

# **Globaltrans Investment PLC**

**Condensed consolidated interim financial information  
(unaudited)**

**for the six months ended 30 June 2019**

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Condensed consolidated interim financial information (unaudited) for the six months ended  
30 June 2019

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# Consolidated interim income statement

for the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019	2018
		RUB'000 Unaudited	RUB'000 Unaudited
Revenue	11	47,244,631	43,433,427
Cost of sales	12	(28,670,039)	(27,747,255)
<b>Gross profit</b>		<b>18,574,592</b>	15,686,172
Selling and marketing costs	12	(101,238)	(110,368)
Administrative expenses	12	(1,770,778)	(2,044,488)
Other income		66,986	-
Other (losses)/gains – net		(48,820)	23,888
<b>Operating profit</b>		<b>16,720,742</b>	13,555,204
Finance income	14	328,994	200,338
Finance costs	14	(1,216,940)	(782,684)
Net foreign exchange transaction losses on financing activities	14	(276,465)	(25,128)
Finance costs – net		(1,164,411)	(607,474)
<b>Profit before income tax</b>		<b>15,556,331</b>	12,947,730
Income tax expense	22	(3,562,944)	(3,117,033)
<b>Profit for the period</b>		<b>11,993,387</b>	9,830,697
<i>Profit attributable to:</i>			
Owners of the Company		11,089,220	8,811,897
Non-controlling interests		904,167	1,018,800
		<b>11,993,387</b>	9,830,697
<hr/>			
Weighted average number of ordinary shares in issue (thousand)	23	178,741	178,741
<hr/>			
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RUB per share) <sup>(1)</sup>	23	62.04	49.30

<sup>(1)</sup> Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

The notes on pages 7 to 27 are an integral part of this condensed consolidated interim financial information.

# Consolidated interim statement of comprehensive income

for the six months ended 30 June 2019

	Six months ended 30 June	
	2019 RUB'000 Unaudited	2018 RUB'000 Unaudited
<b>Profit for the period</b>	<b>11,993,387</b>	9,830,697
<i>Other comprehensive income:</i>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(734,081)	551,061
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences attributable to non-controlling interest	(368,853)	244,184
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,102,934)</b>	795,245
<b>Total comprehensive income for the period</b>	<b>10,890,453</b>	10,625,942
<i>Total comprehensive income for the period attributable to:</i>		
- owners of the Company	<b>10,355,139</b>	9,362,958
- non-controlling interests	<b>535,314</b>	1,262,984
	<b>10,890,453</b>	10,625,942

Items in the statement above are disclosed net of tax. There is no income tax relating to the components of other comprehensive income above.

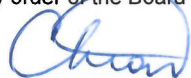
The notes on pages 7 to 27 are an integral part of this condensed consolidated interim financial information.

## Consolidated interim balance sheet

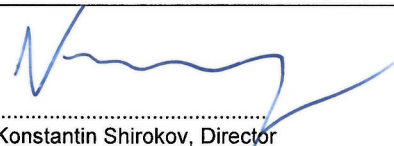
at 30 June 2019

	Note	30-Jun-2019 RUB'000 Unaudited	31-Dec-2018 RUB'000 Audited
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	15	77,251,626	74,764,903
Right-of-use assets	16	1,172,072	-
Intangible assets	10	408,856	757,209
Other assets	18	1,271,784	1,019,572
Trade receivables	17(a)	195,073	221,805
Loans and other receivables	17(b)	5,340	11,904
<b>Total non-current assets</b>		<b>80,304,751</b>	<b>76,775,393</b>
<i>Current assets</i>			
Inventories		1,003,657	904,375
Other assets	18	3,413,928	3,587,790
Loans and other receivables	17(b)	64,595	262,846
Trade receivables	17(a)	2,576,643	2,365,723
Current income tax assets		191,846	191,277
Cash and cash equivalents		9,737,275	7,129,918
<b>Total current assets</b>		<b>16,987,944</b>	<b>14,441,929</b>
<b>TOTAL ASSETS</b>		<b>97,292,695</b>	<b>91,217,322</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity attributable to the owners of the Company</i>			
Share capital	25	516,957	516,957
Share premium	25	27,929,478	27,929,478
Common control transaction reserve		(10,429,876)	(10,429,876)
Translation reserve		3,583,594	4,317,675
Capital contribution		2,694,851	2,694,851
Retained earnings		25,376,708	22,598,941
<b>Total equity attributable to the owners of the Company</b>		<b>49,671,712</b>	<b>47,628,026</b>
Non-controlling interests		5,752,722	5,897,408
<b>TOTAL EQUITY</b>		<b>55,424,434</b>	<b>53,525,434</b>
<i>Non-current liabilities</i>			
Borrowings	20	21,410,208	17,269,321
Lease liabilities (IFRS 16)	21	980,966	-
Trade and other payables	19	239,113	404,357
Contract liabilities	11	11,107	-
Deferred tax liabilities		6,726,294	6,284,868
<b>Total non-current liabilities</b>		<b>29,367,688</b>	<b>23,958,546</b>
<i>Current liabilities</i>			
Borrowings	20	7,936,686	8,459,590
Lease liabilities (IFRS 16)	21	266,062	-
Trade and other payables	19	2,223,357	2,549,337
Contract liabilities	11	2,055,245	2,673,467
Current tax liabilities		19,223	50,948
<b>Total current liabilities</b>		<b>12,500,573</b>	<b>13,733,342</b>
<b>TOTAL LIABILITIES</b>		<b>41,868,261</b>	<b>37,691,888</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97,292,695</b>	<b>91,217,322</b>

By order of the Board



Sergey Tolmachev, Director



Konstantin Shirokov, Director

Limassol, 30 August 2019

The notes on pages 7 to 27 are an integral part of this condensed consolidated interim financial information.

## Consolidated interim statement of changes in equity

for the six months ended 30 June 2019

Attributable to the owners of the Company									
Note	Share capital RUB'000	Share premium RUB'000	Common control transaction reserve RUB'000	Translation reserve RUB'000	Capital contribution RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total RUB'000
<b>Balance at 1 January 2018</b>	<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>3,035,126</b>	<b>2,694,851</b>	<b>21,146,195</b>	<b>44,892,731</b>	<b>5,724,899</b>	<b>50,617,630</b>
<i>Comprehensive income</i>									
Profit for the period	-	-	-	-	-	8,811,897	8,811,897	1,018,800	9,830,697
<i>Other comprehensive income</i>									
Currency translation differences	-	-	-	551,061	-	-	551,061	244,184	795,245
Total comprehensive income for the period ended 30 June 2018	-	-	-	551,061	-	8,811,897	9,362,958	1,262,984	10,625,942
<i>Transactions with owners</i>									
Dividends to owners of the Company	24	-	-	-	-	(8,016,530)	(8,016,530)	-	(8,016,530)
Dividends to non-controlling interests	24	-	-	-	-	-	-	(920,578)	(920,578)
Total transactions with owners	-	-	-	-	-	(8,016,530)	(8,016,530)	(920,578)	(8,937,108)
<b>Balance at 30 June 2018 (unaudited)</b>	<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>3,586,187</b>	<b>2,694,851</b>	<b>21,941,562</b>	<b>46,239,159</b>	<b>6,067,305</b>	<b>52,306,464</b>

The notes on pages 7 to 27 are an integral part of this condensed consolidated interim financial information.

## Consolidated interim statement of changes in equity

for the six months ended 30 June 2019

Attributable to the owners of the Company										
	Note	Share capital RUB'000	Share premium RUB'000	Common control transaction reserve RUB'000	Translation reserve RUB'000	Capital contribution RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total RUB'000
<b>Balance at 31 December 2018</b>		<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>4,317,675</b>	<b>2,694,851</b>	<b>22,598,941</b>	<b>47,628,026</b>	<b>5,897,408</b>	<b>53,525,434</b>
<i>Comprehensive income</i>										
Profit for the period		-	-	-	-	-	11,089,220	11,089,220	904,167	11,993,387
<i>Other comprehensive income</i>										
Currency translation differences		-	-	-	(734,081)	-	-	(734,081)	(368,853)	(1,102,934)
Total comprehensive income for the period ended 30 June 2019		-	-	-	(734,081)	-	11,089,220	10,355,139	535,314	10,890,453
<i>Transactions with owners</i>										
Dividends to owners of the Company	24	-	-	-	-	-	(8,311,453)	(8,311,453)	-	(8,311,453)
Dividends to non-controlling interests	24	-	-	-	-	-	-	-	(680,000)	(680,000)
Total transactions with owners		-	-	-	-	-	(8,311,453)	(8,311,453)	(680,000)	(8,991,453)
<b>Balance at 30 June 2019 (unaudited)</b>		<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>3,583,594</b>	<b>2,694,851</b>	<b>25,376,708</b>	<b>49,671,712</b>	<b>5,752,722</b>	<b>55,424,434</b>

The notes on pages 7 to 27 are an integral part of this condensed consolidated interim financial information.

