

**PJSC SIBUR Holding**

**International Financial Reporting Standards  
Consolidated Interim Condensed  
Financial Information (Unaudited)**

**As of and for the three months ended 31 March 2020**

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## Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of PJSC SIBUR Holding:

### Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of PJSC SIBUR Holding and its subsidiaries (together – the “Group”) as at 31 March 2020 and the related consolidated interim condensed statements of profit or loss, cash flows, changes in equity and other comprehensive income for the three-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this consolidated interim condensed 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 consolidated interim condensed 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 consolidated interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

AO PricewaterhouseCoopers Audit

12 May 2020

Moscow, Russian Federation



D.P. Derevyankin, certified auditor (licence No. 01-001581),  
AO PricewaterhouseCoopers Audit

Audited entity: PJSC SIBUR Holding

Record made in the Unified State Register of Legal Entities on 8 July 2005 under State Registration Number 1057747421247

Block 1, No. 6, bld. 30, Eastern Industrial Park, Tobolsk, Tyumen Region, Russian Federation, 626150

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

**PJSC SIBUR HOLDING**

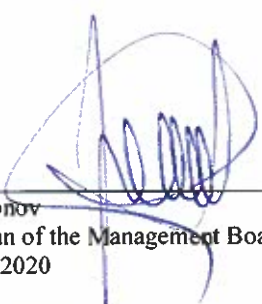
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (unaudited)**

(In millions of Russian rubles, unless otherwise stated)

		<b>Three months ended 31 March</b>	
		<b>2020</b>	<b>2019</b>
Notes			
3	Revenue	120,671	130,886
4	Operating expenses	(98,553)	(96,582)
	<b>Operating profit</b>	<b>22,118</b>	<b>34,304</b>
5	Finance income	724	22,223
5	Finance expenses	(88,810)	(1,373)
	Result of subsidiary's acquisition and remeasurement of related liabilities	(225)	-
	Share of net (loss)/income of joint ventures and associates	(422)	2,219
	<b>(Loss)/profit before income tax</b>	<b>(66,615)</b>	<b>57,373</b>
20	Income tax benefit/(expense)	14,334	(11,353)
	<b>(Loss)/profit for the reporting period</b>	<b>(52,281)</b>	<b>46,020</b>
	<b>(Loss)/profit for the reporting period, including attributable to:</b>	<b>(52,281)</b>	<b>46,020</b>
	Non-controlling interest	839	340
	Shareholders of the parent company	(53,120)	45,680
	<b>Basic and diluted earnings per share</b>		
19	<b>(in Russian rubles per share)</b>	<b>(24.38)</b>	<b>20.97</b>
	Weighted average number of shares outstanding (in thousands)	2,178,479	2,178,479

**Supplementary Information (non-IFRS measures)**

6	EBITDA	37,428	44,161
	<b>EBITDA margin</b>	<b>31.0%</b>	<b>33.7%</b>
6	Adjusted EBITDA	39,823	47,672

  
D.V. Konov  
Chairman of the Management Board  
12 May 2020

  
A.A. Petrov  
Chief Financial Officer  
12 May 2020

The accompanying notes on pages 6 to 23 are an integral part of this consolidated interim condensed financial information

**PJSC SIBUR HOLDING**
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (unaudited)**

(In millions of Russian rubles, unless otherwise stated)

