019: RUB 71,448 thousand).

The Group applies, IFRS 16 Leases, since 01.01.2019 using a modified retrospective approach.

The depreciation of right-of-use assets for 2020 in the amount of RUB 29,417 thousand (2019: RUB 30,769 thousand), interest expenses on lease obligations for 2020 in the amount of RUB 8,366 thousand (2019: RUB 8,576 thousand); payments under lease agreements for 2020 in the amount of RUB 38,559 thousand (2019: RUB 37,817 thousand); an increase right-of-use assets for 2020 in the amount of RUB 26,988 thousand (2019: RUB 1,260 thousand) (Note 16).

6. Intangible assets

<u>In thousands of RUB</u>	Acquired software licenses	Acquired lease rights	Technical documentation	Concession agreements	Total
Cost					
Cost at 31 December 2019	3 764	4 311	11 591	109 857	129 523
Additions	1 061	-	-	375 789	376 850
Disposals	-	-	-	(19 226)	(19 226)
At 31 December 2020	4 825	4 311	11 591	466 420	448 147
Amortisation and impairment					
At 31 December 2019	3 097	3 701	5 397	5 589	17 784
Amortisation charge	633	243	1 145	25 503	27 524
Disposal	-	-	-	-	-
At 31 December 2020	3 730	3 944	6 542	31 092	45 308
Carrying value					
At 31 December 2020	1 095	367	5 049	435 328	441 839
At 31 December 2019	667	610	6 194	104 268	111 739

<u>In thousands of RUB</u>	Acquired software licenses	Acquired lease rights	Technical documentation	Concession agreements	Total
Cost					
Cost at 31 December 2018	3 132	4 311	11 591	62 891	81 925
Additions	632	-	-	46 966	47 598
Disposals	-	-	-	-	-
At 31 December 2019	3 764	4 311	11 591	109 857	129 523
Amortisation and impairment					
At 31 December 2018	2 253	3 318	4 252	2 653	12 476
Amortisation charge	844	383	1 145	2 936	5 308
Disposal	-	-	-	-	-
At 31 December 2019	3 097	3 701	5 397	5 589	17 784
Carrying value					
At 31 December 2019	667	610	6 194	104 268	111 739
At 31 December 2018	879	993	7 339	60 238	69 449

6. Intangible assets (continued)

In December 2016 the Group signed concession Agreement in which its counterpart is Chernsky region Municipality (the Grantor). According to terms of the Agreement Chernskaya teplovaya kompaniya (the Operator) is obliged to invest RUR 394,661 thousand including VAT in reconstruction and construction of heating systems in Chernsky region of Tulskeya oblast during 2017-2040.

The terms of the Agreement require the Grantor to pay to the Operator RUB 74,344 thousand including VAT in order to reimburse part of construction and reconstruction costs.

In January 2019 the Group signed concession Agreement in which its counterpart is Venevsky region Municipality (the Grantor). According to terms of the Agreement LLC "CCS" (the Operator) is obliged to invest RUR up to 727,469 thousand excluding VAT in reconstruction and construction of heating systems in Venevsky region of Tulskeya oblast during 2019-2043.

In June 2019 the Group signed concession Agreement in which its counterpart is Aleksinsky region Municipality (the Grantor). According to terms of the Agreement LLC "Aleksinskaya teplo-energo kompaniya" (the Operator) is obliged to invest RUR up to 804,674 thousand excluding VAT in reconstruction and construction of heating systems in Aleksinsky region of Tulskeya oblast during 2019-2034.

During the period of concession the Operator operates the heating systems and is paid for its services by the public at regulated prices. In case regulated prices are established in the amount lower, than it was stipulated by the concession agreement the Grantor is obliged to reimburse the Operator for its losses.

After the end of the term of concession the Grantor receives the infrastructure back.

7. Financial assets

7.1 Long-term financial assets

	31 December 2020 RUB'000	31 December 2019 RUB'000
Promissory notes (LLC "Aleksinskaya teplo-energo kompaniya")	845	594
Other long-term financial assets (cession in LLC "TEK Centra")	329	633
Total long-term financial assets	1 174	1 227

7.2 Short-term financial assets

	31 December 2020 RUB'000	31 December 2019 RUB'000
Promissory notes (LLC "CCS")	-	1 765
Total short-term financial assets	-	1 765

8. Inventories

	31 December 2020 RUB'000	31 December 2019 RUB'000
Raw materials other than coal	78 541	60 386
Coal	9 381	8 965
Heating oil	4 303	20 813
Consumables	1 139	1 940
Total inventories	93 364	92 104

Allowance for inventory impairment as at 31 December 2020 and 31 December 2019 was not created, due to the absence of slow-moving inventory items.

As at 31 December 2020 and 31 December 2019 the Group has no inventory in pledge.

9. Trade and other receivables

	31 December 2020 RUB'000	31 December 2019 RUB'000
Trade receivables	1 266 803	1 094 588
Allowance for doubtful trade receivables	(643 427)	(524 400)
Trade receivables, net	623 376	570 188
Other receivables	53 870	146 091
Allowance for doubtful other receivables	(2 640)	(3 122)
Other receivables, net	51 230	142 969
Total trade and other receivables	674 606	713 157

There is no significant concentration of credit risk, as the amounts recognized mostly relate to a large quantity of receivables from medium and small customers based in Russia.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security over these balances.

Trade receivables that are past due but less than 6 months are not considered impaired unless there is indication that such impairment exists.

9. Trade and other receivables (continued)

The aging analysis of overdue trade and other receivables are as follows:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Receivables not overdue	435 674	592 105
Receivables overdue	884 999	648 574
Not more than 1 month	185 455	63 697
More than 1 month but not more than 6 months	95 344	75 705
More than 6 months but not more than 9 months	82 741	119 046
More than 9 months but not more than 1 year	34 547	66 462
More than 1 year	486 912	323 664
Total	1 320 673	1 240 679

Trade and other receivables that are past due more than 6 months have been reviewed for indications of impairment. Certain trade and other receivables were found to be impaired and provision for impairment in the amount of RUB 646,067 thousand (31 December 2019 – RUB 527,522 thousand) was created. The impaired receivables are mostly due from companies that are experiencing financial difficulties or went bankrupt and due from individuals based on percentage of collectability of this type of trade and other receivables. The aging of these receivables is as follows:

	31 December 2020 RUB'000	31 December 2019 RUB'000
More than 3 months but not more than 6 months	38 633	17 019
More than 6 months but not more than 9 months	82 741	119 342
More than but not more than 1 year	37 781	66 790
More than 1 year	486 912	324 371
Balance at end of period	646 067	527 522

Movements in the allowance for doubtful trade and other receivables are as follows:

	2020 RUB'000	2019 RUB'000
Balance at the beginning of the period	527 522	459 316
Charge for the period, net (Note 25)	118 545	68 206
Recovered during the period	-	-
Balance at end of period	646 067	527 522

10. Subsidies receivable

	31 December 2020 RUB'000	31 December 2019 RUB'000
Subsidies from Kiselevsk Government, Kemerovo Oblast	37 185	24 841
Total subsidies receivable	37 185	24 841

11. Other assets

	31 December 2020 RUB'000	31 December 2019 RUB'000
VAT to be reclaimed	32 326	53 818
Income tax prepayment	22 983	9 013
Prepayments for materials and supplies	14 885	6 807
Other tax prepayments	475	409
Total other assets	70 669	70 047

12. Cash and cash equivalents

	31 December 2020 RUB'000	31 December 2019 RUB'000
Cash at bank	7 400	7 114
Short-term deposits	52 590	45 169
Cash in transit	19 720	-
Cash in hand	244	251
Total cash and cash equivalents	79 954	52 534

As of 31 December 2020 total cash and cash equivalents included bank deposits in Rubles placed in Sberbank, Gazprombank and Vneshtorgbank on the following terms.

№ Deposit	Currency	Amount in currency	Annual interest rate,	Maturity date
Deposit 1	RUB	15 000 000	2.28%	13.01.2021
Deposit 2	RUB	2 500 000	2.23%	11.01.2021
Deposit 3	RUB	12 560 000	2.27%	14.01.2021
Deposit 4	RUB	7 500 000	2.69%	11.01.2021
Deposit 5	RUB	2 000 000	2.26%	25.01.2021
Deposit 6	RUB	2 000 000	2.26%	29.01.2021
Deposit 7	RUB	380 000	2.23%	11.01.2021
Deposit 8	RUB	9 000 000	2.27%	01.03.2021
Deposit 9	RUB	1 500 000	4.03%	14.01.2021
Deposit 10	RUB	150 000	3.50%	11.01.2021

There was no restricted cash as at 31 December 2020 and 31 December 2019. All deposits were returned at maturity date.

13. Share Capital

As at 31 December 2020 authorized and issued share capital minus shares owned by subsidiaries (reserved shares) of the Company consisted of 4,742,783,406 ordinary shares with the nominal value of 0,005 RUB each (4,742,783,406 ordinary shares as at 31 December 2019).

	31 December 2020	31 December 2019
Shares issued and fully paid	5 261 212 666	5 261 212 666
Shares owned by subsidiaries (reserved shares)	518 429 260	518 429 260
Shares issued and fully paid minus shares owned by subsidiaries	4 742 783 406	4 742 783 406
Total authorised and issued shares	4 742 783 406	4 742 783 406

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at annual and general meetings of the Group. The Company did not declare dividends for 2012-2017.

According to the Minutes N 18 of General meeting of PJSC "CCS-Group" shareholders dated 03.07.2018, the decision on distribution of net profit of PJSC "CCS-Group" according to the results of the 2017 financial year in the amount of RUB 13,517 thousand on the dividends payment to the shareholders of the Group was made. Dividends payable per share amounted to 0.00285 rubles.

During 2019 and 2020 the Group did not declare or pay dividends.

List of shareholders of the Company is presented below.

Shareholder's name	The part of Share Capital as of	
	31 December 2020	31 December 2019
	%	%
Specialised Power Limited	22.34	22.34
Magna Carta Capital Limited	19.43	19.43
EBRD	19.09	19.09
IFC	19.09	19.09
Reserved shares issued by the Company and held by subsidiaries of the Group	9.46	9.46
Treasury shares	0.39	0.39
Other	10.20	10.20
Total	100	100

As at 31 December 2020 and 31 December 2019 the Group had no the final beneficiary.

In 2020 the Group made an adjustment of treasury and reserved shares in the amount of RUB 2,592 thousand and reported it in the consolidated statement of Changes in Equity.