# Consolidated interim cash flow statement

for the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 RUB'000 Unaudited	2018 RUB'000 Unaudited
<i>Cash flows from operating activities</i>			
Profit before tax		15,556,331	12,947,730
Adjustments for:			
Depreciation of property, plant and equipment	12	2,753,911	2,437,947
Depreciation of right-of-use assets	12	134,938	-
Amortisation of intangible assets	12	348,353	348,353
Net loss on sale of property, plant and equipment	12	6,287	4,070
Loss on derecognition arising on capital repairs	12	189,135	194,692
Interest income	14	(328,994)	(200,338)
Interest expense and other finance costs	14	1,216,940	782,684
Foreign exchange losses on financing activities	14	276,465	25,128
Other losses/(gains)		6,728	(183)
		<b>20,160,094</b>	<b>16,540,083</b>
<i>Changes in working capital:</i>			
Inventories		55,122	187,490
Trade receivables		(174,401)	83,492
Other assets		309,348	292,654
Other receivables		(20,243)	(31,990)
Trade and other payables		(298,532)	(639,810)
Contract liabilities		(607,115)	(1,467)
Cash generated from operations		<b>19,424,273</b>	<b>16,430,452</b>
Tax paid		(3,154,581)	(3,340,295)
Net cash from operating activities		<b>16,269,692</b>	<b>13,090,157</b>
<i>Cash flows from investing activities</i>			
Purchases of property, plant and equipment		(7,065,346)	(2,992,119)
Proceeds from disposal of property, plant and equipment		26,903	38,302
Loan repayments received from third parties		2,776	2,926
Interest received		322,072	199,827
Receipts from finance lease receivable		50,881	15,153
Net cash used in investing activities		<b>(6,662,714)</b>	<b>(2,735,911)</b>
<i>Cash flows from financing activities</i>			
Proceeds from bank borrowings		4,426,000	5,010,500
Proceeds from issue of non-convertible unsecured bonds		5,000,000	5,000,000
Repayments of borrowings		(5,728,459)	(8,734,912)
Principal elements of lease payments for leases with financial institutions (2018: Finance lease principal payments)		(244,245)	(844,280)
Principal elements of lease payments (IFRS 16)		(101,597)	-
Interest paid on bank borrowings and non-convertible unsecured bonds		(862,910)	(689,072)
Interest paid on leases with financial institutions (2018: Interest paid on finance leases)		(88,444)	(5,048)
Interest paid on lease liabilities (IFRS 16)		(44,397)	-
Dividends paid to non-controlling interests in subsidiaries	24	(680,000)	(920,578)
Dividends paid to owners of the Company	24	(8,311,453)	(8,016,530)
Payments from non-controlling interests for share capital increase of subsidiary		200,060	-
Payments to non-controlling interests		(305,473)	-
Net cash used in financing activities		<b>(6,740,918)</b>	<b>(9,199,920)</b>
Net increase in cash and cash equivalents		<b>2,866,060</b>	<b>1,154,326</b>
Effect of exchange rate changes on cash and cash equivalents		(258,703)	76,364
Cash and cash equivalents at beginning of period		<b>7,129,918</b>	<b>4,966,171</b>
Cash and cash equivalents at end of period		<b>9,737,275</b>	<b>6,196,861</b>

The notes on pages 7 to 27 are an integral part of this condensed consolidated interim financial information.



# Notes to the condensed consolidated interim financial information

## 1. GENERAL INFORMATION

Globaltrans Investment PLC (the "Company") and its subsidiaries (together the "Group") are a freight rail transportation group operating in Russia, the CIS countries and the Baltics.

The main business of the Group is the provision of freight rail transportation services with a focus on the transportation of key industrial freight including metallurgical cargoes, oil products and oil, coal and various construction materials. The Group is also engaged in operating lease of rolling stock.

The Company is a public limited company incorporated and domiciled in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The address of its registered office is 20 Omirou Street, Agios Nikolaos, CY-3095 Limassol, Cyprus. The Group's principal place of business is at Nizhnyay a Krasnoselskaya st. 39, bld. 1, Moscow, Russia.

Global Depository Receipts, each representing one ordinary share of the Company, are listed on the Main market of London Stock Exchange.

Russian Rouble denominated bonds, issued by the Company's subsidiary New Forwarding Company, AO, for a total amount of RUB 10 billion, out of a RUB 100 billion registered program, are listed in the Moscow Stock Exchange.

This condensed consolidated interim financial information was approved by the Board of Directors of the Company on 30 August 2019, who authorized the Directors to sign on 30 August 2019.

This condensed consolidated interim financial information has been reviewed, not audited.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, the condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2018, as described in those annual consolidated financial statements, with the exception of the estimation of taxes and the new accounting policy for leases with the Group acting as a lessee, as set out below:

### (a) Taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected annual earnings for each tax jurisdiction and applied individually to the interim period pre-tax income of the relevant jurisdiction. Adjustments due to changes in estimates of prior year taxes are not taken into account in the calculation of the estimated average annual tax rate but are charged in full in the interim period in which it becomes probable that such adjustments are needed.

Payroll related taxes and contributions, which are assessed on an annual basis, are recognised in interim periods using an estimated annual effective payroll tax or contribution rate.

### (b) New accounting policy for leases with the Group acting as a lessee

The Group adopted IFRS 16 "Leases" on 1 January 2019 using the modified retrospective method and applied certain simplifications or practical expedients, as permitted by the transition provisions of the new standard. Refer to Note 4 for details on the Group's adoption of IFRS 16.

Until the 2018 financial year, leases of property, plant and equipment with the Group acting as a lessee were classified as either finance leases or operating leases, as described in Note 4 to the Group's consolidated financial statements for the year 2018. Payments made by the Group under operating leases (net of incentives received from the lessor) were charged to the consolidated income statement on a straight-line basis over the period of the lease.

From 1 January 2019, the date of initial application of IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, with limited exceptions as set out below. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Contracts may contain both lease and non-lease components. The Group accounts for each lease component within such contracts as a lease separately from the non-lease components. The consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components. The consideration for non-lease components relating to services is recognised as an expense in the consolidated interim income statement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Right-of-use assets are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets, as set out in Note 4 to its consolidated financial statements for the year 2018.

As an exception to the above, the Group accounts for short-term leases and lease of low value assets by recognising the lease payments as an expense on a straight-line basis in the consolidated interim income statement. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets and associated lease liabilities are presented as separate lines on the face of the consolidated balance sheet, except for right-of-use assets and associated lease liabilities arising from leases that include purchase options that are reasonably certain to be exercised due to the exercise price being a nominal amount compared to the fair value of the leased asset of the exercise date. The latter are presented within the same line item as the corresponding underlying assets would be presented if they were owned and within borrowings, respectively.

The Group continues to account for leases for which it is acting as a lessor using the same basis as set out in Note 4 to its consolidated financial statements for the year 2018.

#### 4. ADOPTION OF NEW AND REVISED STANDARDS

A number of new or amended standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2018, became effective for the Group from 1 January 2019. None of these has affected this condensed consolidated interim financial information except for IFRS 16 "Leases", the adoption of which resulted in changes in the Group's accounting for leases for which it is acting as a lessee.

### IFRS 16 “Leases”

As part of its operating activities, the Group leases rolling stock from third parties. In addition, the Group leases offices and other property, plant and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group has adopted IFRS 16 retrospectively on 1 January 2019, with certain simplifications, and has not restated comparatives for the 2018 reporting period, as permitted under the transitional provisions of IFRS 16. The reclassifications and the adjustments arising from the new leasing requirements are, therefore, recognised in the opening consolidated interim balance sheet as of 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rates applied to the lease liabilities on 1 January 2019 were between 4% and 10%, depending on the specifics of each lease. The Group opted to use the practical expedient provided by IFRS 16 which allows entities to measure the right-of-use assets on transition at an amount equal to that of the lease liability (adjusted for any prepaid or accrued expenses).