Notes		31 March 2020	31 December 2019
	<b>Assets</b>		
	<b>Non-current assets</b>		
8	Property, plant and equipment	967,255	916,050
	Advances and prepayments for capital construction	27,049	17,928
	Right-of-use assets	14,009	16,171
	Goodwill	12,097	12,097
	Intangible assets excluding goodwill	99,029	100,653
9	Investments in joint ventures and associates	48,352	47,440
	Deferred income tax assets	9,339	8,034
	Long-term advances issued under project management and construction services	51,192	42,561
10	Trade and other receivables	13,244	15,906
	Other non-current assets	11,310	10,149
	<b>Total non-current assets</b>	<b>1,252,876</b>	<b>1,186,989</b>
	<b>Current assets</b>		
11	Inventories	45,873	38,932
	Prepaid current income tax	2,829	3,405
10	Trade and other receivables	121,261	109,775
12	Prepayments and other current assets	23,180	27,291
	Short-term advances issued under project management and construction services	60,638	75,728
	Prepaid borrowing costs	1,498	2,455
	Cash and cash equivalents	46,184	17,443
	<b>Total current assets</b>	<b>301,463</b>	<b>275,029</b>
	<b>Total assets</b>	<b>1,554,339</b>	<b>1,462,018</b>
	<b>Liabilities and equity</b>		
	<b>Non-current liabilities</b>		
13	Long-term debt excluding related to ZapSibNeftekhim	150,285	106,114
14	Long-term ZapSibNeftekhim related debt	289,704	232,609
	Long-term lease liabilities	10,115	10,197
15	Deferred income from grants and subsidies	69,630	69,419
	Long-term advances received under project management and construction services	68,133	58,678
	Deferred income tax liabilities	25,026	39,122
16	Other non-current liabilities	24,650	28,368
	<b>Total non-current liabilities</b>	<b>637,543</b>	<b>544,507</b>
	<b>Current liabilities</b>		
17	Trade and other payables	232,800	173,469
	Short-term advances received under project management and construction services	43,852	62,168
	Income tax payable	323	273
	Short-term debt and current portion of long-term debt excluding related to ZapSibNeftekhim	20,120	10,099
14	Current portion of long-term ZapSibNeftekhim related debt	17,204	15,593
	Short-term lease liabilities	5,911	5,127
18	Taxes other than income tax payable	9,284	11,199
	<b>Total current liabilities</b>	<b>329,494</b>	<b>277,928</b>
	<b>Total liabilities</b>	<b>967,037</b>	<b>822,435</b>
	<b>Equity</b>		
19	Ordinary share capital	21,784	21,784
	Share premium	9,357	9,357
	Equity-settled share-based payment plans	32,450	32,450
	Retained earnings	510,709	563,829
	<b>Total equity attributable to the shareholders of the parent company</b>	<b>574,300</b>	<b>627,420</b>
	Non-controlling interest	13,002	12,163
	<b>Total equity</b>	<b>587,302</b>	<b>639,583</b>
	<b>Total liabilities and equity</b>	<b>1,554,339</b>	<b>1,462,018</b>

The accompanying notes on pages 6 to 23 are an integral part of this consolidated interim condensed financial information

**PJSC SIBUR HOLDING**
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (unaudited)**

(In millions of Russian rubles, unless otherwise stated)

Notes	Three months ended 31 March		
	2020	2019	
	<b>Operating activities</b>		
21	Cash from operating activities before income tax payment	23,458	32,847
	Income tax paid	(431)	(9,590)
21	<b>Net cash from operating activities</b>	<b>23,027</b>	<b>23,257</b>
	<b>Investing activities</b>		
	Purchase of property, plant and equipment	(24,411)	(35,741)
	Purchase of intangible assets and other non-current assets	(1,338)	(1,235)
15	Grants and subsidies received	980	3,180
23	Acquisition of interest in subsidiary, net of cash acquired	(1,115)	(764)
	Acquisition of interest and additional contributions to the share capital of joint ventures and associates	-	(245)
	Interest received	365	374
	Loans issued	(86)	(1,463)
	Other	2	10
	<b>Net cash used in investing activities</b>	<b>(25,603)</b>	<b>(35,884)</b>
	<b>Financing activities</b>		
	Proceeds from debt	56,388	26,819
	Repayment of debt	(21,705)	(7,843)
	Repayment of lease liabilities	(1,450)	(1,370)
	Interest paid	(2,942)	(2,505)
	Bank commissions paid	(81)	(98)
	Purchase of non-controlling interest	-	(300)
	<b>Net cash from in financing activities</b>	<b>30,210</b>	<b>14,703</b>
	Effect of exchange rate changes on cash and cash equivalents	1,107	(422)
	<b>Net increase in cash and cash equivalents</b>	<b>28,741</b>	<b>1,654</b>
	Cash and cash equivalents, at the beginning of the reporting	17,443	14,783
	<b>Cash and cash equivalents, at the end of the reporting period</b>	<b>46,184</b>	<b>16,437</b>

The accompanying notes on pages 6 to 23 are an integral part of this consolidated interim condensed financial information

**PJSC SIBUR HOLDING**

**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)**

(In millions of Russian rubles, unless otherwise stated)