On 19.09.2013 Put and Call Option Agreement between Magna Carta Capital Limited, LLC "Kiselevskaya ob'edinennaya teplovaya kompaniya" (KOTK LLC), LLC "Novomoskovskaya teplovaya kompaniya" (NTK LLC), LLC "Regionalnye teplovye seti" (RTS LLC), LLC "Resurs Plavsk" (Resource Plavsk LLC) (the "Grantors") and European Bank for Reconstruction and Development ("EBRD") (the "Put and Call Option Agreement") and Amended and Restated Put and Call Option Agreement between Magna Carta Capital Limited, KOTK LLC, NTK LLC, RTS LLC, Resource Plavsk LLC and International Finance Corporation ("IFC") originally dated 20.12.2012 and amended and restated on 19.09.2013 (the "Amended and Restated Put and Call Option Agreement") were signed.

According to provisions of the Put and Call Option Agreement EBRD shall have a right, exercisable in its sole discretion, at any time during the Exit Put Period, to sell to the Grantors all but not less than all of the EBRD Shares held by EBRD on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Put and Call Option Agreement and the Grantors agreed, on a joint and several basis, to purchase and pay for such EBRD Shares.

13. Share Capital (continued)

According to provisions of the Amended and Restated Put and Call Option Agreement IFC shall have the right (the "Exit Put Option"), exercisable in its sole discretion, at any time during the Exit Put Period, to sell to the Grantors all but not less than all of the IFC Shares held by IFC on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Amended and Restated Put and Call Option Agreement and the Grantors agreed, on a joint and several basis, to purchase and pay for such IFC Shares.

Based on confirmations received by the Company in case during the Exit Put Period EBRD will exercise the right to sell all but not less than all of the EBRD Shares held by EBRD on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Put and Call Option Agreement or in case during the Exit Put Period IFC will exercise the right to sell all but not less than all of the IFC Shares held by IFC on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Amended and Restated Put and Call Option Agreement, Magna Carta Capital Limited will pay for the shares in full. Due to mentioned above, exit put options owned by EBRD and IFC do not give rise to any liabilities for CCS-Group and management elected not to disclose these options in the financial statements of CCS-Group for the period ended 31 December 2020.

Share-Based compensation

In accordance with provisions of Section 3.05 of Amended and restated shareholders agreement between Magna Carta Capital Limited, Specialised Power Limited, HH Generation Inc., LLC CCS Capital, International Finance Corporation and European Bank for Reconstruction and Development originally dated 20 December 2012 and amended and restated on 19 September 2013, in order to attract and retain executive and senior employees for the Company, the Company shall be entitled to grant Shares and Share Equivalents to the Company's executive and senior employees in accordance with Approved ESP.

The purpose of the share-based compensation plan is to align the interest of management with those of the shareholders of the Company by providing additional incentives to improve the Company's performance on a long-term basis, thereby increasing shareholder value.

As at 20 March 2015 General meeting of shareholders approved sale of shares to qualifying executive and senior employees of the Company (minutes of the meeting of March 24, 2015). Contracts stipulate that executive and senior employees of the Company will be granted the option for the acquisition of the fixed number of reserved shares in the Company at a price (the "Execution Price") equal to RUB 0.174243 per share. In order to be able to purchase the shares qualifying executives have to continue their employment in the Group.

Qualifying executives will be granted the right to execute options during 3 periods in the following manner:

- (a) not more that 30% of the Options granted between 1 July 2016 and 31 December 2016;
- (b) not more that 30% of the Options granted between 1 July 2019 and 31 December 2019; and
- (c) the rest of the Options granted between 1 July 2022 and 31 December 2022.

The fair value of the share options granted during 2015 was RUB 39,307 thousand. Options were priced using binomial option pricing model. Expenses recognized in 2020 amounted to RUB 5,251 thousand (2019: RUB 5,236 thousand), which was credited to retained earnings.

Inputs into the model:

Grant date share price	0,169034
Exercise price	0,174243
Expected volatility	15,3%
Option life	6,5 years
Dividend yield	0%
Risk-free interest rate	11,33%

14. Loans and borrowings

	31 December 2020 RUB'000	31 December 2019 RUB'000
Non-current		
Loans and borrowings	659 379	739 928
Current		
Loans and borrowings	439 498	198 661
Interest payable	4 016	2 372
Total loans and borrowings	1 102 893	940 961

Terms and repayment schedule are as follows:

Loans outstanding as at 31 December 2020:

Lender	Currency	Outstanding principal RUB'000	Nominal annual interest rate	Effective interest rate	Year of maturity
Sberbank	RUB	212 580	7.50%	7.50%	2021
Sberbank	RUB	67 942	7.95%	7.95%	2021
Sberbank	RUB	234 558	5.95%	5.95%	2029
Sberbank	RUB	158 147	6.75%	7.25%	2025
Sberbank	RUB	125 000	6.05%	6.65%	2022
Sberbank	RUB	158 513	9.10%	9.10%	2026
IFC	RUB	100 000	6.23%	12.70%	2022
Sberbank	RUB	19 877	9.30%	9.30%	2021
Sberbank	RUB	29 495	6.70%	6.70%	2021

The amortized cost of loans as at 31 December 2020 is RUB 96,734 thousand on a loan from the IFC, RUB 156,982 and 125,012 thousand and on loans from Sberbank provided to PJSC "CCS-Group" and LLC "CCS".

Loans outstanding as at 31 December 2019:

Lender	Currency	Outstanding principal RUB'000	Nominal annual interest rate	Effective interest rate	Year of maturity
Sberbank	RUB	216 007	9.30%	9.30%	2021
Sberbank	RUB	150 000	8.05%	8.05%	2022
Sberbank	RUB	167 730	9.30%	9.30%	2021
Sberbank	RUB	82 189	10.96%	10.96%	2021
IFC	RUB	150 000	8.49%	12.33%	2022
EBRD	RUB	182 478	11.83%	17.06%	2023

The amortized cost of loans as at 31 December 2019 is RUB 147,470 thousand on a loan from the IFC and RUB 174,135 thousand on a loan from the EBRD.

The table below represents a book value of assets as collateral amounts of loans securities as of 31 December 2020 and 31 December 2019:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Property, plant and equipment	650 114	261 313

14. Loans and borrowings (continued)

In December 2019 the Group signed the loan agreement with Sberbank for loan facility in the amount of RUB 150,000 thousand. The Group received RUB 0 thousand and repaid RUB 25,000 thousand. According to the contract full repayment is scheduled for December, 2022. The objective of receiving of these loans was financing of working capital of the Group.

In December 2019 the Group signed the General agreement with Sberbank for loan facility in the amount of up to RUB 450,000 thousand. The loan is obtained in several tranches. In the current period the Group received RUB 1,923,042 thousand and repaid RUB 1,642,520 thousand. According to the contract full repayment is scheduled for December, 2022. The objective of receiving of these loans was financing of working capital of the Group.

In May 2018 the Group signed the loan agreement with Sberbank for loan facility in the amount of RUB 195,000 thousand. In the current period the Group received RUB 383,514 thousand and repaid RUB 531,366 thousand. According to the contract full repayment is scheduled for February, 2021. The objective of receiving of these loans was financing of working capital of the Group.

In October 2020 the Group signed the loan agreement with Sberbank for overdraft loan facility in the amount of RUB 30,000 thousand. In the current period the Group received RUB 113,378 thousand and repaid RUB 83,883 thousand. According to the contract full repayment is scheduled for February, 2021. The objective of receiving of these loans was financing of working capital of the Group.

In December 2019 the Group signed the loan agreement with Sberbank for loan facility in the amount of up to RUB 613,127 thousand. The loan is obtained in several tranches. In the current period the Group received RUB 234,558 thousand and repaid RUB 0 thousand. According to the contract full repayment is scheduled for December, 2029. The objective of receiving of these loans was financing of investment program in Aleksin, Tula region.

In December 2018 the Group signed the loan agreement with Sberbank for loan facility in the amount of RUB 100,000 thousand. In the current period the Group received RUB 92,868 thousand and repaid RUB 175,058 thousand. According to the contract full repayment is scheduled for March, 2021. The objective of receiving of these loans was financing of working capital of the Group. The contract was terminated in September 2020.

In March 2020 the Group signed the loan agreement with Sberbank for loan facility in the amount of up to RUB 560,000 thousand. The loan is obtained in several tranches. In the current period the Group received RUB 158,514 thousand and repaid RUB 0 thousand. According to the contract full repayment is scheduled for December, 2026. The objective of receiving of these loans was financing of investment program in Klinty, Bryansk region.

On May 27, 2020, the Group signed an additional agreement related to loan agreement between ATEK LLC and Sberbank to pledge 100% shares of ATEK LLC in favor of Sberbank.

In December 2012 the Group entered into a loan agreement with the International Finance Corporation in the amount of RUB 250,000 thousand with a maturity date up to 2022 year. At the reporting date the Group received RUB 250,000 thousand and repaid RUB 150,000 thousand.

In September 2013 the Group entered into a loan agreement with the European Bank for Reconstruction and Development in the amount of RUB 350,000 thousand with a maturity date up to 2023 year. At the reporting date the Group received RUB 350,000 thousand and repaid principal in full 07.08.2020.

The objective of receiving of loans from IFC and EBRD was financing of investment programs of the Group.

14. Loans and borrowings (continued)

In these consolidated financial statements the loans received are carried at amortised cost which accounts for costs incurred by the Group directly attributable to receiving of the loans. The offering memorandum of guaranteed notes and loan agreements impose financial covenants tested on every reporting date.

Due to the breach of the covenants “Current ratio” as at 31 December 2020 the above mentioned IFC loan with the amortized amount of RUB 96,734 thousand was classified by the Group as short-term in accordance with requirements of IAS 1 “Presentation of Financial Statements” and IFRS 7 “Financial Instruments: Disclosures”. Management does not expect the IFC to demand early repayment of the loan.

To confirm the absence of such intentions the management requested a waiver of the early demand for repayment of the loan. At the date of signing the consolidated financial statements, waiver from the bank was not received.

On June 30, 2020, the Group entered into agreement N 00870020/86041100 on opening a non-revolving credit line with PJSC Sberbank. The amount of the limit under this agreement is 283,147,322 rubles. According to the terms of this agreement, a non-revolving credit line is provided for the full repayment of the principal debt:

- under the Loan Agreement N 43829 dated September 19, 2013 for a period up to 2023, concluded between PJSC CCS-Group and EBRD;
- under the Loan Agreement N 31759 dated December 20, 2012 for a period up to 2022, concluded between PJSC CCS-Group and IFC.

The non-revolving line of credit is available for a period ending June 29, 2025.