For leases previously classified as finance leases the Group recognised the carrying amount of the leased asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after 1 January 2019.

#### Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous in assessing whether the right-of-use asset is impaired;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 “Determining whether an Arrangement contains a Lease”.

The following table presents a reconciliation of the operating lease commitments as at 31 December 2018 to the recognised lease liability as at 1 January 2019:

	1 January 2019 RUB'000
Operating lease commitments disclosed as at 31 December 2018	1,378,832
Adjustments to lease commitments:	
- (Less): short-term leases recognised on a straight-line basis as expense <sup>(1)</sup>	(270,671)
- (Less): payments for lease not yet commenced <sup>(2)</sup>	(1,056,590)
- Add: adjustment because of different treatment of extension and termination options	805,343
Effect of discounting	(136,034)
Add: finance lease liabilities recognised as at 31 December 2018 <sup>(3)</sup>	2,212,668
Other	(42,185)
<b>Lease liability recognised as at 1 January 2019</b>	<b>2,891,363</b>

Of which are:

#### Lease liabilities (IFRS 16) (recognised on the face of the balance sheet)

Current lease liabilities (IFRS 16)	153,182
Non-current lease liabilities (IFRS 16)	525,513
	678,695

#### Lease liabilities with financial institutions (included within borrowings)

Current lease liabilities with financial institutions	496,874
Non-current lease liabilities with financial institutions	1,715,794
	2,212,668
<b>Total</b>	<b>2,891,363</b>

<sup>(1)</sup> As of 31 December 2018, the Group had non-cancellable operating lease commitments of RUB 1,378,832 thousand out of which approximately RUB 270,671 thousand relate to short-term leases which will be recognised on a straight-line basis as an expense in the consolidated interim income statement.

<sup>(2)</sup> The Group's non-cancellable operating lease commitments as of 31 December 2018 included an amount of RUB 1,056,590 thousand relating to a lease contract entered in the year 2018 for the lease of offices. In accordance with the terms of the agreement, the Group obtained right to use the offices within the first half of year 2019 and thus no lease liability was recognised in respect of this lease on 1 January 2019.

<sup>(3)</sup> The Group had finance lease liabilities recognised as at 31 December 2018 with a carrying amount of RUB 2,212,668 thousand and lease assets with a carrying amount of RUB 3,414,376 thousand. Upon adoption of IFRS 16, the Group recognised lease liabilities and right-of-use assets in respect of these leases at amounts equal to their carrying amounts as at 31 December 2018 under IAS 17.

The recognised right-of-use assets because of the adoption of IFRS 16 relate to the following types of assets:

	1 January 2019 RUB'000
<i>Right-of-use assets (recognised on the face of the balance sheet)</i>	
Rolling stock	590,656
Land and buildings	27,421
Other	102,803
	<b>720,880</b>
<i>Right-of-use assets (included within property, plant and equipment)</i>	
Rolling stock	3,414,376
	<b>3,414,376</b>
<b>Total</b>	<b>4,135,256</b>

The application of IFRS 16 affected the following items in the consolidated interim balance sheet on 1 January 2019:

	Increase/(decrease)	RUB'000
Right-of-use assets	increase by	720,880
Prepayments	decrease by	42,185
Lease liabilities (IFRS 16)	increase by	678,695

#### *Impact on segment disclosures*

Segment assets as at 1 January 2019 increased by RUB 590,656 thousand as a result of the recognition of right-of-use assets relating to rolling stock. The increase impacted the following segments:

	Increase/(decrease)	RUB'000
<i>Reportable segment assets</i>		
Other railcars (platforms)	increase by	590,656

#### **New standards and interpretations not yet adopted**

There were no new standards, amendments to existing standards or interpretations issued and not yet effective, information about which is not included in the consolidated financial statements of the Group for the year ended 31 December 2018. The Group continues assessing the effects of new standards, amendments to existing standards and interpretations that are not yet effective and as of the date of issue of this condensed consolidated interim financial information the impact of these is not known.

#### **5. ESTIMATES AND JUDGEMENTS**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

## 6. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; it should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2018. There have been no changes in the risk management policies since the year end.

### Liquidity risk

Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long-term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures. As at 30 June 2019, Group's current assets exceeded its current liabilities by RUB 4,487,371 thousand (31 December 2018: RUB 708,587 thousand).

### Fair value of financial assets and liabilities measured at amortised cost

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, appropriate valuation methodologies and assistance of experts. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Group has used all available market information in estimating the fair value of financial instruments.

Fair value measurements are analysed by level in the fair value hierarchy. The different levels in fair value hierarchy have been defined as follows:

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

The carrying values and fair values of current and non-current borrowings are as follows:

	Carrying values		Fair values	
	As at 30-Jun-2019 RUB'000	As at 31-Dec-2018 RUB'000	As at 30-Jun-2019 RUB'000	As at 31-Dec-2018 RUB'000
Bank borrowings	<b>17,106,972</b>	18,399,624	<b>16,997,686</b>	18,087,461
Non-convertible unsecured bonds	<b>10,272,854</b>	5,116,619	<b>10,034,761</b>	4,940,619
	<b>27,379,826</b>	23,516,243	<b>27,032,447</b>	23,028,080

The fair value as at 30 June 2019 and 31 December 2018 of fixed interest rate bank borrowings with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted using the rate of similar Russian Rouble denominated instruments entered into by the Group close to the reporting dates. The discount rate used was 9.0% p.a. (31 December 2018: 9.5% p.a.). The fair value measurement of the bank borrowings is within level 2 (31 December 2018: level 2) of the fair value hierarchy.

The fair value as at 30 June 2019 and 31 December 2018 of the fixed interest rate non-convertible bonds was equal to their quoted price and the resulting fair value measurement is within level 1.

The fair value of the following financial assets and liabilities as at 30 June 2019 and 31 December 2018 approximates their carrying amount:

- Trade receivables
- Loans and other receivables
- Finance lease receivables
- Trade and other payables
- Cash and cash equivalents.

## 7. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from two perspectives: by type of activity and by type of rolling stock used. From a type of activity perspective, the Board reviews revenues with no further analysis of the underlying cost components. From the type of rolling stock used perspective the Board assesses the performance of each type of rolling stock at the level of adjusted revenue. In particular, the Board reviews discrete financial information for gondola cars and rail tank cars, whereas all other types of rolling stock (such as hopper cars and platforms) are reviewed together.

Adjusted revenue for reportable segments is the measure of profit looked at by the chief operating decision-maker and this includes the revenues derived from the relating type of rolling stock used less infrastructure tariff paid for the loaded trips of relating rolling stock and services provided by other transportation organisations. Further, the Board receives information in respect of depreciation charges for rolling stock and right-of-use assets relating to rolling stock, amortisation charges for customer relationships, impairment charges/reversals of impairment in respect of rolling stock, right-of-use assets relating to rolling stock and customer relationships and loss on derecognition arising on capital repairs. All other information provided to the Board is measured in a manner consistent with that in the financial statements.

The Board also reviews additions to segment assets. Segment assets consist of rolling stock, right-of-assets relating to rolling stock and customer relationships. Unallocated assets comprise all the assets of the Group except for rolling stock, right-of-assets relating to rolling stock and customer relationships, as included within segment assets. Liabilities are not segmented since they are not reviewed from that perspective by the chief operating decision maker. Capital expenditure comprises additions of rolling stock to property, plant and equipment and additions of right-of-use assets relating to rolling stock.

The Group does not have transactions between different business segments.