Notes	<u>Attributable to the shareholders of the parent company</u>						
	Share capital	Share premium	Equity-settled share-based payment plans	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance as of 1 January 2019</b>	<b>21,784</b>	<b>9,357</b>	<b>32,450</b>	<b>468,879</b>	<b>532,470</b>	<b>7,994</b>	<b>540,464</b>
Profit for the reporting period	-	-	-	45,680	45,680	340	46,020
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,680</b>	<b>45,680</b>	<b>340</b>	<b>46,020</b>
Deconsolidation of subsidiary	-	-	-	(296)	(296)	(4)	(300)
<b>Balance as of 31 March 2019</b>	<b>21,784</b>	<b>9,357</b>	<b>32,450</b>	<b>514,263</b>	<b>577,854</b>	<b>8,330</b>	<b>586,184</b>
<b>Balance as of 1 January 2020</b>	<b>21,784</b>	<b>9,357</b>	<b>32,450</b>	<b>563,829</b>	<b>627,420</b>	<b>12,163</b>	<b>639,583</b>
Loss for the reporting period	-	-	-	(53,120)	(53,120)	839	(52,281)
<b>Total comprehensive loss for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,120)</b>	<b>(53,120)</b>	<b>839</b>	<b>(52,281)</b>
<b>Balance as of 31 March 2020</b>	<b>21,784</b>	<b>9,357</b>	<b>32,450</b>	<b>510,709</b>	<b>574,300</b>	<b>13,002</b>	<b>587,302</b>

The accompanying notes on pages 6 to 23 are an integral part of this consolidated interim condensed financial information



**PJSC SIBUR HOLDING**  
**CONSOLIDATED INTERIM CONDENSED STATEMENT**  
**OF COMPREHENSIVE INCOME (unaudited)**  
(In millions of Russian rubles, unless otherwise stated)

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>(Loss)/profit for the reporting period</b>	<b>(52,281)</b>	<b>46,020</b>
<b>Total comprehensive (loss)/income for the reporting period</b>	<b>(52,281)</b>	<b>46,020</b>
<b>Total comprehensive (loss)/income for the reporting period, including attributable to:</b>	<b>(52,281)</b>	<b>46,020</b>
Non-controlling interest	839	340
Shareholders of the parent company	(53,120)	45,680

The accompanying notes on pages 6 to 23 are an integral part of this consolidated interim condensed financial information

## **1 NATURE OF OPERATIONS**

PJSC SIBUR Holding (the “Company”) and its subsidiaries (jointly referred to as the “Group”) form a vertically integrated petrochemical business. The Group purchases and processes raw materials (primarily associated petroleum gas and natural gas liquids), and produces and markets energy and petrochemical products, both domestically and internationally. The Group’s production facilities are located in the Russian Federation.

## **2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The preparation of consolidated interim condensed financial information requires the use of certain accounting estimates which, by definition, may differ from actual results. Estimates and judgements are continually evaluated; revisions of estimates are recognized prospectively. It also requires management to exercise judgement when applying the Group’s accounting policies.

The critical accounting estimates and judgements in applying accounting policies of the Group are consistent with those disclosed in the Group’s consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as of and for the year ended 31 December 2019.

**ARCTIC LNG 2 LLC.** JSC NIPIgaspererabotka (“NIPIGAS”), a Group subsidiary, and NOVARCTIC SNC, a joint venture of the Group (see Note 9), are engaged in the construction of an LNG Plant on gravity-based structures under ARCTIC LNG 2 LLC project for PJSC NOVATEK, located in the Salmanovskoye (Utrenneye) field in the Yamalo-Nenets autonomous region, Russia. NIPIGAS supplies services, works and facilities under a service agreement with NOVARCTIC SNC.