The Group uses derivative financial instruments (CAP options) in its operating activities:

Option under non-revolving credit line agreement N 02950019/86041100 between LLC CCS and PJSC Sberbank in amount of RUB 255 thousand, with a maturity date of December 25, 2021, and a CAP strike price of 7%.

Option under non-revolving credit line agreement N 01970019/86042200 between LLC ATEK and PJSC Sberbank in amount of RUB 1,051 thousand, with a maturity period from December 5, 2020 to December 5, 2021, and a CAP strike price 7%.

Option under non-revolving credit line agreement N 00870020/86041100 between PJSC CCS-Group and JSC Gazprombank in amount of RUB 474,5 thousand, with a maturity period from August 06, 2020 to June 29, 2021, and a CAP strike price 6%.

The CAP strike price refers to the price set in the option at which option buyers (PJSC CCS-Group, LLC CCS and LLC ATEK) can sell underlying assets for valid options, and the seller of options (PJSC Sberbank, JSC Gazprombank) is obliged to buy the corresponding amount of underlying assets.

15. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2020 RUB'000	31 December 2019 RUB'000	31 December 2020 RUB'000	31 December 2019 RUB'000	31 December 2020 RUB'000	31 December 2019 RUB'000
Property, plant and equipment	23 114	20 637	(232 512)	(254 043)	(209 398)	(233 406)
Intangible assets	-	-	(29 141)	(122)	(29 141)	(122)
Investments	2 152	2 388	-	(117)	2 152	2 271
Inventories	166	166	(13)	(3)	153	163
Receivables and prepayments	87 065	64 806	-	-	87 065	64 806
Payables and accruals	15 349	6 547	(9 291)	(10 627)	6 058	(4 080)
Tax losses carried forward	62 993	59 379	-	-	62 993	59 379
	190 839	153 923	(270 957)	(264 912)	(80 118)	(110 989)

	Assets		Liabilities		Net	
	31 December 2019 RUB'000	31 December 2018 RUB'000	31 December 2019 RUB'000	31 December 2018 RUB'000	31 December 2019 RUB'000	31 December 2018 RUB'000
Property, plant and equipment	20 637	19 924	(254 043)	(206 795)	(233 406)	(186 871)
Intangible assets	-	-	(122)	(134)	(122)	(134)
Investments	2 388	12 799	(117)	(7 340)	2 271	5 459
Inventories	166	165	(3)	(13)	163	152
Receivables and prepayments	64 806	-	-	6 754	64 806	6 754
Payables and accruals	6 547	1 931	(10 627)	(9 428)	(4 080)	(7 497)
Tax losses carried forward	59 379	57 739	-	-	59 379	57 739
	153 923	92 558	(264 912)	(216 956)	(110 989)	(124 398)

The applicable income tax rate for the Russian Group companies is 20% (2019: 20%). This rate has been used in the calculation of deferred tax assets and liabilities.

Deferred tax assets and liabilities shown above are offset within each legal entity. Total amount of positive net balances resulted in RUB 190,839 thousand of deferred tax assets and total amount of negative net balances resulted in RUB 270,957 thousand of deferred tax liability, as shown in the consolidated statement of financial position as at 31 December 2020 (31 December 2019: total amount of positive net balances resulted in RUB 153,923 thousand of deferred tax assets and total amount of negative net balances resulted in RUB 264,912).

15. Deferred tax assets and liabilities (continued)

Movements in deferred taxes during the period were as follows:

<u>In thousands of RUB</u>	Property, plant and equipment	Intangible assets	Investments	Inventories	Receivables and prepayments	Payables and accruals	Tax losses carried forward	Total
Balance as at 1 January 2020-	(233 406)	(122)	2 271	163	64 806	(4 080)	59 379	(110 989)
Recognized in income — origination and reversal of timing differences	24 008	(29 019)	(119)	(10)	22 259	10 138	3 614	30 871
Release of deferred tax from disposal of revalued assets	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	(209 398)	(29 141)	2 152	153	87 065	6 058	62 993	(80 118)

Movements in deferred taxes during the previous year were as follows:

<u>In thousands of RUB</u>	Property, plant and equipment	Intangible assets	Investments	Inventories	Receivables and prepayments	Payables and accruals	Tax losses carried forward	Total
Balance as at 1 January 2019	(186 871)	(134)	5 459	152	6 754	(7 497)	57 739	(124 398)
Recognized in income — origination and reversal of timing differences	(46 535)	12	(3 188)	11	58 052	3 417	1 640	13 409
Release of deferred tax from disposal of revalued assets	-	-	-	-	-	-	-	-
Balance as at 31 December 2019	(233 406)	(122)	2 271	163	64 806	(4 080)	59 379	(110 989)

Group companies recognized tax losses of RUB 368,608 thousand which was generated in the following periods:

	Amount RUB'000
2015	64 293
2016	66 344
2017	61 707
2018	93 340
2019	26 929
2020	55 995
Total	368 608

During 2020 the Group used tax assets in the amount of RUB 73,722 thousand (2019: RUB 38,798 thousand).

16. Lease liabilities

	31 December 2020 RUB'000	31 December 2019 RUB'000
Long-term lease liability	47 928	48 674
Short-term lease liability	11 148	13 607
Total trade and other payables	59 076	62 281
Carrying amount as at 1 January 2019		90 262
Conclusion of new lease agreements		1 260
Advance payment		-
Lease payments		(37 817)
Lease interest		8 576
Disposal of lease agreements		-
Carrying amount as at 31 December 2019		62 281
Carrying amount as at 1 January 2020		62 281
Conclusion of new lease agreements		26 988
Advance payment		-
Lease payments		(38 559)
Lease interest		8 366
Disposal of lease agreements		-
Carrying amount as at 31 December 2020		59 076

17. Trade and other payables

	31 December 2020 RUB'000	31 December 2019 RUB'000
Trade payables	413 505	456 937
Wages, salaries and other related accruals	12 787	23 986
Other payables	14 174	15 939
Total trade and other payables	440 466	496 862

18. Other liabilities

	31 December 2020 RUB'000	31 December 2019 RUB'000
VAT payable	55 047	71 802
Provision for unused vacation	39 588	33 596
Advances from customers	38 035	19 454
Other taxes payable	35 753	35 054
Corporate income tax payable	13 594	1 766
Other liabilities	-	20 872
Total other liabilities	182 017	182 544

In the reporting period, in connection with the construction of facilities under concession agreements, deferred revenue arose in the amount of RUB 64,170 thousand, which was recognized as deferred income and presented in the consolidated statement of financial position.

19. Sales revenue

	2020 RUB'000	2019 RUB'000
Heating	3 310 522	3 206 621
Concession agreement	317 210	26 434
Water supply	293 247	289 831
Electricity	158 930	127 749
Other revenue	31 335	52 913
Total sales revenue	4 111 244	3 703 548

The heat energy is provided to individual residential customers at regulated social tariffs, significantly lower than the rates applicable to commercial customers. The difference in tariffs is compensated to the Group in the form of subsidies from the Kiselevsk Government, Kemerovo Oblast. For 2020, the subsidy amounted to RUB 187,340 thousand (2019: RUB 159,022 thousand).

Revenue from heating includes revenue in the amount of RUB 15,117 thousand (2019: RUB 14,298 thousand) from application of increased rate, approved by resolutions of the Government of the Russian Federation of 16 April 2013 N 344 and December 17, 2014, N 1380, amending the Rules of the establishment and definition of rate of consumption of utilities, approved by the resolution of the Government of the Russian Federation of May 23, 2006 N 306 and order N 66 of 01.07.2015 of the Ministry of construction and housing and communal services of the Tula region and put into effect from 12.07.2015. This revenue is calculated as the difference between the increased rate of consumption of utilities and the base rate in houses not equipped with metering devices.

Management recognizes that in the future the Group may have obligations related to the use of funds received in connection with a multiplying factor to the base rate of consumption of utilities in buildings that are not equipped with metering devices on the basis of subparagraph (1) of paragraph 31 of the rules of granting of utilities to proprietors and users of premises in apartment buildings and residential houses, approved by the Decree of the government of the Russian Federation of May 06, 2011 N 354. At the reporting date management estimates the occurrence of such liabilities as possible; therefore, the information on the application of the increased ratios disclosed in these financial statements.

20. Cost of sales

	2020 RUB'000	2019 RUB'000
Raw materials	1 913 857	1 940 981
Cost of construction services of concession agreement	314 529	26 348
Wages, salaries and other personnel expenses	334 647	327 739
Electricity	213 729	205 815
Depreciation and amortisation	176 852	204 099
Social security costs	102 603	99 445
Rent, repair and maintenance	69 196	93 021
Fees and services	59 769	44 360
Communication and other deliveries	21 277	21 072
Utilities	4 535	4 968
Right and insurances	3 027	1 045
Other expenses	40	33
Total cost of sales	3 214 061	2 968 926

21. Selling and marketing expenses

	2020 RUB'000	2019 RUB'000
Commission	8 684	9 395
Advertising	85	-
Total selling and marketing expenses	8 769	9 395

22. Administrative expenses

	2020 RUB'000	2019 RUB'000
Wages, salaries and other personnel expenses	258 917	227 320
Social security costs	53 370	56 994
Depreciation and amortisation	40 506	19 356
Repair and maintenance	26 605	9 162
Stationery	16 052	12 052
Consulting and audit services	7 222	7 478
Legal expenses	3 429	205
Electricity	2 057	1 762
Transport expenses	860	1 637
Other expenses	6 087	6 097
Total administrative expenses	415 105	342 063

23. Other operating expenses, net

	2020 RUB'000	2019 RUB'000
Taxes	32 882	26 041
VAT non deductible	4 375	3 079
Other operating income and expenses	3 184	(843)
Total other operating expenses, net	40 441	28 277

24. Finance costs, net

	2020 RUB'000	2019 RUB'000
Interest income	1 070	7 447
Loss from sale of shares	(2 592)	(336)
Exchange gains/ (losses)	(3 088)	(1 596)
Interest expense	(92 629)	(88 933)
Other finance costs	(22 609)	(11 474)
Total finance costs, net	(119 848)	(94 892)

25. Other expenses, net

	2020 RUB'000	2019 RUB'000
Fines to/from suppliers (net)	40 115	20 828
Loss on trade receivables	(38 230)	(84 634)
Recovery / (Impairment) of receivables (Note 9)	(118 545)	(68 206)
Write-off of assignment of right of demand in ATEK	(100 074)	-
Write-off of inventories	253	3 693
State duties (net)	(2 691)	(2 854)
Charity	(1 648)	(1 758)
Correction of previous periods revenues and expenses	(14 778)	754
Legal costs	-	(390)
Other income	6 492	2 220
Other expenses	(3 816)	(1 708)
Total other expenses, net	(232 922)	(132 055)

26. Income tax expense

	2020 RUB'000	2019 RUB'000
Current		
Current income tax expense	89 396	63 850
Deferred		
Effect of utilisation and origination of tax losses carried forward	(3 614)	(1 640)
Origination and reversal of temporary differences	(27 257)	(11 769)
Total income tax expense	58 525	50 441

Reconciliation of theoretical income tax expense with actual income tax expenses:

	2020 RUB'000	2019 RUB'000
Profit before tax	267 438	286 962
Income tax using the tax rate (20%)	53 488	57 392
Tax losses	5 037	(6 951)
Total income tax expense in the consolidated statement of comprehensive income	58 525	50 441

The applicable income tax rate for the Group companies is 20%. This rate has been used in the calculation of deferred tax assets and liabilities.