	<b>Gondola cars</b>	<b>Rail tank cars</b>	<b>Other railcars</b>	<b>Total</b>
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Six months ended 30 June 2019</i>				
Total revenue – operator's services	31,415,309	13,355,546	619,250	45,390,105
Total revenue – operating lease	75,526	762,349	28,010	865,885
Inter-segment revenue	-	-	-	-
Revenue (from external customers) – recognised over time	31,490,835	14,117,895	647,260	46,255,990
less Services provided by other transportation organisations	(1,659,957)	(710)	(2,243)	(1,662,910)
less Infrastructure and locomotive tariffs: loaded trips	(7,423,621)	(3,498,877)	(288,920)	(11,211,418)
<b>Adjusted revenue for reportable segments</b>	<b>22,407,257</b>	<b>10,618,308</b>	<b>356,097</b>	<b>33,381,662</b>

	<b>Gondola cars</b>	<b>Rail tank cars</b>	<b>Other railcars</b>	<b>Total</b>
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Six months ended 30 June 2018</i>				
Total revenue – operator's services	28,286,966	13,118,540	598,890	42,004,396
Total revenue – operating lease	88,159	574,346	19,831	682,336
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	28,375,125	13,692,886	618,721	42,686,732
less Services provided by other transportation organisations	(1,748,030)	(226,076)	(18,401)	(1,992,507)
less Infrastructure and locomotive tariffs: loaded trips	(7,881,792)	(3,172,400)	(278,565)	(11,332,757)
<b>Adjusted revenue for reportable segments</b>	<b>18,745,303</b>	<b>10,294,410</b>	<b>321,755</b>	<b>29,361,468</b>

Adjusted revenue for reportable segments increased by RUB 4,020,194 thousand during the six-month period ended as 30 June 2019 as compared to the corresponding period in 2018 reflecting the solid performance of both the gondola and rail tank cars segments.

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Additions to non-current assets (included in reportable segment assets)</i>				
Six months ended 30 June 2019	3,021,223	1,634,045	564,900	5,220,168
Six months ended 30 June 2018	3,988,687	443,130	696,833	5,128,650
<i>Depreciation and amortisation</i>				
Six months ended 30 June 2019	(2,375,103)	(557,266)	(132,911)	(3,065,280)
Six months ended 30 June 2018	(2,132,156)	(528,697)	(34,374)	(2,695,227)
<i>Loss on derecognition arising on capital repairs</i>				
Six months ended 30 June 2019	(63,048)	(125,069)	(1,018)	(189,135)
Six months ended 30 June 2018	(116,191)	(78,501)	-	(194,692)
<i>Reportable segment assets</i>				
30 June 2019	51,398,138 <sup>(1)</sup>	20,242,457	2,533,873	74,174,468
31 December 2018	50,970,274 <sup>(2)</sup>	20,517,936	1,531,496	73,019,706

<sup>(1)</sup> Includes RUB 405,310 thousand of intangible assets representing customer relationships

<sup>(2)</sup> Includes RUB 752,718 thousand of intangible assets representing customer relationships

A reconciliation of total adjusted revenue for reportable segments to total profit before income tax is provided as follows:

	Six months ended 30-Jun-2019	Six months ended 30-Jun-2018
	RUB'000	RUB'000
Adjusted revenue for reportable segments	33,381,662	29,361,468
Other revenues	988,641	746,695
Total adjusted revenue	34,370,303	30,108,163
Cost of sales (excl. infrastructure and locomotive tariffs - loaded trips, services provided by other transportation organisations, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and loss on derecognition arising on capital repairs)	(12,439,650)	(11,465,140)
Selling, marketing and administrative expenses (excl. depreciation and impairments)	(1,797,941)	(2,110,351)
Depreciation and amortisation	(3,237,202)	(2,786,300)
Impairment charge for receivables	(3,799)	(20,364)
Loss on derecognition arising on capital repairs	(189,135)	(194,692)
Other income	66,986	-
Other (losses)/gains – net	(48,820)	23,888
Operating profit	16,720,742	13,555,204
Finance income	328,994	200,338
Finance costs	(1,216,940)	(782,684)
Net foreign exchange transaction losses on financing activities	(276,465)	(25,128)
Profit before income tax	15,556,331	12,947,730

## 8. Non-GAAP financial information

In addition to financial information under IFRS, as adopted by the EU (“EU IFRS”), the Group also uses certain measures not recognised by EU IFRS (referred to as “non-GAAP measures”) as supplemental measures of the Group’s operating and financial performance. The management believes that these non-GAAP measures provide valuable information to readers, because they enable them to focus more directly on the underlying day-to-day performance of the Group’s business. These might not be consistent with measures (of similar description) used by other entities.

### Adjusted Revenue

**Adjusted Revenue** is defined as “Total revenue” adjusted for “pass through” items: “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organisations”. “Infrastructure and locomotive tariffs: loaded trips” comprises revenue resulting from tariffs that customers pay to the Group and the Group pays on to OAO “Russian Railways”, which are reflected in equal amounts in both the Group’s Total revenue and Cost of sales. “Services provided by other transportation organisations” is revenue resulting from the tariffs that customers pay to the Group and the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected in equal amounts in both the Group’s Total revenue and Cost of sales.

The following table provides details of Adjusted revenue for the six months ended 30 June 2019 and 30 June 2018 and its reconciliation to Total revenue.



	<b>Six months ended 30-Jun-2019 RUB'000</b>	Six months ended 30-Jun-2018 RUB'000
Total revenue	47,244,631	43,433,427
Minus "pass through" items:		
Infrastructure and locomotive tariffs: loaded trips	(11,211,418)	(11,332,757)
Services provided by other transportation organisations	(1,662,910)	(1,992,507)
<b>Adjusted Revenue</b>	<b>34,370,303</b>	<b>30,108,163</b>

#### Total Operating Cash Costs and Non-cash Costs

In order to show the dynamics and nature of the Group's cost base, individual items of Total cost of sales, selling and marketing costs and administrative expenses have been regrouped into Operating cash costs and Operating non-cash costs.

**Total Operating Cash Costs** represent operating cost items payable in cash and calculated as "Total cost of sales, selling and marketing costs and administrative expenses" less the "pass through" items: "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations" and non-cash items: "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets", "Amortisation of intangible assets", "Impairment charge for receivables", "Impairment of property, plant and equipment", "Net loss on sale of property, plant and equipment" and "Loss on derecognition arising on capital repairs".

**Total Operating Non-cash Costs** include cost items such as "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets", "Amortisation of intangible assets", "Loss on derecognition arising on capital repairs", "Impairment charge of receivables" "Impairment of property, plant and equipment" and "Net loss on sale of property, plant and equipment".

**Other Operating Cash Costs** include cost items such as "Advertising and promotion", "Auditors' remuneration", "Communication costs", "Information services", "Legal, consulting and other professional fees", "Rental of tank containers", "Operating lease rentals - office", "Expense relating to short-term leases – office", "Taxes (other than income tax and value added taxes)" and "Other expenses".

	<b>Six months ended 30-Jun-2019 RUB'000</b>	Six months ended 30-Jun-2018 RUB'000
<b>"Pass through" cost items</b>	<b>(12,874,328)</b>	<b>(13,325,264)</b>
Infrastructure and locomotive tariffs: loaded trips	(11,211,418)	(11,332,757)
Services provided by other transportation organisations	(1,662,910)	(1,992,507)
<b>Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)</b>	<b>(17,667,727)</b>	<b>(16,576,847)</b>
<b>Total Operating Cash Costs</b>	<b>(14,231,304)</b>	<b>(13,571,421)</b>
Infrastructure and locomotive tariffs - empty runs and other tariffs	(7,673,563)	(6,869,546)
Repairs and maintenance	(2,125,364)	(1,870,526)
Employee benefit expense	(2,023,569)	(1,917,684)
Operating lease rentals - rolling stock	-	(458,901)
Expense relating to short-term leases - rolling stock	(456,801)	-
Fuel and spare parts – locomotives	(897,470)	(967,084)
Engagement of locomotive crews	(371,179)	(403,821)
Other Operating Cash Costs	(683,358)	(1,083,859)
<i>Advertising and promotion</i>	(16,619)	(18,352)
<i>Auditors' remuneration</i>	(21,271)	(24,515)
<i>Communication costs</i>	(16,335)	(16,336)
<i>Information services</i>	(10,173)	(12,232)
<i>Legal, consulting and other professional fees</i>	(24,813)	(35,036)
<i>Rental of tank-containers</i>	-	(24,129)
<i>Operating lease rentals – office</i>	-	(94,475)
<i>Expense relating to short-term leases - office</i>	(80,338)	-
<i>Taxes (other than on income and value added taxes)</i>	(11,626)	(348,604)
<i>Other expenses</i>	(502,183)	(510,180)
<b>Total Operating Non-Cash Costs</b>	<b>(3,436,423)</b>	<b>(3,005,426)</b>
Depreciation of property, plant and equipment	(2,753,911)	(2,437,947)
Depreciation of right-of-use assets	(134,938)	-
Amortisation of intangible assets	(348,353)	(348,353)
Loss on derecognition arising on capital repairs	(189,135)	(194,692)
Impairment charge for receivables	(3,799)	(20,364)
Net loss on sale of property, plant and equipment	(6,287)	(4,070)
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>(30,542,055)</b>	<b>(29,902,111)</b>



### Adjusted EBITDA

**Adjusted EBITDA** represents EBITDA excluding “Net foreign exchange transaction gains/(losses) on financing activities”, “Share of profit/(loss) of associate”, “Other (losses)/gains - net”, “Net gain/(loss) on sale of property, plant and equipment”, “Impairment of property, plant and equipment”, “Impairment of intangible assets”, “Loss on derecognition arising on capital repairs” and “Reversal of impairment of intangible assets”.