The Group accounts for this contract on construction services using the input method, applying judgement over the expected costs to be incurred until project completion. If circumstances arise that may change the original estimates of revenue, costs or the extent of progress toward completion, the estimates are revised. These revisions may result in increases or decreases in estimated revenues and total costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

**3 REVENUE**

Revenue by type of product and reportable segment is presented below:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Midstream</b>	<b>45,710</b>	<b>59,185</b>
Liquefied petroleum gas	22,462	37,075
Natural gas	13,088	12,476
Naphtha	8,178	9,090
Other sales	1,982	544
<b>Olefins and Polyolefins</b>	<b>30,942</b>	<b>23,736</b>
Polyolefins	23,906	15,913
BOPP films	4,230	4,667
Olefins	1,689	1,813
Other polymers products	911	1,077
Other sales	206	266
<b>Plastics, Elastomers and Intermediates</b>	<b>30,756</b>	<b>38,211</b>
Plastics and organic synthesis products	10,818	13,191
Elastomers	10,022	14,500
Intermediates and other chemicals	6,983	5,417
MTBE and fuel additives	2,719	4,795
Other sales	214	308
<b>Unallocated</b>	<b>13,263</b>	<b>9,754</b>
Revenue from project management and construction services	9,194	6,068
Other revenue	4,069	3,686
<b>Total revenue</b>	<b>120,671</b>	<b>130,886</b>

The amount of revenue recognized over time except for revenue from construction services recognized over time (separately disclosed in Note 7) for the three-month periods ended 31 March 2020 and 31 March 2019 equals to RUB 7,574 and RUB 6,028, respectively.

**4 OPERATING EXPENSES**

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Feedstock and materials	31,309	31,779
Transportation and logistics	18,930	19,454
Depreciation and amortization	15,147	9,745
Staff costs	13,028	12,794
Energy and utilities	11,769	11,209
Goods for resale	7,040	5,455
Services provided by third parties	5,309	4,574
Repairs and maintenance	1,365	1,222
Processing services of third parties	950	964
Taxes other than income tax	774	776
Marketing and advertising	291	323
Rent expenses	227	134
Charity and sponsorship	195	161
Impairment of property, plant and equipment	163	112
Gain on disposal of property, plant and equipment	(331)	(14)
Change in WIP and refined products balances	(7,067)	(2,474)
Other	(546)	368
<b>Total operating expenses</b>	<b>98,553</b>	<b>96,582</b>

**5 FINANCE INCOME AND EXPENSES**

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Interest income	388	224
Foreign exchange gain from financing activities	-	20,979
Foreign exchange gain from non-financing activities	-	969
Other income	336	51
<b>Total finance income</b>	<b>724</b>	<b>22,223</b>
Foreign exchange loss from financing activities	(78,750)	-
Foreign exchange loss from non-financing activities	(5,776)	-
Interest expense	(3,641)	(897)
Unwinding of discount on non-current accounts payable	(401)	(327)
Bank commissions	(68)	(12)
Other expense	(174)	(137)
<b>Total finance expenses</b>	<b>(88,810)</b>	<b>(1,373)</b>

**6 SEGMENT INFORMATION**

The Group operates as a vertically integrated business, gathering and processing hydrocarbon feedstock, obtained from major Russian oil and gas companies, and producing and selling a wide range of petrochemical products as well as energy products.

The Group's chief operating decision-makers are the Chairman of the Management Board, the Chief Executive Officer, the Chief Financial Officer and three Executive Directors. These executives regularly review the Group's internal reporting in order to assess performance and allocate resources.

The Group's management has established three operating and reportable segments:

- Midstream: processing of associated petroleum gas and raw natural gas liquids to produce energy products, natural gas, liquefied petroleum gases and naphtha, which are used as feedstock by the Olefins and Polyolefins segment and the Plastics, Elastomers and Intermediates segment and also marketed and sold externally;
- Olefins and Polyolefins: mainly the production of polypropylene, polyethylene, propylene, ethylene and BOPP films;
- Plastics, Elastomers and Intermediates: the production of synthetic rubbers, plastics, organic synthesis products and other petrochemical products. In addition, the segment produces fuel additives, including MTBE, which is fully sold externally.

The Group's management assesses the performance of each operating segment based on their respective EBITDA contributions. The results from providing electricity and heat supply, transportation to third parties and managerial services are not allocated into the operating segments.

EBITDA is calculated as the profit or loss for the period, adjusted by income tax expense, finance income and expenses, share of net income of joint ventures and associates, depreciation and amortization, impairment of property, plant and equipment, profit or loss on disposal of investments, as well as other one-off items.

Adjusted EBITDA is calculated as EBITDA (calculated in accordance with the methodology as above) adjusted by the Group's portion of the EBITDA of joint ventures and associates and net of the NCI share of related subsidiaries' EBITDA.