27. Earnings per share and diluted earnings per share

	2020 RUB'000	2019 RUB'000
Total comprehensive income for the period	208 913	228 812
Weighted average number of shares during the year	4 742 783 406	4 742 783 406
Earnings per share	0,00004405	0,00004824
Potential shares as a result of exercising options	147 191 555	147 191 555
Total shares	4 889 974 961	4 889 974 961
Diluted earnings per share	0,00004272	0,00004679

28. Consolidated EBITDA reconciliation

	2020 RUB'000	2019 RUB'000
Consolidated profit for the period	208 913	236 521
Adjustments for:		
Income tax expense	58 525	50 441
Interest expense, net	91 559	81 486
Consolidated EBIT	358 997	368 448
Adjustment for depreciation and amortization	217 358	223 455
Consolidated EBITDA	576 355	591 903

Consolidated EBITDA for 2020 includes exchange loss of RUB 3,088 thousand (2019: exchange loss of RUB 1,596 thousand).

As a requirement of investors, the Group calculate the "Consolidated recurring EBITDA" the consolidated profit or loss before taking into account:

- (a) any interest, commissions, discounts and other fees and costs related to Financial Debt;
- (b) any interest, commissions, discounts, dividends, and other fees earned on Financial Debt;
- (c) share of profits or losses of associates and equity method joint-ventures;
- (d) any provision for or payment on account of taxation;
- (e) any depreciation on fixed assets, amortisation of goodwill and other intangible assets;
- (f) any amount attributable to discontinued operations; and
- (g) any amount attributable to extraordinary, unusual or non-recurring items, including restructuring charges;
- (h) net finance costs other than interest.

28. Consolidated EBITDA reconciliation (continued)

	2020 RUB'000	2019 RUB'000
Consolidated profit for the period	208 913	236 521
Adjustments for:		
Financial income/ expenses (excluding interest)	25 201	11 810
Income tax expense	58 525	50 441
Interest expense, net	91 559	81 486
Consolidated recurring EBIT	384 198	380 258
Adjustment for depreciation and amortisation	217 358	223 455
Adjustment for non-recurring operations, including:		
Exchange (gains)/losses	3 088	1 596
Write-off of assignment of right of demand in ATEK	100 074	-
Share-based compensation	5 251	5 236
Consolidated recurring EBITDA	709 969	610 545

In order to improve comparability with previous periods the Group calculates consolidated recurring EBITDA without effect of IFRS 16 adoption.

	2020 RUB'000	2019 RUB'000
Consolidated profit for the period	208 913	238 050
Adjustments for:		
Financial income/ expenses (excluding interest)	16 834	11 810
Income tax expense	58 526	50 441
Interest expense, net	91 559	72 910
Consolidated recurring EBIT	375 832	373 211
Adjustment for depreciation and amortisation	217 358	192 686
Adjustment for non-recurring operations, including:		
Exchange (gains)/losses	3 088	1 596
Write-off of assignment of right of demand in ATEK	100 074	-
Share-based compensation	5 251	5 236
Consolidated recurring EBITDA	701 602	572 729

29. Capital risk management

The Group's objectives when managing capital are to ensure that the Group will be able to operate as a going concern in order to maximize return to shareholders and benefits to other stakeholders through the optimization of debt and equity balance. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of loans and borrowings (refer to Note 14 "Loans and borrowings"), cash and cash equivalents and equity.

Capital structure is reviewed by the Group's management on regular basis.

29. Capital risk management (continued)

There were no changes in the Group's approach to capital management during the period. The return on assets ratios for the reporting and comparative periods were as follows:

	2020 RUB'000	2019 RUB'000
Operating profit	620 208	513 909
Total averaged assets	3 802 671	3 318 300
Return on assets ratio for the year	16,31%	15,49%

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital.

The gearing ratios were as follows:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Loans and borrowings	1 102 893	940 961
Less: Cash and cash equivalents	79 954	(52 534)
Net debt	1 022 939	888 427
Total equity	1 877 479	1 660 723
Gearing ratio	54,48%	53,50%

As a requirement of investors, the company also monitors the following ratios as at 31.12.2020, also see Note 14 Loans and borrowings.

	RUB'000	Benchmark
Current assets	955 778	
- Prepaid expenses	(70 669)	
Current assets less prepaid expenses	885 109	
Current liabilities	1 077 145	
Current ratio	0,82	1,2 and more
Total Liabilities	2 119 579	
Equity	1 877 479	
Deferred tax assets	190 839	
Intangible assets	441 839	
Tangible Net Worth	1 244 801	
Tangible Net Worth ratio	1,70	Not exceeding 2

29. Capital risk management (continued)

Profit for the period	208 913	
Non-cash items, including		
depreciation and amortisation	217 358	
Income taxes	58 525	
Payments due on account of interest and other charges on all Financial debt	84 263	
CAPEX	-	
Sub total 1	569 059	
Scheduled payments	314 781	
Historic Debt Service Coverage Ratio	1,81	1,3 and more
Loans and borrowings	1 161 969	
Less: Cash and cash equivalents	(79 954)	
Net debt	1 082 015	
Consolidated recurring EBITDA	709 969	
Net Debt to EBITDA ratio	1,52	Not exceeding 3

30. Financial risk management

Exposure to credit, liquidity and market risk (including currency, fair value interest rate risk and price risk) arises in the normal course of the Group's business. Risk management is carried out by a central treasury department.

The Group does not use derivative financial instruments to reduce exposure to fluctuations in foreign exchange rates and interest rates. The most significant financial risks to which the Group is exposed are described below.

These risks are attributable to the following categories of financial instruments:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Financial assets		
Trade and other receivables	674 606	713 157
Subsidies receivable	37 185	24 841
Cash and cash equivalents	79 954	52 534
Financial liabilities		
Trade and other payables	440 466	496 862
Loans and borrowings	1 102 893	940 961

30.1 Credit risk analysis

Credit risk is the risk that counterparty may default or not meet its obligations to the Group when contractually due leading to financial losses of the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group does not require collateral in respect of the majority of its financial assets

30. Financial risk management (continued)

30.1 Credit risk analysis (continued)

The table below represents five largest balances of accounts receivable from the major counterparties as at the reporting date:

	31 December 2020	
	RUB'000	Share
Individuals	417 523	61,89%
LLC "Nash Dom"	16 411	2,43%
LLC "Zhilkomservis"	10 184	1,51%
LLC "UK Ekspert"	6 204	0,92%
LLC "Zhilfond"	3 348	0,50%
Total	456 670	67,25%
Total trade and other receivables, net	674 606	

	31 December 2019	
	RUB'000	Share
Individuals	379 116	53,16%
Aleksin branch of JSC "Tjashpromarmatura"	9 936	1,39%
LLC "Zhilkomservis"	6 817	0,96%
NGKB GUZ	4 899	0,69%
LLC "Housing Fund"	3 013	0,42%
Total	403 781	56,62%
Total trade and other receivables:	713 157	

30.2 Interest rate risk

Interest rate risk is the risk that movements in market interest rates will adversely impact the financial results of the Group.

Interest rates on the Group's debt finance are either fixed or variable. Changes in market interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans and borrowings, management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable to the Group over the expected period until maturity.

The Group is exposed to the risk of changes in variable interest rate. Some loan rates are fixed: IFC – up to 15.09.2022; Sberbank - for 3 months or more, depending on the terms of the agreements. Some rates on Sberbank loan are variable and depend on key rate.

Loan provider	Amount, RUB'000	Fixed rate, %	Maturity date*
IFC	100 000	6.23	15.09.2022
Sberbank	158 513	9.10	11.12.2026
Sberbank	19 877	9.30	15.02.2021
Sberbank	29 495	6.70	28.10.2021
Sberbank	19 830	7.95	24.06.2021
Sberbank	10 000	7.95	06.07.2021
Sberbank	38 112	7.95	21.07.2021
Sberbank	60 000	7.50	26.07.2021
Sberbank	60 000	7.50	26.07.2021
Sberbank	60 000	7.50	26.07.2021
Sberbank	32 580	7.50	26.07.2021

*Maturity date, mentioned here does not represent date of loan maturity, but represents the date, from which rate to be changed from fixed to variable.

30. Financial risk management (continued)

30.2 Interest rate risk (continued)

Loan provider	Amount, RUB'000	Variable rate, %	Terms
Sberbank	158 147	6.75	Key rate + 2.5%
Sberbank	125 000	6.05	Key rate + 1.8%
Sberbank	234 558	5.95	Key rate + 1.7%

30.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities when they are contractually due.

The Group manages liquidity risk with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due by preparing annual budgets, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities. Contractual cash flows represent undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay and include both the principal and interest cash flows.