**EBITDA** represents “Profit for the period” before “Income tax expense”, “Finance costs - net” (excluding “Net foreign exchange transaction (gains)/losses on financing activities), “Depreciation of property, plant and equipment”, “Depreciation of right-of-use assets” and “Amortisation of intangible assets”.

The following table provides details on Adjusted EBITDA for the six months ended 30 June 2019 and 30 June 2018 and its reconciliation to EBITDA and Profit for the period:

	<b>Six months ended 30-Jun-2019 RUB'000</b>	Six months ended 30-Jun-2018 RUB'000
<b>Profit for the period</b>	<b>11,993,387</b>	<b>9,830,697</b>
<i>Plus (Minus)</i>		
Income tax expense	3,562,944	3,117,033
Finance costs – net	1,164,411	607,474
Net foreign exchange transaction losses on financing activities	(276,465)	(25,128)
Amortisation of intangible assets	348,353	348,353
Depreciation of property, plant and equipment	2,753,911	2,437,947
Depreciation of right-of-use assets	134,938	-
<b>EBITDA</b>	<b>19,681,479</b>	<b>16,316,376</b>
<i>Minus (Plus)</i>		
Loss on derecognition arising on capital repairs	(189,135)	(194,692)
Net foreign exchange transaction losses on financing activities	(276,465)	(25,128)
Other (losses)/gains – net	(48,820)	23,888
Net loss on sale of property, plant and equipment	(6,287)	(4,070)
<b>Adjusted EBITDA</b>	<b>20,202,186</b>	<b>16,516,378</b>

### Free Cash Flow

**Free Cash Flow** is calculated as “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Interest paid on bank borrowings and non-convertible unsecured bonds”, “Interest paid on leases with financial institutions (2018: Interest paid on finance leases)”, “Interest paid on lease liabilities (IFRS 16)”, “Purchases of property, plant and equipment”, “Purchases of intangible assets”, “Acquisition of subsidiary undertakings - net of cash acquired” and “Principal elements of lease payments for leases with financial institutions” (30 June 2018: “Finance lease principal payments”), “Principal elements of lease payments (IFRS 16)”.

The **Attributable Free Cash Flow** means Free Cash Flow less Adjusted profit attributable to non-controlling interests.

**Adjusted Profit Attributable to Non-controlling Interests** is calculated as “Profit attributable to non-controlling interests” less share of “Impairment of property, plant and equipment” and “Impairment of intangible assets” attributable to non-controlling interests.

The following tables set out details on Free Cash Flow and Attributable Free Cash Flow for the six months ended 30 June 2019 and 30 June 2018, and its reconciliation to Cash generated from operations.

	<b>Six months ended 30-Jun-2019 RUB'000</b>	Six months ended 30-Jun-2018 RUB'000
Cash generated from operations	19,424,274	16,430,452
Tax paid	(3,154,581)	(3,340,295)
Interest paid on bank borrowings and non-convertible unsecured bonds	(862,910)	(689,072)
Interest paid on leases with financial institutions (2018: Interest paid on finance leases)	(88,444)	(5,048)
Interest paid on lease liabilities (IFRS 16)	(44,397)	-
Purchases of property, plant and equipment	(7,065,346)	(2,992,119)
Principal elements of lease payments for leases with financial institutions (2018: Finance lease principal payments)	(244,245)	(844,280)
Principal elements of lease payments (IFRS 16)	(101,597)	-
<b>Free Cash Flow</b>	<b>7,862,754</b>	<b>8,559,638</b>

	Six months ended 30-Jun-2019 RUB'000	Six months ended 30-Jun-2018 RUB'000
Free Cash Flow	7,862,754	8,559,638
<i>Minus</i>		
Adjusted profit attributable to non-controlling interests	904,167	1,018,800
<b>Attributable Free Cash Flow</b>	<b>6,958,587</b>	<b>7,540,838</b>

#### Net Debt and Net Debt to Adjusted LTM EBITDA

**Net Debt** is defined as the sum of total borrowings (including interest accrued) less "Cash and cash equivalents".

**Total Debt** is defined as total borrowings (including interest accrued).

**Adjusted LTM EBITDA** represents Adjusted EBITDA for the last twelve months ended at the balance sheet date.

The following table sets out the details on the Group's Net Debt and Net Debt to Adjusted EBITDA at 30 June 2019 and 31 December 2018 and reconciliation of Net Debt to Total Debt.

	30 June 2019 RUB'000	31 December 2018 RUB'000
Total debt	29,346,894	25,728,911
<i>Minus</i>		
Cash and cash equivalents	9,737,275	7,129,918
<b>Net Debt</b>	<b>19,609,619</b>	<b>18,598,993</b>
<b>Net Debt to Adjusted LTM EBITDA</b>	<b>0.53x</b>	<b>0.56x</b>

#### 9. SHARE BASED PAYMENTS

The Group maintains a remuneration program for some of the members of its management, including key management of the Group. This includes, amongst other things, a three-year compensation scheme in accordance to which, members of management receive a yearly cash compensation based on the weighted average market quotations of the GDRs of the Company. This compensation is set for a three-year period vesting on 31 December 2020 and is divided in three instalments to be paid after the end of each assessment period, which equals to one year. The award is conditional on the performance of the participants and on meeting certain key performance indicators ("KPIs") each year during the three years vesting period.

The scheme falls within the scope of IFRS2 "Share-based payment" and has therefore been classified as a cash-settled share based payment arrangement.

In accordance with the terms of the remuneration program, the compensation is calculated based on the weighted average fair value of the Company's GDRs, quoted in US Dollar, multiplied by the weighted average USD/RUB exchange rate for each period.

The Group has recognised an employee benefit expense of RUB 66,340 thousand in this respect for the six months ended 30 June 2019 (RUB 113,845 thousand for the six months ended 30 June 2018) and share based payment liability as at 30 June 2019 of RUB 185,421 thousand (31 December 2018: RUB 290,805 thousand).

The share-based payment liability as at 30 June 2019 and 31 December 2018 was determined based on the assumption that all participants will remain with the Group and all KPIs will be met and that there will be no significant fluctuation in the value of the Company's GDRs during the vesting period. The significant inputs into the valuation were the weighted average fair value of the Company's GDRs and the weighted average USD/RUB exchange.

#### 10. INTANGIBLE ASSETS

<i>Six months ended 30 June 2018</i>	Customer relationships RUB'000	Software RUB'000	Total RUB'000
Opening net book amount on 1 January 2018	1,447,559	6,242	1,453,801
Amortisation charge (Note 12)	(347,409)	(944)	(348,353)
<b>Closing amount on 30 June 2018</b>	<b>1,100,150</b>	<b>5,298</b>	<b>1,105,448</b>

Six months ended 30 June 2019	Customer relationships RUB'000	Software RUB'000	Total RUB'000
Opening net book amount on 1 January 2019	752,718	4,491	757,209
Amortisation charge (Note 12)	(347,408)	(945)	(348,353)
<b>Closing amount on 30 June 2019</b>	<b>405,310</b>	<b>3,546</b>	<b>408,856</b>

*Impairment of customer relationships*

Management has assessed whether there were any impairment indicators for the Group's customer relationship as of 30 June 2019. No impairment indicators have been identified as of 30 June 2019.

## 11. REVENUE

### (a) Disaggregation of revenue

	Six months ended	
	30-Jun-2019 RUB'000	30-Jun-2018 RUB'000
Railway transportation – operators services (tariff borne by the Group)	24,989,545	24,297,000
Railway transportation – operators services (tariff borne by the client)	20,400,560	17,707,396
Other	988,641	746,695
Total revenue from contracts with customers recognised over time	46,378,746	42,751,091
Operating leasing of rolling stock	865,885	682,336
<b>Total revenue</b>	<b>47,244,631</b>	<b>43,433,427</b>

Note: Revenue from railway transportation – operators services (tariff borne by the Group) includes infrastructure and locomotive tariffs for loaded trips for the six months ended 30 June 2019 amounting to RUB 11,211,418 thousand (for the six months ended 30 June 2018: RUB 11,332,757 thousand) and the cost of engaging the fleet from third parties recharged to clients of the Group amounting to RUB 1,662,910 thousand (for the six months ended 30 June 2018: RUB 1,992,507 thousand).