Inter-segment transfers include transfers of raw materials, goods and services from one segment to another. The amount is determined based on the market prices for similar goods.

**6 SEGMENT INFORMATION (CONTINUED)**

Other information provided to management, except as noted below, is measured in a manner consistent with that in this consolidated interim condensed financial information.

	Mid- stream	Olefins and Poly- olefins	Plastics, Elastomers and Intermediates	Total reportable segments	Unallocated	Total
<b>Three months ended</b>						
<b>31 March 2020</b>						
Total segment revenue	62,323	40,505	32,784	135,612	13,806	149,418
Inter-segment transfers	(16,613)	(9,563)	(2,028)	(28,204)	(543)	(28,747)
<b>External revenue</b>	<b>45,710</b>	<b>30,942</b>	<b>30,756</b>	<b>107,408</b>	<b>13,263</b>	<b>120,671</b>
<b>EBITDA</b>	<b>23,491</b>	<b>10,970</b>	<b>2,474</b>	<b>36,935</b>	<b>493</b>	<b>37,428</b>
<b>Adjusted EBITDA</b>	<b>23,503</b>	<b>13,273</b>	<b>2,465</b>	<b>39,241</b>	<b>582</b>	<b>39,823</b>
<b>Three months ended</b>						
<b>31 March 2019</b>						
Total segment revenue	68,287	30,297	38,742	137,326	10,235	147,561
Inter-segment transfers	(9,102)	(6,561)	(531)	(16,194)	(481)	(16,675)
<b>External revenue</b>	<b>59,185</b>	<b>23,736</b>	<b>38,211</b>	<b>121,132</b>	<b>9,754</b>	<b>130,886</b>
<b>EBITDA</b>	<b>28,572</b>	<b>10,254</b>	<b>5,616</b>	<b>44,442</b>	<b>(281)</b>	<b>44,161</b>
<b>Adjusted EBITDA</b>	<b>28,732</b>	<b>12,558</b>	<b>5,573</b>	<b>46,863</b>	<b>809</b>	<b>47,672</b>

For the three-month periods ended 31 March 2020 and 31 March 2019, EBITDA in US dollars – measured at the weighted average exchange rate of the US dollar against the Russian ruble and calculated for corresponding periods (see Note 25) – was USD 564 million and USD 668 million, respectively.

The reconciliation of Adjusted EBITDA and EBITDA to profit before income tax was as follows:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Adjusted EBITDA</b>	<b>39,823</b>	<b>47,672</b>
Portion of EBITDA of joint ventures and associates	(3,616)	(3,891)
Non-controlling interest share of related subsidiaries' EBITDA	1,221	380
<b>EBITDA</b>	<b>37,428</b>	<b>44,161</b>
Finance income	724	22,223
Finance expenses	(88,810)	(1,373)
Result of subsidiary's acquisition and remeasurement of related liabilities	(225)	-
Share of net income of joint ventures and associates	(422)	2,219
Depreciation and amortization	(15,147)	(9,745)
Impairment of property, plant and equipment	(163)	(112)
<b>(Loss)/profit before income tax</b>	<b>(66,615)</b>	<b>57,373</b>

**Geographical information**

The breakdown of revenue by geographical regions was as follows:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Russia	73,630	72,865
Europe	29,923	42,054
Asia	12,021	7,529
CIS	4,588	5,607
Other	509	2,831
<b>Total revenue</b>	<b>120,671</b>	<b>130,886</b>

**7 CONTRACTS ON CONSTRUCTION SERVICES**

The Group's financial position with respect to contracts on construction services in progress as of 31 March 2020 and 31 December 2019 was as follows:

	31 March 2020	31 December 2019
Construction service revenue	25,549	24,900
Less:		
Progress billings	(23,803)	(23,517)
Advances from customers	(3,827)	(3,844)
<b>Contract liabilities</b>	<b>(2,081)</b>	<b>(2,461)</b>

	31 March 2020	31 December 2019
Construction service revenue	38,821	35,254
Less:		
Progress billings	(33,579)	(31,303)
Advances from customers	(348)	(134)
<b>Contract assets</b>	<b>4,894</b>	<b>3,817</b>

For the three-month periods ended 31 March 2020 and 31 March 2019, the Group recognized revenue from the application of the input method by reference to costs incurred of RUB 4,759 and RUB 1,982, respectively.