31 December 2020	Carrying amount	6 months or less	6 -12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities							
Loans received from Sberbank (PJSC "CCS-Group")	156 982	5 294	5 381	10 675	180 379	-	201 729
Loans received from IFC (PJSC "CCS-Group")	96 734	26 281	28 314	51 436	-	-	106 031
Loan received from Sberbank (LLC "CCS") – VKL	281 032	510	-	280 522	-	-	281 032
Loan received from Sberbank (LLC "CCS") - NKL	125 012	28 750	38 050	68 089	-	-	134 889
Operation loan received from Sberbank (LLC "ATEK")	49 393	49 393	-	-	-	-	49 393
Investment loan received from Sberbank (LLC "ATEK")	234 784	-	-	-	-	234 784	234 784
Investment loan received from Sberbank (LLC "Klintsovskaya TEC")	158 956	-	-	-	-	158 956	158 956
Trade and other payables and other monetary liabilities	440 466	440 466	-	-	-	-	440 466
Total financial liabilities	1 543 359	550 694	71 745	410 722	180 379	393 740	1 607 280

30. Financial risk management (continued)

30.3 Liquidity risk (continued)

31 December 2019	Carrying amount	6 months or less	6 -12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities							
Loans received from EBRD (PJSC “CCS-Group”)	174 135	31 545	35 749	61 491	93 756	-	222 541
Loans received from IFC (PJSC “CCS-Group”)	147 470	27 689	32 918	56 261	51 957	-	168 825
Loan received from Sberbank (LLC “CCS”)	368 430	-	-	368 430	-	-	368 430
Loan received from Sberbank (LLC “ATEK”)	168 490	-	-	168 490	-	-	168 490
Loan received from Sberbank (LLC “Klintsovskaya TEC”)	82 436	-	-	82 436	-	-	82 436
Trade and other payables and other monetary liabilities	496 862	496 862	-	-	-	-	496 862
Total financial liabilities	1 437 823	556 096	68 667	737 108	145 713	-	1 507 584

30.4 Fair value of financial instruments

Management of the Group considers that the carrying amounts of the financial instruments approximate their fair values.

The estimated fair values of financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. The estimates of fair value are intended to approximate the amount to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of assets or settlement of liabilities.

31. Fair value hierarchy

The tables below analyze assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

Fair value hierarchy as at 31 December 2020, RUB'000

	Level 1	Level 2	Level 3	Total
Property, plant and equipment	-	-	2 356 814	2 356 814
Loans	-	1 102 893	-	1 102 893

Fair value hierarchy as at 31 December 2019, RUB'000

	Level 1	Level 2	Level 3	Total
Property, plant and equipment	-	-	2 333 903	2 333 903
Loans	-	940 961	-	940 961

There were no transfers between levels of fair value hierarchy during the reporting periods. Details of assumptions used in valuation have been disclosed in the relevant notes.

32. Contingencies

32.1 Insurance

In 2013-2015 the Group signed insurance contracts with OJSC Insurance company Allianz in order to obtain insurance cover for its property, plant and equipment, business interruption and third party liability in respect of property or environmental damage arising from accidents on Group's property or relating to Group's operations. In 2019 and 2020 the Group signed insurance contracts with JSC "SOGAZ" for the same risks for the 2020 and 2021..In 2020 and 2021 the Group insured property and third party liability in JSC "SOGAZ" and directors and officers liability in AlfaStrakhovanie PLC.

32.2 Litigation

From time to time and in the normal course of business, claims against the Group are received. On the basis of own estimates and internal and external professional advice the Management is of the opinion that no material losses will be incurred. Besides, disputes with tax authorities are sometime solved through the appellations to courts.

32.3 Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterized by numerous official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretations by different authorities. Taxes are subject to audit and investigation by a number of authorities of different levels, which are empowered by law to impose severe fines, penalties and interest charges for late payments.

These facts may create tax risks in the Russian Federation substantially more significant than in other countries. Management believes that it has adequately provided for the tax liabilities based on its interpretation of the tax legislation. However, the relevant tax authorities may have different interpretations and the effects could be significant.

32. Contingencies (continued)

32.4 Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

32.5 Uncertainties of operating environment

The Group's all operations are in the Russian Federation. During the year, there have been a number of political developments that affect the overall business and investment climate of the Russian Federation leading to risks that are not typically associated with developed markets; such as capital markets instability, deterioration of liquidity in the business sector and tighter credit conditions. The Russian Government has introduced a range of stabilization measures aimed at ensuring solvency and providing liquidity and financing for Russian companies.

The future stability of the Russian economy is largely dependent upon the reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

During the year certain sanctions were applied on Russian Federation by the USA and European Union. Management believes that currently those sanctions had no significant impact on Group's business.

Covid-19 Impact

In 2020 a significant uncertainty factor for the dynamics of oil prices and the growth of the global economy as a whole is the development of the situation with the spread of coronavirus, which leads to a decrease in trade turnover between countries, disruption of logistics, and a significant decrease of the ruble against the dollar and euro. The Group's management assessed the impact of the conditions of the spread of the new coronavirus infection and the associated economic consequences on the Group's business continuity and consolidated financial statements.

The main area of activity of the Group is the countercyclical industry. The Group does not expect a significant drop in consumption, which is confirmed by the experience of previous crises. At the same time, a decrease in the purchasing power of the population may manifest itself in a temporary decrease in the level of payment. Also, possible negative effects include an increase in inflation and an increase in interest rates, which will be taken into account in the tariff only in the next regulatory periods. According to management estimates, in a negative scenario, the impact of quarantine measures and the economic downturn may lead to a decrease in collection in subsequent quarters. The management has developed measures to minimize the consequences of this situation, in particular, has formed an anti-crisis business plan.

Inflation

According to the State Committee on Statistics of the Russian Federation, the rate of inflation, as measured by changes in the Consumer Price Index, was 4.91% for 2020 (2019: 3.0%). The financial results of the Russian economy and consequently of the Group will be affected if inflation is not controlled effectively.

32. Contingencies (continued)

32.5 Uncertainties of operating environment (continued)

Recoverability of financial assets

As a result of recent economic turmoil in capital and credit markets in the Russian Federation, and the consequential economic uncertainties existing as at reporting date, there exists the potential that assets may not be recovered at their carrying amount in the regular course of business.

Management of the Group believes that in current economical situation there is no significant impact on the Group and it could arise only in situation where the USD/RUR exchange rates will further increase significantly.

32.6 Contingent liabilities related to option schemes

Contracts for sale of shares between CCS-Group, PJSC and the directors of the Company contain provisions on Special bonus. The right on Special bonus arises in case of “sale event” which is a sale of more than threshold number of shares (511,141,199 shares) to third party.

The directors have the right on Special bonus in any period till 30.09.2022 on shares not acquired under option contracts.

If selling price of one share is less than 0.174243 no right on Special bonus arise.

33. Related-party transactions

The Group has related-party relationship with its shareholders, directors, senior officers and some other parties.

33.1 Transactions with shareholders

Related party	Services provided	Balance as at 31 December 2019	Debit turnover for 2020	Credit turnover for 2020	Balance as at 31 December 2020
EBRD	Loans received	(182 478)	182 478	-	-
EBRD	Interest on loans	(3 253)	14 631	(11 378)	-
IFC	Loans received	(150 000)	50 000	-	(100 000)
IFC	Interest on loans	(3 750)	11 833	(9 935)	(1 852)
IFC	Income participation fee	-	8 939	(8 939)	-
Total		(339 481)	267 881	(30 252)	(101 852)

Related party	Services provided	Balance as at 31 December 2018	Debit turnover for 2019	Credit turnover for 2019	Balance as at 31 December 2019
EBRD	Loans received	(231 138)	48 660	-	(182 478)
EBRD	Interest on loans	(4 911)	30 018	(28 360)	(3 253)
IFC	Loans received	(200 000)	50 000	-	(150 000)
IFC	Interest on loans	(5 278)	17 137	(15 609)	(3 750)
IFC	Income participation fee	-	5 087	(5 087)	-
Total		(441 327)	150 902	(49 056)	(339 481)

33. Related-party transactions (continued)

33.2 Transactions with key management personnel

Remuneration paid to key management personnel during the year was as follows:

	2020 RUB'000	2019 RUB'000
Short-term benefits	45 781	38 575
Share-based compensation	5 251	5 236
Dividends	-	-
Total	51 032	43 811

	31 December 2020 RUB'000	31 December 2019 RUB'000
Period-end balances		
Trade and other payables	26	287

33.3 Transactions with other related parties

In the normal course of its business activities the Group purchases services and raw materials or fixed assets, and makes sales to related parties other than disclosed above. Transactions with those related parties were as follows:

Related party	Services provided	Balance as at 31 December 2019	Debit turnover for 2020	Credit turnover for 2020	Balance as at 31 December 2020
Vektor, LLC	Purchase of services	(226)	5 175	(7 766)	(2 817)
Total		(226)	5 175	(7 766)	(2 817)

Related party	Services provided	Balance as at 31 December 2018	Debit turnover for 2019	Credit turnover for 2019	Balance as at 31 December 2019
Vektor, LLC	Purchase of services	(282)	3 804	(3 748)	(226)
Total		(282)	3 804	(3 748)	(226)

34. Subsidiaries

The following comprise the list of the Group subsidiaries as at 31 December 2020 and 31 December 2019:

Entity	Principal activities	Country of incorporation	Control, %	
			31 December 2020	31 December 2019
KOTK LLC	Heating, Water supply and removal	Russia	100	100
CCS LLC	Delivery, Distribution and production of thermal energy	Russia	100	100
TEK Centra LLC	Delivery, Distribution and production of thermal energy	Russia	100	100
Chernskaya Teplovaya kompaniya LLC	Heating	Russia	100	100
CCS Capital LLC	Investing	Russia	100	100
INVEK JSC	Consulting services	Russia	100	100
TEK Kiselevska LLC	Delivery, Distribution and production of thermal energy	Russia	100	100
Klintsovskaya TEC LLC	Delivery, distribution and production of electricity, thermal energy	Russia	100	100
Klintsovskaya Teplosetevaya Kompaniya LLC	Delivery, distribution and production of thermal energy	Russia	100	100
IPK LLC	Activities of the customer-contractor, general contractor	Russia	100	100
ATEK, LLC	Heating	Russia	100	100

35. Events after the reporting period

The EBRD removed liens from the shares of LLC KOTK (19.02.2021) and LLC Kiselevskaya TEK (29.01.2021).

08.02.2021 the decision of the Twentieth Arbitration Court of Appeal was made to leave the decision of the Arbitration Court of the Bryansk Region of 30.07.2020 unchanged (the decision on recovery in favor of Klintsovskaya teplosetevaya kompaniya LLC from the Municipal Unitary enterprise "Teploviye sety" of more than RUB 9.5 million).

30.03.2021 was concluded agreement No. 00190021/86041100 on the opening of a non-revolving credit line between LLC «CCS» and PJSC «Sberbank» with a limit of 200,000,000 rubles, for a period from 30.03.2021 to 29.03.2023, (instead of terminated from 10.02.2020 agreement No. 01210018/86041100/ACPM dated 15.05.2018 with PJSC «Sberbank»). Under this agreement is established a floating interest rate, determined in the manner specified in the agreement. This agreement provides for the pledge of the heating pipelines VF LLC "CCS" and the surety of LLC "ATEK».

Subsequent the reporting date there have been no other material events requiring disclosure.