### (b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	As at	
	30-Jun-2019 RUB'000	31-Dec-2018 RUB'000
<i>Contract liabilities relating to railway transportation contracts</i>		
Non-current contract liabilities	11,107	-
Current contract liabilities	2,055,245	2,673,467
<b>Total contract liabilities</b>	<b>2,066,352</b>	<b>2,673,467</b>

Contract liabilities represent advances from customers for transportation services. The decrease in advances from customers as at 30 June 2019 as compared to those as at 31 December 2018 mainly arose as a result of timing of advances from customers close to the year end.

### (c) Revenue recognised in relation to contract liabilities

The Group's revenue for the six-month period to 30 June 2019 includes the entire contract liability balance of RUB 2,673,467 thousand as of 31 December 2018 (for the six-month period to 30 June 2018: RUB 2,229,306 thousand).

The Group does not have any contracts where the period of provision of the services (that is, the period between the start and completion of a trip) exceeds one year. As permitted under IFRS 15, the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations as of the balance sheet date is not disclosed.

## 12. EXPENSES BY NATURE

	Six months ended	
	30-Jun-2019	30-Jun-2018
	RUB'000	RUB'000
<i>Cost of sales</i>		
Infrastructure and locomotive tariffs: loaded trips	11,211,418	11,332,757
Infrastructure and locomotive tariffs: empty run trips and other tariffs	7,673,563	6,869,546
Services provided by other transportation organisations	1,662,910	1,992,507
Operating lease rentals – rolling stock	-	458,901
Expense relating to short-term leases - rolling stock	456,801	-
Rental of tank containers	-	24,129
Employee benefit expense	707,088	666,661
Repairs and maintenance	2,125,364	1,870,526
Depreciation of property, plant and equipment <sup>(1)</sup>	2,727,442	2,413,816
Depreciation of right-of-use assets	91,141	-
Loss on derecognition arising on capital repairs	189,135	194,692
Amortisation of intangible assets	348,343	348,343
Fuel and spare parts – locomotives	897,470	967,084
Engagement of locomotive crews	371,179	403,821
Loss on sale of property, plant and equipment	4,981	6,490
Other expenses	203,204	197,982
<b>Total cost of sales</b>	<b>28,670,039</b>	<b>27,747,255</b>

	Six months ended	
	30-Jun-2019	30-Jun-2018
	RUB'000	RUB'000
<i>Selling, marketing and administrative expenses</i>		
Depreciation of property, plant and equipment	26,469	24,131
Depreciation of right-of-use assets	43,797	-
Amortisation of intangible assets	10	10
Loss/(gain) on sale of property, plant and equipment	1,306	(2,420)
Employee benefit expense	1,316,481	1,251,023
Impairment charge for receivables	3,799	20,364
Operating lease rentals – office	-	94,475
Expense relating to short-term leases - office	80,338	-
Auditors' remuneration	21,271	24,515
Legal, consulting and other professional fees	24,813	35,036
Advertising and promotion	16,619	18,352
Communication costs	16,335	16,336
Information services	10,173	12,232
Taxes (other than income tax and value added taxes)	11,626	348,604
Other expenses	298,979	312,198
<b>Total selling, marketing and administrative expenses</b>	<b>1,872,016</b>	<b>2,154,856</b>

	Six months ended	
	30-Jun-2019	30-Jun-2018
	RUB'000	RUB'000
<b>Total expenses</b>		
Depreciation of property, plant and equipment <sup>(1)</sup> (Note 15)	2,753,911	2,437,947
Depreciation of right-of-use assets (Note 16)	134,938	-
Loss on derecognition arising on capital repairs (Note 15)	189,135	194,692
Amortisation of intangible assets (Note 10)	348,353	348,353
Net loss on sale of property, plant and equipment	6,287	4,070
Rental of tank containers	-	24,129
Employee benefit expense (Note 13)	2,023,569	1,917,684
Impairment charge for receivables	3,799	20,364
Operating lease rentals – rolling stock	-	458,901
Operating lease rentals – office	-	94,475
Expense relating to short-term leases – rolling stock	456,801	-
Expense relating to short-term leases – office	80,338	-
Repairs and maintenance	2,125,364	1,870,526
Fuel and spare parts – locomotives	897,470	967,084
Engagement of locomotive crews	371,179	403,821
Infrastructure and locomotive tariffs: loaded trips	11,211,418	11,332,757
Infrastructure and locomotive tariffs: empty run trips and other tariffs	7,673,563	6,869,546
Services provided by other transportation organisations	1,662,910	1,992,507
Auditors' remuneration	21,271	24,515
Legal, consulting and other professional fees	24,813	35,036
Advertising and promotion	16,619	18,352
Communication costs	16,335	16,336
Information services	10,173	12,232
Taxes (other than income tax and value added taxes)	11,626	348,604
Other expenses	502,183	510,180
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>30,542,055</b>	<b>29,902,111</b>

<sup>(1)</sup> Depreciation of property, plant and equipment for the six-month period to 30 June 2019 includes RUB 108,057 thousand relating to depreciation of right-of-use assets presented within property, plant and equipment (Note 15). The entire amount is recognised within 'Cost of sales'.

Infrastructure and locomotive tariffs: empty run trips and other tariffs for the six-month period to 30 June 2019 increased by RUB 804,017 thousand, representing a 12% increase as compared to the six-month period to 30 June 2018, due to increased regulated RZD tariffs for the traction of empty railcars and changes in client logistics for gondola cars.

Taxes (other than income tax and value added taxes) for the six-month period to 30 June 2019 decreased by RUB 336,978 thousand due to the cancellation of property tax on movable assets in Russian Federation.

### 13. EMPLOYEE BENEFIT EXPENSE

	Six months ended	
	30-Jun-2019	30-Jun-2018
	RUB'000	RUB'000
Wages and salaries	1,082,047	1,005,229
Bonuses	520,176	474,475
Share based payment expense (Note 9)	66,340	113,845
Social insurance costs	355,006	324,135
<b>Total employee benefit expense</b>	<b>2,023,569</b>	<b>1,917,684</b>

Employee benefit expense increased by RUB 105,885 thousand during the six-month period ended 30 June 2019 as compared to the corresponding period in 2018. The increase was the result of combination of inflation driven growth in wages and salaries and a related increase in social insurance costs.

#### 14. FINANCE INCOME AND COSTS

	Six months ended	
	30-Jun-2019 RUB'000	30-Jun-2018 RUB'000
<i>Interest expense:</i>		
Bank borrowings	(692,302)	(630,268)
Non-convertible bond	(336,985)	(130,355)
Other interest expense	(5,729)	-
Total interest expense calculated using the effective interest rate method	(1,035,016)	(760,623)
Leases with financial institutions (2018: Finance leases)	(87,089)	(10,923)
Lease liabilities (IFRS 16)	(50,279)	-
Total interest expense	(1,172,384)	(771,546)
Other finance costs	(44,556)	(11,138)
Total finance costs	(1,216,940)	(782,684)
<i>Interest income:</i>		
Bank balances	58,201	97,634
Short term deposits	251,300	77,183
Loans to third parties	439	912
Total interest income calculated using the effective interest rate method	309,940	175,729
Finance leases	19,054	24,609
Total finance income	328,994	200,338
Net foreign exchange transaction (losses)/gains on borrowings and other liabilities	43,395	(58,007)
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	(319,860)	32,879
Net foreign exchange transaction losses on financing activities	(276,465)	(25,128)
<b>Net finance costs</b>	<b>(1,164,411)</b>	<b>(607,474)</b>

Total interest expense increased by RUB 400,838 thousand, representing a 52% increase as compared to the six-month period to 30 June 2018, largely following the increase in the Group's total borrowings, a year-on-year increase in the weighted average effective interest rate and the application of the IFRS 16 "Leases".