**8 PROPERTY, PLANT AND EQUIPMENT**

Movements in the net book value of property, plant and equipment were as follows:

	Buildings	Facilities	Machinery and equipment	Transport	Assets under construction	Other	Total
<b>Net book value</b>							
<b>as of 1 January 2019</b>	<b>51,353</b>	<b>134,826</b>	<b>85,280</b>	<b>1,366</b>	<b>486,735</b>	<b>9,749</b>	<b>769,309</b>
Depreciation charge	(682)	(2,590)	(3,501)	(44)	-	(538)	(7,355)
Additions	-	-	-	-	25,841	1,184	27,025
Transfers	521	239	1,286	27	(2,375)	302	-
Impairment	-	-	(56)	-	(56)	-	(112)
Disposals	(4)	(2)	(50)	(35)	(14)	(68)	(173)
Historical cost							
as of 31 March 2019	67,822	195,682	172,185	3,083	510,131	17,303	966,206
Accumulated depreciation	(16,634)	(63,209)	(89,226)	(1,769)	-	(6,674)	(177,512)
<b>Net book value</b>							
<b>as of 31 March 2019</b>	<b>51,188</b>	<b>132,473</b>	<b>82,959</b>	<b>1,314</b>	<b>510,131</b>	<b>10,629</b>	<b>788,694</b>
<b>Net book value</b>							
<b>as of 1 January 2020</b>	<b>71,703</b>	<b>201,097</b>	<b>116,840</b>	<b>1,185</b>	<b>511,687</b>	<b>13,538</b>	<b>916,050</b>
Depreciation charge	(1,158)	(4,056)	(6,182)	(107)	-	(455)	(11,958)
Additions	-	-	-	-	61,076	2,794	63,870
Transfers	60,173	106,807	290,648	-	(457,801)	173	-
Impairment	-	(16)	-	-	(147)	-	(163)
Disposals	(337)	(91)	(11)	-	(29)	(76)	(544)
Historical cost							
as of 31 March 2020	155,101	379,064	506,949	3,034	114,786	22,032	1,180,966
Accumulated depreciation	(24,720)	(75,323)	(105,654)	(1,956)	-	(6,058)	(213,711)
<b>Net book value</b>							
<b>as of 31 March 2020</b>	<b>130,381</b>	<b>303,741</b>	<b>401,295</b>	<b>1,078</b>	<b>114,786</b>	<b>15,974</b>	<b>967,255</b>

**8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

For the three-month periods ended 31 March 2020 and 31 March 2019, the Group capitalized borrowing costs of RUB 2,477 and RUB 3,291, respectively. Borrowing costs included foreign exchange losses in the amount of RUB 1,651 and RUB nil for the respective three-month periods. The annual capitalization rates, excluding the effect of capitalized foreign exchange losses from financing activities, were 5.25 percent and 6.90 percent, respectively.

The Group is implementing the ZapSib investment project, which entails the construction of an ethylene cracking unit and polymer production units in Tobolsk, Tyumen Region. As of 31 March 2020 the put-in-use assets mainly comprised ZapSib ethylene cracking, polyethylene units and a number of infrastructure facilities.

**9 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

	Country of incorporation	Interest held (percent)	31 March 2020	31 December 2019
RusVinyl LLC	Russia	50	22,704	23,290
JSC Sibgazpolimer*	Russia	50	10,424	10,021
Yuzhno-Priobsky GPP LLC	Russia	50	6,128	6,118
Reliance Sibur Elastomers Private Limited	India	25.1	5,771	4,524
NPP Neftekhimia LLC	Russia	50	2,411	2,210
PTC LLC	Russia	50	611	991
Manucor S.p.A.	Italy	50	182	202
LNG NOVAENGINEERING LLC	Russia	50.1	95	64
SNHK LLC	Russia	50	24	20
NOVARTIC SNC	France	33.33	2	-
<b>Total investments in joint ventures and associates</b>			<b>48,352</b>	<b>47,440</b>

\* Special purpose vehicle established for investing in production entities.