Appendix A

PJSC “CCS-Group”

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	132 692	135 347
Intangible assets	28	1
Long-term investments	1 058 565	1 058 433
Deferred tax assets	2 755	5
Other assets	-	-
	1 194 040	1 193 786
Current		
Inventories	27	26
Trade and other receivables	56 790	89 230
Other assets	2 500	979
Short-term investments	325 303	353 119
Cash and cash equivalents	19 123	28 540
	403 743	471 894
Total Assets	1 597 783	1 665 680
Equity		
Share capital	26 306	26 306
Treasury shares	-	-
Share premium	424 234	424 234
Revaluation reserve	83 295	83 295
Retained earnings	776 485	773 398
	1 310 320	1 307 233
LIABILITIES		
Non-current		
Loans and borrowings	191 308	124 002
Lease liability (IFRS 16)	-	81
Deferred tax liabilities	22 412	25 401
	213 720	149 484
Current		
Loans and borrowings	62 409	197 603
Trade and other payables	125	337
Other liabilities	11 209	11 023
	73 743	208 963
Total Liabilities	287 463	358 447
Total Equity and Liabilities	1 597 783	1 665 680

PJSC “CCS-Group”**Statement of Profit or Loss and Other Comprehensive Income**

	2020 RUB'000	2019 RUB'000
Sales revenue	30 112	32 863
Cost of sales	(12 048)	(12 774)
Gross profit / (loss)	18 064	20 089
Administrative expenses	(28 135)	(23 107)
Other operating income / (expenses), net	9 157	4 055
Operating profit /(loss)	(914)	1 037
Net finance income/ (costs)	(779)	27 661
Other expense, net	1 938	21 649
Profit/ (loss) before income tax	245	50 347
Income tax benefit/ (expense)	2 842	(2 038)
Profit / (loss) for the period	3 087	48 309
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
IFRS 16 adoption	-	(26)
Other comprehensive income for the period, net of tax	-	(26)
Total comprehensive income for the period	3 087	48 283

PJSC “CCS-Group”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	245	50 347
<u>Adjustments for:</u>		
Depreciation and amortisation	6 758	7 446
Net foreign exchange (gain) /loss	(152)	1 596
Impairment and write-off of doubtful trade and other receivables	(300)	(600)
Interest income	(48 964)	(59 932)
Interest expense	36 952	49 204
Gain / (loss) from disposal of property, plant and equipment	(11 734)	(5 823)
VAT non-deductable	2 028	1 173
Provision for unused vacation	196	7 432
	(14 971)	50 843
(Increase)/ decrease in inventories in course of operational activities	(1)	9
(Increase)/ decrease in trade and other receivables in course of operational activities	30 666	(26 455)
Increase / (decrease) in trade and other payables in course of operational activities	9 228	(816)
Interest paid	(30 471)	(47 149)
Interest received	48 964	59 932
Income taxes paid	(4 938)	(2 247)
Net cash (used in) / from operating activities	38 477	34 117
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	7 580	5 743
Investment purchase	-	-
Proceeds from investment disposal	(132)	14
Loans reimbursed /(granted)	27 816	70 929
Net cash used in investing activities	35 264	76 686
Cash flows from financing activities		
Proceeds from loans and borrowings	158 147	-
Repayment of loans and borrowings	(232 478)	(98 661)
IFC and EBRD other costs reimbursement	-	-
IFC income participation fee	(8 939)	(5 087)
Interest expense on lease liabilities	(40)	(23)
Dividends	-	-
Net cash (used in) / from financing activities	(83 310)	(103 771)
Effect of exchange rate changes on cash and cash equivalents	152	(1 596)
Net increase in cash and cash equivalents	(9 417)	5 436
Cash and cash equivalents at beginning of year	28 540	23 104
Cash and cash equivalents at end of period	19 123	28 540

PJSC “CCS-Group”

Statement of Changes in Equity

	Share capital RUB'000	Treasury shares RUB'000	Share premium RUB'000	Revaluation Reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	26 306	-	424 234	83 295	725 115	1 258 950
Profit/ (loss) for the period	-	-	-	-	48 309	48 309
Other comprehensive loss	-	-	-	-	(26)	(26)
Total comprehensive income for the period	-	-	-	-	48 283	48 283
Balance at 31 December 2019	26 306	-	424 234	83 295	773 398	1 307 233
Balance at 1 January 2020	26 306	-	424 234	83 295	773 398	1 307 233
Profit/ (loss) for the period	-	-	-	-	3 807	3 807
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3 807	3 807
Balance at 31 December 2020	26 306	-	424 234	83 295	776 485	1 310 320

LLC "CCS"

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	962 994	920 842
Intangible assets	59 222	30 331
Long-term investments	322 280	258 191
Deferred tax assets	98 873	71 493
	1 443 369	1 280 857
Current		
Inventories	30 975	27 396
Trade and other receivables	272 077	259 187
Other assets	7 582	10 942
Short-term investments	-	1 765
Cash and cash equivalents	19 870	999
	330 504	300 289
Total Assets	1 773 873	1 581 146
Net Assets		
Share capital	303 099	303 099
Revaluation reserve	152 112	152 112
Retained earnings	401 281	202 241
	856 492	657 452
LIABILITIES		
Non-current		
Loans and borrowings	178 150	456 674
Liabilities on concession agreement	3 655	-
Lease liability (IFRS 16)	26 533	42 762
Deferred tax liabilities	70 452	70 838
	278 790	570 274
Current		
Loans and borrowings	283 599	4 507
Trade and other payables	287 446	276 394
Other liabilities	67 546	72 519
	638 591	353 420
Total Liabilities	917 381	923 694
Total Net Assets and Liabilities	1 773 873	1 581 146

LLC “CCS”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	2 215 169	2 157 596
Cost of sales	(1 646 967)	(1 710 756)
Gross profit / (loss)	568 202	446 840
Selling and marketing expenses	(8 023)	(8 869)
Administrative expenses	(155 126)	(141 432)
Other operating expenses, net	(10 747)	(13 283)
Operating profit / (loss)	394 126	283 256
Net finance costs	(37 199)	(35 710)
Other income / (expense), net	(117 399)	(201 662)
Profit / (loss) before income tax	239 528	45 884
Income tax expense, net	(40 488)	(31 674)
Profit / (loss) for the period	199 040	14 210
Other comprehensive income		
IFRS 16 adoption	-	(6 947)
Other comprehensive income for the period, net of tax	-	(6 947)
Total comprehensive income for the period	199 040	7 263

LLC “CCS”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	239 528	45 884
<u>Adjustments for:</u>		
Depreciation and amortisation	145 237	156 268
Impairment and write-off of doubtful trade and other receivables	110 611	222 807
Net foreign exchange (gain) /loss	1	-
Interest income	-	-
Interest expense	39 193	44 227
Gain/ (loss) from disposal of property, plant and equipment	458	1 161
VAT non deductible	306	1 031
Provision for unused vacation	1 295	2 000
	536 629	473 378
(Increase) in inventories in course of operational activities	(3 580)	(8 990)
(Increase) in trade and other receivables in course of operational activities	(123 844)	(66 486)
Increase / (decrease) in trade and other payables in course of operational activities	(8 359)	33 895
Interest received	-	-
Interest paid	(34 704)	(41 797)
Income taxes paid	(57 154)	(28 339)
Net cash from operating activities	308 988	361 661
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(222 675)	(138 332)
Investment purchase/ disposal	(64 089)	(183 290)
Loans received /(granted)	1 765	(1 765)
Net cash used in investing activities	(284 999)	(323 387)
Cash flows from financing activities		
Proceeds from loans and borrowings	1 961 429	1 870 342
Repayment of loans and borrowings	(1 959 431)	(1 876 636)
Interest expense on lease liabilities	(7 115)	-
Dividends paid	-	(40 000)
Net cash (used in) / from financing activities	(5 117)	(46 294)
Effect of exchange rate changes on cash and cash equivalents	(1)	-
Net increase in cash and cash equivalents	18 871	(8 020)
Cash and cash equivalents at beginning of year	999	9 019
Cash and cash equivalents at end of period	19 870	999

LLC “CCS”

Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserve RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	303 099	152 112	234 978	690 189
Dividend payment	-	-	(40 000)	(40 000)
Total transactions with shareholders	-	-	(40 000)	(40 000)
Profit/(loss) for the year	-	-	14 210	14 210
Other comprehensive income	-	-	(6 947)	(6 947)
Total comprehensive income/(loss) for the period	-	-	(32 737)	(32 737)
Balance at 31 December 2019	303 099	152 112	202 241	657 452
Balance at 1 January 2020	303 099	152 112	202 241	657 452
Profit/(loss) for the year	-	-	199 040	199 040
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	199 040	199 040
Balance at 31 December 2020	303 099	152 112	401 281	856 492

LLC “KOTK”

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	53 116	74 153
Intangible assets	64	62
Investments	-	-
Deferred tax asset	7 500	6 105
	60 680	80 320
Current		
Inventories	16 904	16 217
Trade and other receivables	19 451	49 844
Subsidies receivable	37 185	24 841
Other assets	904	2 869
Cash and cash equivalents	13 296	9 977
	87 740	103 748
Total Assets	148 420	184 068
Net Assets		
Share capital	6 000	6 000
Revaluation reserve	1 125	1 125
Retained earnings	(49 239)	(44 639)
	(42 114)	(37 514)
LIABILITIES		
Non-current		
Lease liability (IFRS 16)	63 750	89 514
Deferred tax liabilities	312	451
	64 062	89 965
Current		
Loans and borrowings	-	2 026
Trade and other payables	101 198	107 141
Other liabilities	25 274	22 450
	126 472	131 617
Total Net Assets and Liabilities	148 420	184 068

LLC “KOTK”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	211 278	213 579
Government subsidies	187 340	159 022
Cost of sales	(288 026)	(290 229)
Gross profit	110 590	82 372
Selling and marketing expenses	(85)	(35)
Administrative expenses	(59 562)	(55 555)
Other operating expenses, net	(4 934)	(953)
Operating profit	46 009	25 829
Net finance costs	(9 139)	(10 796)
Other income / (expense), net	(37 465)	1 716
Profit before income tax	(595)	16 749
Income tax expense, net	(4 005)	(1 863)
Profit for the period	(4 600)	14 886
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
IFRS 16 adoption	-	(22 761)
Other comprehensive income/(loss) for the period, net of tax	-	(22 761)
Total comprehensive income/(loss) for the period	(4 600)	(7 875)