#### 15. PROPERTY, PLANT AND EQUIPMENT

	Six months ended	
	30-Jun-2019 RUB'000	30-Jun-2018 RUB'000
Opening net book amount on 1 January 2019 / 1 January 2018	74,764,903	64,770,907
Additions	6,843,348	5,562,192
Disposals	(22,120)	(95,976)
Transfer to inventories	(214,886)	(150,913)
Depreciation charge (Note 12)	(2,753,911)	(2,437,947)
Loss on derecognition arising on capital repairs (Note 12)	(189,135)	(194,692)
Currency translation differences	(1,176,573)	728,643
Closing net book amount on 30 June 2019 / 30 June 2018	77,251,626	68,182,214

Additions during the period ended 30 June 2019 mainly related to purchases of gondola cars, locomotives, petrochemical tank containers, specialised containers, flat cars and wheel pairs, as well as to capital repairs of rolling stock and locomotives, which were capitalised to property, plant and equipment, in accordance with the Group's accounting policy regarding capitalisation upon periodic capital repairs, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2018.

'Loss on derecognition arising on capital repairs' represents the loss arising upon the capitalisation of periodic capital repairs of rolling stock as a result of the derecognition of the carrying amount of the rolling stock that is attributable to the previous periodic capital repair, in accordance with the Group's accounting policy regarding capitalisation of repair costs upon periodic capital repairs, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2018.

Property, plant and equipment as at 1 January 2019 and for the six-month period to 30 June 2019 include right-of-use assets relating to rolling stock held under leases that include purchase options that are reasonably certain to be exercised, in accordance with the Group's accounting policy for leases effective from 1 January 2019, as disclosed in Note 3.

	Six months ended <b>30-Jun-2019</b> RUB'000
At 1 January 2019 (Note 4)	<b>3,414,376</b>
Depreciation charge (Note 12)	<b>(108,057)</b>
Closing net book amount on 30 June 2019	<b>3,306,319</b>

*Impairment of property, plant and equipment*

Management has assessed whether there were any impairment indicators for property, plant and equipment as of 30 June 2019. No impairment indicators have been identified as of 30 June 2019.

**16. RIGHT-OF-USE ASSETS**

	Six months ended <b>30-Jun-2018</b> RUB'000
At 1 January 2019 (Note 4)	720,880
Additions	674,309
Disposals	(85,475)
Depreciation charge (Note 12)	(134,938)
Currency translation differences	(1,865)
Other	(839)
Closing net book amount on 30 June 2019	1,172,072

*Impairment of right-of-use assets*

Management has assessed whether there were any impairment indicators for right-of-use assets as of 30 June 2019. No impairment indicators have been identified as of 30 June 2019.

**17. FINANCIAL ASSETS**

**(a) Trade receivables**

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Trade receivables – third parties	<b>2,925,419</b>	2,733,570
Less: provision for impairment of trade receivables	<b>(153,703)</b>	(146,042)
Trade receivables – net	<b>2,771,716</b>	2,587,528
<i>Less non-current portion:</i>		
Trade receivables – third parties	<b>223,288</b>	245,537
Less: provision for impairment of trade receivables	<b>(28,215)</b>	(23,732)
Total non-current portion	<b>195,073</b>	221,805
Total current portion	<b>2,576,643</b>	2,365,723

**(b) Loans and other receivables**

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Loans receivables – third parties	<b>8,045</b>	11,904
Other receivables	<b>110,321</b>	112,434
Other receivables – related parties (Note 27)	-	200,064
Less: provision for impairment of other receivables	<b>(48,431)</b>	(49,652)
Loans and other receivables – net	<b>69,935</b>	274,750
<i>Less non-current portion:</i>		
Loans receivables – third parties	<b>5,340</b>	11,904
Total non-current portion	<b>5,340</b>	11,904
Total current portion	<b>64,595</b>	262,846

## 18. OTHER ASSETS

	As at	
	30-Jun-2019 RUB'000	31-Dec-2018 RUB'000
Prepayments - third parties	3,020,437	2,857,251
VAT recoverable	1,313,464	1,433,443
Finance leases to third parties	351,811	316,668
Other assets	4,685,712	4,607,362
<i>Less non-current portion:</i>		
Prepayments for property, plant and equipment - third parties	960,250	693,267
VAT recoverable	-	36,931
Finance leases to third parties	311,534	289,374
Total non-current portion	1,271,784	1,019,572
Total current portion	3,413,928	3,587,790

## 19. TRADE AND OTHER PAYABLES

	As at	
	30-Jun-2019 RUB'000	31-Dec-2018 RUB'000
<i>Current</i>		
Trade payables - third parties	634,788	539,995
Other payables - third parties	1,168,275	1,254,412
Accrued expenses	102,661	106,789
Accrued key management compensation, including share-based payment (Note 27)	317,633	648,141
	2,223,357	2,549,337
<i>Non-current</i>		
Accrued key management compensation, including share-based payment (Note 27)	66,795	114,751
Other payables - third parties	172,318	289,606
	239,113	404,357

## 20. BORROWINGS

	As at	
	30-Jun-2019 RUB'000	31-Dec-2018 RUB'000
<i>Current</i>		
Bank borrowings	7,155,072	7,831,616
Non-convertible unsecured bonds	285,600	131,100
Lease liabilities with financial institutions (2018: Finance lease liabilities)	496,014	496,874
Total current borrowings	7,936,686	8,459,590

	As at	
	30-Jun-2019 RUB'000	31-Dec-2018 RUB'000
<i>Non-current</i>		
Bank borrowings	9,951,900	10,568,008
Non-convertible unsecured bonds	9,987,254	4,985,519
Lease liabilities with financial institutions (2018: Finance lease liabilities)	1,471,054	1,715,794
Total non-current borrowings	21,410,208	17,269,321
Total borrowings	29,346,894	25,728,911



Movements in borrowings are analysed as follows:

	Six months ended <b>30-Jun-2019</b> <b>RUB'000</b>
Opening amount as at 1 January 2019	25,728,911
Cash flows:	
Proceeds from bank borrowings	4,426,000
Proceeds from issue of non-convertible unsecured bonds <sup>(1)</sup>	5,000,000
Repayments of bank borrowings	(5,728,459)
Principal elements of lease liabilities with financial institutions	(244,245)
Interest charged	1,116,376
Interest paid	(951,354)
Non-cash changes:	
Net foreign exchange gains	(335)
<b>Closing amount as at 30 June 2019</b>	<b>29,346,894</b>

<sup>(1)</sup> In February 2019, the Group successfully placed a second five-year Russian Rouble denominated exchange-traded bond for a total amount of RUB 5 billion, out of RUB 100 billion registered program, priced at a coupon rate of 8.8% p.a.

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
<i>Maturity of non-current borrowings (excluding lease liabilities with financial institutions (2018: Finance lease liabilities))</i>		
Between 1 and 2 years	3,516,810	5,186,713
Between 2 and 5 years	16,422,344	10,366,814
	<b>19,939,154</b>	<b>15,553,527</b>

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
<i>The present value of lease liabilities with financial institutions (2018: Finance lease liabilities) is as follows:</i>		
Not later than 1 year	496,014	496,874
Later than 1 year and not later than 5 years	1,471,054	1,715,794
	<b>1,967,068</b>	<b>2,212,668</b>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Russian Rouble	29,346,325	25,724,528
Euro	569	4,383
	<b>29,346,894</b>	<b>25,728,911</b>

The Group has the following undrawn borrowing facilities:

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Fixed rate:		
- expiring within one year	6,382,000	1,490,000
- expiring beyond one year	3,195,000	3,025,000
Total undrawn borrowing facilities	<b>9,577,000</b>	<b>4,515,000</b>

The weighted average effective interest rates at the balance sheet were as follows:

	As at	
	30-Jun-2019	31-Dec-2018
	%	%
Bank borrowings	8.2	8.0
Non-convertible unsecured bonds	8.1	7.3
Lease liabilities with financial institutions (2018: Finance lease liabilities)	8.4	8.4

## 21. LEASE LIABILITIES (IFRS 16)

	As at 30-Jun-2019 RUB'000
<i>Lease liabilities (IFRS 16)</i>	
Current lease liabilities	266,062
Non-current lease liabilities	980,966
<b>Total lease liabilities</b>	<b>1,247,028</b>

	As at 30-Jun-2019 RUB'000
<i>Maturity of lease liabilities (IFRS 16)</i>	
Between 1 and 2 years	295,086
Between 2 and 5 years	685,880
	980,966

## 22. INCOME TAXES

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average interim tax rate used for the six months to 30 June 2019 is 22.90% (30 June 2018: 24.07%). The decrease in the weighted average annual income tax rate reflects mainly reduction of Estonian tax incurred upon dividend payment by one of the Estonian subsidiaries of the Company during the six-month ended 30 June 2018 and smaller provision for withholding tax for intra-group dividends.