The voting and ownership percentage in joint ventures and associates are the same except for LNG NOVAENGINEERING LLC and NOVARTIC SNC.

**RusVinyl LLC.** The Group issued a guarantee (liquidity support undertaking or “LSU”) and pledged its shares in RusVinyl LLC as security. As of 31 March 2020 and 31 December 2019, the LSU was equal to EUR 62.5 million and the maximum credit risk exposure due to guarantees issued was RUB 5,359 and RUB 4,334, respectively.

**NOVARTIC SNC.** In December 2019 the Group acquired a 1/3 stake in NOVARTIC SNC from TECHNIP Group. As a result, NOVARTIC SNC became a joint venture of the Group, SOFRESID SA and TECHNIP INGENIERIE DEFENSE incorporated in equal shares in France. NOVARTIC SNC executes engineering, procurement and construction for the LNG Plant on gravity-based structures under the ARCTIC LNG 2 LLC project for PJSC NOVATEK.

Further details were provided in the annual consolidated financial statements as of and for the year ended 31 December 2019.

**10 TRADE AND OTHER RECEIVABLES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Receivables under project management and construction services	111,917	106,289
Trade receivables	16,279	14,927
Other receivables	6,309	4,465
<b>Total trade and other receivables</b>	<b>134,505</b>	<b>125,681</b>
Less non-current portion:		
Receivables under project management and construction services	(10,917)	(14,698)
Other receivables	(2,327)	(1,208)
	<b>121,261</b>	<b>109,775</b>

The fair values of trade and other receivables approximate their carrying values. All non-current receivables are due up to twenty years from reporting period date.

**11 INVENTORIES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Refined products and work in progress	27,247	20,252
Materials and supplies	16,651	16,413
Goods for resale	1,975	2,267
<b>Total inventories</b>	<b>45,873</b>	<b>38,932</b>

**12 PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Non-financial assets</b>		
VAT receivable	8,619	11,333
Prepayments and advances to suppliers	5,178	5,267
Recoverable VAT	5,177	6,583
Prepaid excise	1,622	1,218
Other prepaid taxes and custom duties	1,172	1,349
Recoverable excise	984	1,231
Other current assets	328	274
<b>Total non-financial assets</b>	<b>23,080</b>	<b>27,255</b>
<b>Financial assets</b>		
Other financial assets	100	36
<b>Total financial assets</b>	<b>100</b>	<b>36</b>
<b>Total prepayments and other current assets</b>	<b>23,180</b>	<b>27,291</b>



**13 LONG-TERM DEBT EXCLUDING RELATED TO ZAPSIBNEFTEKHIM**

<b>Long-term debt payable to</b>	<b>Currency</b>	<b>Due</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Variable rate</b>				
Bank GPB	RUB	2023	32,000	32,000
Bank VTB	RUB	2024	18,500	-
Raiffeisen Bank	USD	2025	17,257	7,552
Bank of America	USD	2023	5,830	-
Otkritie Bank	USD	2025	2,721	-
Otkritie Bank	RUB	2026	2,500	-
Citibank	USD	2022	777	619
ING Bank Group	EUR	2020-2021	184	149
SNHK LLC	RUB	2023	81	102
<b>Fixed rate</b>				
Eurobonds 2024	USD	2024	38,703	30,818
Eurobonds 2023	USD	2023	23,852	18,985
Sberbank of Russia	RUB	2025	17,000	-
Russian ruble bonds	RUB	2020-2021	10,000	20,000
Monotowns Development Fund	RUB	2021-2026	1,000	1,000
UniCredit Bank Group	RUB	2022	-	4,988
<b>Total long-term debt excluding related to ZapSibNeftekhim</b>			<b>170,405</b>	<b>116,213</b>
Less: current portion			(20,120)	(10,099)
			<b>150,285</b>	<b>106,114</b>

The Group has no subordinated debt and no debts that may be converted into an equity interest in the Group.

The scheduled maturities of long-term debt, excluding those related to the ZapSib as of 31 March 2020 and 31 December 2019 are presented below:

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Due for repayment:</b>		
Between one and two years	52,870	15,313
Between two and five years	97,066	90,402
More than five years	349	399
<b>Total long-term debt excluding related to ZapSibNeftekhim</b>	<b>150,285</b>	<b>106,114</b>

The carrying amounts of long-term fixed-rate borrowings approximate their fair value as of 31 March 2020 and 31 December 2019, except for those, whose fair value is disclosed in Note 23.