LLC “KOTK”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	(595)	16 749
<u>Adjustments for:</u>		
Depreciation and amortisation	27 332	24 728
Impairment and write-off of doubtful trade and other receivables	38 535	(2 163)
Interest expense	8 917	10 670
Gain/ (loss) from disposal of property, plant and equipment	3 547	
VAT non deductible	182	294
Provision for unused vacation	1 176	248
	79 094	50 105
Decrease/ (increase) in inventories in course of operational activities	(687)	(7 663)
Decrease/ (increase) in trade and other receivables in course of operational activities	(9 794)	(14 721)
Change in subsidies receivable	(12 344)	(13 651)
Increase / (decrease) in trade and other payables in course of operational activities	(5 433)	29 012
Interest paid	(163)	-
Income taxes paid	(3 074)	(1 202)
Net cash from operating activities	47 599	42 213
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(33 500)	(24 660)
Proceeds from investment disposal	-	
Net cash used in investing activities	(33 500)	(24 660)
Cash flows from financing activities		
Proceeds from loans and borrowings	1 977	3 039
Repayment of loans and borrowings	(4 003)	(1 013)
Interest expense on lease liabilities	(8 754)	(10 583)
Net cash (used in) / from financing activities	(10 780)	(8 557)
Net increase in cash and cash equivalents	3 319	8 996
Cash and cash equivalents at beginning of year	9 977	981
Cash and cash equivalents at end of period	13 296	9 977

LLC “KOTK”

Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	6 000	1 125	(36 764)	(29 639)
Profit/ (loss) for the period	-	-	14 886	14 886
Other comprehensive loss	-	-	(22 761)	(22 761)
Total comprehensive income/ (loss) for the period	-	-	(7 875)	(7 875)
Balance at 31 December 2019	6 000	1 125	(44 639)	(37 514)
Balance at 1 January 2020	6 000	1 125	(44 639)	(37 514)
Profit/ (loss) for the period	-	-	(4 600)	(4 600)
Other comprehensive loss	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	(4 600)	(4 600)
Balance at 31 December 2020	6 000	1 125	(49 239)	(42 114)

LLC “TEK Centra”

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	28 583	30 839
Intangible assets	2	2
Investments	13 389	13 693
Deferred tax assets	7 701	7 887
	49 675	52 421
Current		
Inventories	-	-
Trade and other receivables	24 477	23 679
Other assets	328	36
Cash and cash equivalents	7 544	5 790
	32 349	29 505
Total Assets	82 024	81 926
Share capital	56 651	56 651
Revaluation reserves	8 923	8 766
Retained earnings	12 949	10 823
	78 523	76 240
LIABILITIES		
Non-current		
Deferred tax liabilities	331	2 170
Lease liability (IFRS 16)	2 079	1 928
	2 410	4 098
Current		
Trade and other payables	-	-
Other liabilities	1 091	1 588
	1 091	1 588
Total Liabilities	3 501	5 686
Total Equity and Liabilities	82 024	81 926

LLC “TEK Centra”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	16 061	16 057
Cost of sales	(343)	(704)
Gross profit	15 718	15 353
Administrative expenses	(11 664)	(10 050)
Other operating expenses, net	(785)	230
Operating profit	3 269	5 533
Net finance costs	(562)	1 208
Other income / (expense), net	(306)	-
Profit before income tax	2 401	6 741
Income tax expense, net	(118)	(140)
Profit for the period	2 283	6 601
Other comprehensive income		
Assets revaluation reserve	-	-
IFRS 16 adoption	-	-
Other comprehensive income/ (loss) for the period, net of tax	-	(383)
Total comprehensive income for the period	2 283	6 218

LLC “TEK Centra”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	2 401	6 742
<u>Adjustments for:</u>		
Depreciation and amortisation	7 584	4 508
Provision for unused vacation	(41)	(1 311)
Interest expense	690	409
Impairment and write-off of doubtful trade and other receivables	-	-
VAT not deductible	2	334
Gain/ loss on disposal of property, plant and equipment	-	(1 425)
	10 505	9 257
(Increase) in inventories in course of operational activities	-	-
(Increase) in trade and other receivables in course of operational activities	(932)	(7 540)
Increase / (decrease) in trade and other payables in course of operational activities	(121)	286
Income taxes paid	(649)	(287)
Net cash from operating activities	8 934	1 716
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(6 794)	(1 747)
Purchase of investments / proceeds from investment disposal	304	-
Net cash used in investing activities	(6 490)	(1 747)
Cash flows from financing activities		
Proceeds from loans and borrowings	100	250
Repayment of loans and borrowings	(100)	(250)
Interest expense on lease liabilities	(690)	(409)
Dividend payment	-	-
Net cash (used in) / from financing activities	(690)	(409)
Net increase in cash and cash equivalents	1 754	(440)
Cash and cash equivalents at beginning of year	5 790	6 230
Cash and cash equivalents at end of period	7 544	5 790

LLC “TEK Centra”

Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	56 651	8 766	4 605	70 022
Profit/(loss) for the period	-	-	6 601	6 601
Other comprehensive income	-	-	(383)	(383)
Total comprehensive income/ (loss) for the period	-	-	5 471	5 471
Balance at 31 December 2019	56 651	8 766	10 823	76 240
Balance at 1 January 2020	56 651	8 766	10 823	76 240
Profit/(loss) for the period	-	-	2 283	2 283
Other comprehensive income	-	157	(157)	-
Asset revaluation reserve	-	157	(157)	-
Total comprehensive income/ (loss) for the period	-	157	2 126	2 283
Balance at 31 December 2020	56 651	8 923	12 949	78 523

LLC “TEK Kiselevska”

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	212 731	221 920
Intangible assets	8	9
Deferred tax assets	4 480	-
	217 219	221 929
Current		
Inventories	21	-
Trade and other receivables	48 030	46 651
Other assets	316	330
Short-term investments	-	2 026
Cash and cash equivalents	9 776	678
	58 143	44 685
Total Assets	275 362	266 614
Net Assets		
Share capital	74 100	74 100
Revaluation reserves	161 463	161 463
Retained earnings	(1 699)	(10 175)
	233 997	225 388
LIABILITIES		
Non-current		
Deferred tax liabilities	40 366	40 691
Lease liability (IFRS 16)	41	87
	40 407	40 778
Current		
Trade and other payables	-	-
Other liabilities	958	448
	958	448
Total Liabilities	41 365	41 226
Total Equity and Liabilities	275 362	266 614

LLC “TEK Kiselevska”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	16 572	16 285
Cost of sales	(9 166)	(10 683)
Gross profit / (loss)	7 456	5 602
Administrative expenses	(670)	(643)
Other operating expenses, net	(829)	(794)
Operating profit / (loss)	5 966	4 165
Net finance costs	123	152
Other income / (expense), net	21	(1)
Profit / (loss) before income tax	6 110	4 316
Income tax expense, net	2 499	(2 206)
Profit /(loss) for the period	8 609	2 110
Other comprehensive income		
IFRS 16 adoption	-	(11)
Other comprehensive income for the period, net of tax	-	(11)
Total comprehensive income for the period	8 609	2 099

LLC “TEK Kiselevska”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	6 111	4 315
<u>Adjustments for:</u>		
Depreciation and amortisation	9 145	10 682
Impairment and write-off of doubtful trade and other receivables	-	-
Interest income	(163)	(88)
Interest expense	11	11
Gain/ (loss) from disposal of property, plant and equipment	-	-
VAT not deductible	-	3
Provision for unused vacation	(4)	3
	15 275	14 917
(Increase) in inventories in course of operational activities	(21)	-
(Increase) / decrease in trade and other receivables in course of operational activities	(6 377)	(10 014)
Increase / (decrease) in trade and other payables in course of operational activities	514	(244)
Income taxes paid	(2 293)	(2 169)
Net cash from operating activities	7 098	2 499
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(178)	(2 757)
Loans granted	2 026	(2 026)
Interest recieved	163	88
Net cash used in investing activities	2 011	(4 695)
Cash flows from financing activities		
Interest expense on lease liabilities	(11)	(11)
Dividend payment	-	-
Net cash (used in) / from financing activities	(11)	(11)
Net increase in cash and cash equivalents	9 098	(2 207)
Cash and cash equivalents at beginning of year	678	2 885
Cash and cash equivalents at end of period	9 776	678

LLC “TEK Kiselevska”

Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	74 100	161 463	(12 274)	223 289
Profit/ (loss) for the period	-	-	2 110	2 110
Other comprehensive loss	-	-	(11)	(11)
Total comprehensive income/ (loss) for the period	-	-	2 099	2 099
Balance at 31 December 2019	74 100	161 463	(10 175)	225 388
Balance at 1 January 2020	74 100	161 463	(10 175)	225 388
Profit/ (loss) for the period	-	-	8 609	8 609
Other comprehensive loss	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	8 609	8 609
Balance at 31 December 2020	74 100	161 463	(1 566)	233 997

LLC “Klintsovskaya TEC”

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	755 626	626 331
Intangible assets	27	25
Deferred tax assets	26 738	32 232
	782 391	658 588
Current		
Inventories	21 942	28 510
Trade and other receivables	108 727	71 421
Other assets	16 746	5 731
Cash and cash equivalents	1 903	112
	149 318	105 774
Total Assets	931 709	764 362
Net Assets		
Share capital	382 044	382 044
Revaluation reserves	991	991
Retained earnings	13 625	(44 375)
	396 660	338 660
LIABILITIES		
Non-current		
Loans and borrowings	338 139	238 114
Lease liability (IFRS 16)	17 933	6 059
Deferred tax liabilities	15 300	322
	371 372	244 495
Current		
Loans and borrowings	133 191	142 665
Trade and other payables	10 330	21 017
Other liabilities	20 156	18 091
	163 677	181 207
Total Liabilities	535 049	425 702
Total Equity and Liabilities	931 709	764 362

LLC “Klintsovskaya TEC”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	415 301	391 569
Cost of sales	(292 294)	(278 310)
Gross profit / (loss)	123 007	113 259
Selling and marketing expenses	(1)	(8)
Administrative expenses	(15 453)	(13 767)
Other operating expenses, net	(3 042)	(1 823)
Operating profit / (loss)	104 511	97 661
Net finance costs	(28 182)	(22 341)
Other income / (expense), net	9 528	8 705
Profit / (loss) before income tax	85 857	84 025
Income tax expense, net	(27 857)	(15 236)
Profit /(loss) for the period	58 000	68 789
<i>Items that will not be reclassified subsequently to profit or loss</i>		
IFRS 16 adoption	-	(405)
Other comprehensive (expenses)/ income for the period, net of tax	-	(405)
Total comprehensive income for the period	58 000	68 384