## 23. EARNINGS PER SHARE

### Basic and diluted

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30-Jun-2019	30-Jun-2018
Profit for the period attributable to equity holders of the Company (RUB'000)	11,089,220	8,811,897
Weighted average number of ordinary shares in issue (thousand)	178,741	178,741
Earnings per share for profit attributable to the equity holders of the Company:		
- basic and diluted (expressed in RUB per share)	62.04	49.30

## 24. DIVIDENDS

### Dividends to Company shareholders

During the period ended 30 June 2019, the Group declared and paid RUB 8,311,453 thousand (six months ended 30 June 2018: declared and paid RUB 8,016,530 thousand) of dividends in favour of shareholders of the Company.

### Dividends to non-controlling interests

During the period ended 30 June 2019, the Group declared and paid RUB 680,000 thousand (six months ended 30 June 2018: declared and paid RUB 920,578 thousand) of dividends in favour of non-controlling interests.

## 25. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital RUB'000	Share premium RUB'000	Total RUB'000
<b>At 31 December 2018 / 1 January 2019/ 30 June 2019</b>	<b>178,740,916</b>	<b>516,957</b>	<b>27,929,478</b>	<b>28,446,435</b>

## 26. CONTINGENCIES AND COMMITMENTS

### Operating environment

The Group and its subsidiaries operate in the Russian Federation, Estonia, Finland and Ukraine.

#### *Russian Federation*

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Stable oil prices, low unemployment and rising wages supported a modest growth of the economy in 2019. The operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

**Tax contingencies.** Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD) but has specific characteristics. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation. Management believes that its pricing policy used in the first six months of 2019, in 2018 and preceding years is arm's length and it has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from transactions between companies within the Group are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated in Cyprus, Russia, Ukraine, Estonia and Finland. The tax liabilities of the Group are determined on the assumption that these companies are the tax residents in the countries where they are incorporated and are not subject to profits tax of other tax jurisdictions, because they do not have permanent establishments in other jurisdictions. The Company and the non-controlling shareholding companies holding interests in the Company's Russian subsidiaries are the only and full beneficial owners of the equity interests held directly and indirectly in these subsidiaries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. As at 1 January 2019, there was an ongoing tax investigation in one of the Russian subsidiaries of the Group which was concluded within the first half of 2019 with no significant impact on the financial position and the overall operations of the Group.

#### *Estonia and Finland*

Estonia and Finland represent well-developed markets and economies with stable political systems and developed legislation based on EU requirements and regulations.

#### *Ukraine*

The ongoing political and economic instability in Ukraine which commenced at the end of 2013 and led to a deterioration of State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and depreciation of the national currency against major foreign currencies has continued during the first six months of 2019, though to a much lesser extent as compared to previous years.

The banking system remains fragile due to its weak level of capital, low asset quality caused by the economic situation, currency depreciation, changing regulations and other factors. Currency control restrictions were introduced in 2014-15 and remain in force, though less severe as compared to 2014-2015.

Despite certain improvements in 2018 and first half of 2019, the final resolution and the ongoing effects of the political and economic situation are difficult to predict, but they may have further severe effects on the Ukrainian economy and the Group's business.

### Legal proceedings

During the six-month period to 30 June 2019 there have been no significant developments in relation to the legal proceedings and other claims outstanding involving the Company's subsidiaries as claimants or defendants, as disclosed in the contingencies and commitments note in the Group's consolidated financial statements for the year ended 31 December 2018, nor have been any new legal proceedings or claims, with the exception of the following relating to an existing claim:

#### *Claim in relation to unpaid railroad tariffs*

In December 2018, the Group, jointly with a third-party customer, received a claim from a third party for the total amount of RUB 519 million in relation to discount applied on railroad tariffs. No provision was recognised by the Group in respect of this claim as the Group was of the opinion that it was not probable that it will be required to make a payment under this claim. In July 2019 there was a favourable court decision for the Group regarding this case.

### Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including claims for early repayment. The Group was in compliance with covenants as of 30 June 2019 and 31 December 2018.

### Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Property, plant and equipment	937,821	2,707,799

#### (b) Operating lease commitments – Group as lessor

The Group leases out rolling stock and locomotives under cancellable and non-cancellable operating lease agreements. The future aggregate minimum lease payments receivable under non-cancellable operating leases in which the Group is acting as the lessor are as follows:

	As at	
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Not later than 1 year	302,348	348,257
Later than 1 year not later than 5 years	162,967	28,182
	465,315	376,439

## 27. RELATED PARTY TRANSACTIONS

Marigold Investments Ltd, Onyx Investments Ltd and Maple Valley Investments Ltd are shareholders of the Company with a direct shareholding as at 31 December 2018 and as at 30 June 2019 of 11.5%, 11.5% and 10.8%, respectively.

Litten Investments Ltd and Goldriver Resources Ltd, both controlled by members of key management of the Group, have a shareholding in the Company as at 30 June 2019 of 5.1% and 4.0%, respectively (31 December 2018: 5.8% and 4.7%, respectively).

As at 30 June 2019, 56.9% (31 December 2018: 55.5%) of the shares of the Company represent the free market-float and are held by external investors through the Global Depositary Receipts and ordinary shares held by investors not affiliated or associated with the Company. The remaining 0.2% of the shares of the Company as at 31 December 2018 and as at 30 June 2019 are controlled by Directors and key management of the Group.

For the purposes of this condensed consolidated interim financial information, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following transactions were carried out with related parties:

(a) Key management compensation

	Six months ended	
	30-Jun-2019	30-Jun-2018
	RUB'000	RUB'000
Key management salaries and other short term employee benefits	621,108	600,463
Share based compensation (Note 9)	66,340	113,845
	<b>687,448<sup>(1)</sup></b>	714,308

<sup>(1)</sup> Includes directors' remuneration paid to the directors of the Company both by the Company and subsidiaries of the Group in respect of services provided to such subsidiaries amounting to RUB 167,570 thousand for the six months ended 30 June 2019 (six months ended 30 June 2018: RUB 143,490 thousand).

(b) Year-end balances arising from sale of shares/purchases of services

	As at	As at
	30-Jun-2019	31-Dec-2018
	RUB'000	RUB'000
Other receivable from related parties (Note 17):		
Receivable from entity controlled by key management	-	200,064
	-	200,064
Accrued key management remuneration – current (Note 19):		
Accrued salaries and other short-term employee benefits	180,822	472,087
Share based payment liability (Note 9)	118,626	176,054
Accrued directors' remuneration	18,185	-
	<b>317,633</b>	648,141
Accrued key management remuneration – non-current (Note 19):		
Share based payment liability (Note 9)	66,795	114,751
	<b>66,795</b>	114,751

## 28. SUBSEQUENT EVENTS

On 30 August 2019, the Board of Directors of the Company approved payment of total dividend in the amount of 46.55 Russian Roubles per ordinary share, amounting to a total dividend of RUB 8,320,390 thousand (US Dollar equivalent of US\$ 124,655 thousand), including interim dividend in the amount of RUB 3,548,007 thousand (US Dollar equivalent of US\$ 53,156 thousand) or RUB 19.85 per ordinary share/GDR and a special interim dividend in the amount of RUB 4,772,382 thousand (US Dollar equivalent of US\$ 71,499 thousand) or RUB 26.70 per ordinary share/GDR. The dividends will be paid in US Dollars at the rate of USD/RUB 66.7471 as at 30 August 2019 and will be paid out of retained earnings of the Company earned prior to 31 December 2018.

There were no other material events after the balance sheet date which have a bearing on the understanding of the condensed consolidated interim financial information.

## 29. SEASONALITY

The operations of the Group are not subject to seasonal fluctuations.



## Report on review of condensed consolidated interim financial information

To Globaltrans Investment Plc

### Introduction

We have reviewed the accompanying consolidated interim balance sheet of Globaltrans Investment Plc and its subsidiaries (the 'Group') as of 30 June 2019 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flow for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

30 August 2019  
Limassol  
Cyprus

*PricewaterhouseCoopers Ltd, City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus  
P O Box 53034, CY-3300 Limassol, Cyprus  
T: +357 25 - 555 000, F: +357 - 25 555 001, [www.pwc.com/cy](http://www.pwc.com/cy)*

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