LLC “Klintsovskaya TEC”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	85 856	84 025
<u>Adjustments for:</u>		
Depreciation and amortisation	46 538	45 036
Net foreign exchange gain / loss	3 239	-
Impairment of trade and other receivables	(278)	(9 023)
Interest expense	19 481	21 522
VAT non-deductible	1 467	1
Provision for unused vacation	91	(247)
	156 394	141 314
(Increase) / decrease in inventories in course of operational activities	6 528	(1 559)
(Increase) / decrease in trade and other receivables in course of operational activities	(48 433)	23 350
Increase / (decrease) in trade and other payables in course of operational activities	(12 835)	(48 387)
Interest paid	(47 474)	(16 097)
Income taxes paid	(5 427)	(7 416)
Net cash from operating activities	48 793	91 333
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(141 842)	(238 361)
Net cash used in investing activities	(141 842)	(238 361)
Cash flows from financing activities		
Proceeds from loans and borrowings	317 532	295 426
Repayment of loans and borrowings	(217 508)	(498 081)
Increase of share capital	-	350 000
Interest expense on lease liabilities	(1 945)	(440)
Net cash (used in) / from financing activities	98 079	146 905
Effect of translation to presentation currency	(3 239)	-
Net increase in cash and cash equivalents	1 791	(123)
Cash and cash equivalents at beginning of year	112	235
Cash and cash equivalents at end of period	1 903	112

LLC “Klintsovskaya TEC”

Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	32 044	991	(112 759)	(79 724)
Increase of share capital	350 000	-	-	350 000
Total transactions with shareholders	350 000	-	-	350 000
Profit/ (loss) for the period	-	-	68 789	68 789
Other comprehensive loss	-	-	(405)	(405)
Total comprehensive income/(loss) for the period	-	-	44 329	44 329
Balance at 31 December 2019	382 044	991	(44 375)	338 660
Balance at 1 January 2020	382 044	991	(44 375)	338 660
Profit/ (loss) for the period	-	-	57 999	57 999
Other comprehensive loss	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	57 999	57 999
Balance at 31 December 2020	382 044	991	13 624	396 659

LLC “Klintsovskaya TSK”

Statement of Financial Position

	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	43 691	44 144
Intangible assets	541	601
Deferred tax assets	50 638	38 056
	94 870	82 801
Current		
Inventories	1 566	1 440
Trade and other receivables	38 973	26 737
Other assets	4 535	4 090
Cash and cash equivalents	742	905
	45 816	33 172
Total Assets	140 686	115 973
Net Assets		
Share capital	220 000	19 935
Revaluation reserves	8 422	8 422
Retained earnings	(177 891)	(160 769)
	50 531	(132 412)
LIABILITIES		
Non-current		
Loans and borrowings	-	-
Lease liability (IFRS 16)	16 565	15 480
Deferred tax liabilities	2 869	2 106
	19 434	17 586
Current		
Loans and borrowings	-	-
Trade and other payables	68 945	227 129
Other liabilities	1 776	3 670
	70 721	230 799
Total Liabilities	90 155	248 385
Total Equity and Liabilities	140 686	101 344

LLC “Klintsovskaya TSK”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	241 422	241 255
Cost of sales	(257 054)	(252 103)
Gross profit / (loss)	(15 632)	(10 848)
Selling and marketing expenses	(480)	(482)
Administrative expenses	(8 151)	(7 597)
Other operating expenses, net	(228)	(305)
Operating profit / (loss)	(24 491)	(19 232)
Net finance costs	(2 624)	(9 534)
Other income / (expense), net	(1 827)	1 648
Profit / (loss) before income tax	(28 942)	(27 118)
Income tax expense, net	11 820	5 392
Profit /(loss) for the period	(17 122)	(21 726)
Other comprehensive loss <i>IFRS 16 adoption</i>	-	(3 745)
Other comprehensive income/ (loss) for the period, net of tax	-	(3 745)
Total comprehensive income/ (loss) for the period	(17 122)	(25 471)

LLC “Klintsovskaya TSK”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	(28 941)	(27 818)
<u>Adjustments for:</u>		
Depreciation and amortisation	8 564	6 042
Impairment and write-off of doubtful trade and other receivables	1 761	(1 506)
Interest expense	2 541	9 501
VAT non-deductible	5	20
Provision for unused vacation	259	46
	(15 811)	(13 015)
(Increase) / decrease in inventories in course of operational activities	(126)	331
(Increase) / decrease in trade and other receivables in course of operational activities	(13 959)	27 080
Increase / (decrease) in trade and other payables in course of operational activities	(160 337)	146 245
Interest paid	-	(9 584)
Income taxes paid	-	-
Net cash from operating activities	(190 233)	151 057
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(7 454)	(6 348)
Net cash used in investing activities	(7 454)	(6 348)
Cash flows from financing activities		
Increase of share capital	200 065	(143 400)
Repayment of loans and borrowings	-	(1 550)
Interest expense on lease liabilities	(2 541)	-
Net cash (used in) / from financing activities	197 524	(144 950)
Net increase in cash and cash equivalents	(163)	(241)
Cash and cash equivalents at beginning of year	905	1 146
Cash and cash equivalents at end of period	742	905

LLC “Klintsovskaya TSK”

Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2019	17 177	-	(126 876)	(106 941)
Profit / (loss) for the period	-	-	(21 726)	(21 726)
Other comprehensive loss	-	-	(3 745)	(3 745)
Total comprehensive income / (loss) for the period	-	-	(22 584)	(22 584)
Balance at 31 December 2019	17 177	-	(152 347)	(132 412)
Balance at 1 January 2020	17 177	-	(152 347)	(132 412)
Profit / (loss) for the period	-	-	(17 122)	(17 122)
Transactions with shareholders	200 065	-	-	200 065
Increase of share capital	200 065	-	-	200 065
Total comprehensive income / (loss) for the period	-	-	(17 122)	(182 943)
Balance at 31 December 2020	220 000	-	(169 469)	50 531

LLC “ATEK”

Statement of Financial Position

	31 December 2020	31 December 2019
	RUB'000	RUB'000
ASSETS		
Non-current		
Property, plant and equipment	302 576	443 042
Intangible assets	328 537	84
Investments	845	594
Deferred tax assets	48 887	34 322
	680 845	478 042
Current		
Inventories	17 190	17 211
Trade and other receivables	339 047	316 699
Other assets	38 205	43 803
Cash and cash equivalents	1 884	863
	396 326	378 576
Total Assets	1 077 171	856 618
EQUITY		
Attributable to the shareholders of the parent company		
Share capital	3 584	3 584
Treasury shares	-	-
Revaluation reserves	750	750
Retained earnings	417 133	383 754
Total Equity	421 467	388 088
LIABILITIES		
Non-current		
Loans and borrowings	347 399	237 730
Liabilities on concession agreement	60 516	-
Lease liability (IFRS 16)	3 964	4 076
Deferred tax liabilities	26 339	11 381
	438 218	253 187
Current		
Loans and borrowings	52 419	1 556
Trade and other payables	119 813	185 950
Other liabilities	45 254	27 837
	217 486	215 343
Total Equity and Liabilities	1 077 171	856 618

LLC “ATEK”

Statement of Profit or Loss and Other Comprehensive Income

	2020 RUB'000	2019 RUB'000
Sales revenue	1 169 293	818 258
Cost of sales	(929 985)	(623 294)
Gross profit	239 308	194 964
Administrative expenses	(142 041)	(100 611)
Other operating expenses, net	(16 422)	(11 226)
Operating profit / (loss)	80 845	83 127
Net finance costs	(27 646)	(32 667)
Other income / (expense), net	(19 427)	81 427
Profit / (loss) before income tax	33 772	131 887
Income tax (expense) / benefit, net	(393)	2 193
Profit / (loss) for the period	33 379	134 080
<i>Items that will not be reclassified subsequently to profit or loss</i>		
IFRS 16 adoption	-	1 585
Other comprehensive income/ (loss) for the period, net of tax	-	1 585
Total comprehensive income / (loss) for the period	33 379	135 665

LLC “ATEK”

Statement of Cash Flows

	2020 RUB'000	2019 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	33 772	131 887
<u>Adjustments for:</u>		
Depreciation and amortisation	43 150	21 019
Impairment and write-off of doubtful trade and other receivables	23 257	(80 319)
Interest income	-	(2 394)
Interest expense	23 477	6 804
Gain / (loss) from disposal of property, plant and equipment	530	3 467
VAT non-deductable	352	452
Provision for unused vacation	1 287	613
Accrual in provision for equity investment	-	-
Gain / (loss) from disposal of equity investment	-	26 914
	125 825	106 471
(Increase) in inventories in course of operational activities	20	(2 638)
(Increase) in trade and other receivables in course of operational activities	(24 243)	(63 005)
Increase / (decrease) in trade and other payables in course of operational activities	(15 932)	56 447
Interest paid	(24 711)	(10 719)
Income taxes paid	(21 273)	(14 847)
Net cash from operating activities	39 686	71 709
Purchase of property, plant and equipment and intangible assets	(196 889)	(266 089)
Proceeds from investments disposal	(252)	37 617
Interest received	-	2 394
Net cash used in investing activities	(197 141)	(226 078)
Cash flows from financing activities		
Proceeds from loans and borrowings	774 291	868 994
Repayment of loans and borrowings	(615 250)	(701 897)
Dividends paid	-	(15 000)
Interest expense on lease liabilities	(565)	(462)
Net cash (used in) / from financing activities	158 476	151 635
Net increase in cash and cash equivalents	1 021	(2 734)
Cash and cash equivalents at beginning of year	863	3 597
Cash and cash equivalents at end of year	1 884	863

LLC “ATEK”

Statement of Changes in Net Assets

	Share capital RUB'000	Treasury shares RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total RUB'000
Balance at 1January 2019	5 000	(28 330)	750	263 089	240 509
Dividends	-	-	-	(15 000)	(15 000)
Decrease of share capital	(1 417)	28 330	-	-	26 913
Transactions with owners recorded directly in equity	(1 417)	28 330	-	(15 000)	11 913
Profit/(loss) for the year	-	-	-	134 080	134 080
Other comprehensive income/ (loss)	-	-	-	1 585	1 585
Total comprehensive income/ (loss) for the period	(1417)	28 330	-	135 665	135 665
Balance at 31 December 2019	3 583		750	383 755	388 088
Balance at 1January 2020	3 583		750	383 755	388 088
Profit/(loss) for the year	-	-	-	33 379	33 379
Other comprehensive income/ (loss)	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	-	33 379	33 379
Balance at 31 December 2020	3 583		750	417 134	421 467