The carrying amounts of long-term debts with variable interest rates linked to LIBOR, EURIBOR or the Central Bank of Russia key interest rate approximate their fair value.

As of 31 March 2020 and 31 December 2019, the Group had the following committed long-term credit facilities, excluding those related to ZapSib:

	<b>Credit limit</b>	<b>Undrawn amount</b>
<b>As of 31 March 2020</b>		
USD-denominated (in USD millions)	498	276
RUB-denominated (in RUB millions)	10,000	10,000
<b>As of 31 December 2019</b>		
USD-denominated (in USD millions)	502	380
RUB-denominated (in RUB millions)	10,000	10,000

As of 31 March 2020 and 31 December 2019, the total ruble equivalent of the Group's undrawn committed long-term credit facilities, excluding those related to ZapSib, was RUB 31,439 and RUB 33,551, respectively.

**14 LONG-TERM ZAPSIBNEFTEKHIM RELATED DEBT**

<b>Long-term debt payable to</b>	<b>Currency</b>	<b>Due</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
<b><u>Variable rate</u></b>				
National Wealth Fund financing	USD	2030	136,033	108,335
Deutsche Bank (ECA financing)	EUR	2020-2029	105,114	83,726
New Development Bank	USD	2021-2028	10,083	8,029
<b><u>Fixed rate</u></b>				
Vnesheconombank	USD	2021-2025	30,931	24,625
Credit Agricole (ECA financing)	EUR	2020-2029	20,666	18,180
Russian Direct Investment Fund	USD	2020	4,081	5,307
<b>Total long-term ZapSibNeftekhim related debt</b>			<b>306,908</b>	<b>248,202</b>
Less: current portion			(17,204)	(15,593)
			<b>289,704</b>	<b>232,609</b>

The scheduled maturities of long-term ZapSib related debt as of 31 March 2020 and 31 December 2019 are presented below:

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Due for repayment:</b>		
Between one and two years	17,505	14,026
Between two and five years	62,825	50,286
Between five and ten years	73,342	59,962
More than ten years	136,032	108,335
<b>Total long-term ZapSibNeftekhim related debt</b>	<b>289,704</b>	<b>232,609</b>

The carrying amounts of long-term fixed-rate borrowings approximate their fair value as of 31 March 2020 and 31 December 2019, except for those, whose fair value is disclosed in Note 23.

The carrying amounts of long-term debt with variable interest rates linked to LIBOR, EURIBOR or USA CPI approximate their fair value.

As of 31 March 2020 the Group had no committed long-term ZapSib related credit facilities. As of 31 December 2019, the Group had the following committed long-term ZapSib related credit facilities:

	<b>Credit limit</b>	<b>Undrawn amount</b>
<b>As of 31 December 2019</b>		
USD-denominated (in USD millions)	300	170

As of 31 March 2020 and 31 December 2019, the total ruble equivalent of the Group's undrawn committed long-term ZapSib related credit facilities was RUB nil and RUB 10,524, respectively. As of 31 March 2020, the total ruble equivalent of the Group's undrawn committed short-term ZapSib related credit facilities was RUB 31,233 (RUB 14,977 as of 31 December 2019).

The Group's total long-term debt, both related to and excluding that related to the ZapSib bore the following weighted average interest rates: RUB-denominated of 7.4 percent and 8.2 percent as of 31 March 2020 and 31 December 2019, respectively; USD-denominated of 3.3 percent and 3.5 percent as of 31 March 2020 and 31 December 2019, respectively; and EUR-denominated of 1.2 percent as of 31 March 2020 and 31 December 2019.

**15 DEFERRED INCOME FROM GRANTS AND SUBSIDIES**

	2020	2019
<b>Deferred income from grants and subsidies as of 1 January</b>	<b>69,419</b>	<b>55,335</b>
Grants and subsidies received	980	3,187
Recognized in profit or loss (depreciation)	(769)	(754)
<b>Deferred income from grants and subsidies as of 31 March</b>	<b>69,630</b>	<b>57,768</b>

**16 OTHER NON-CURRENT LIABILITIES**

	31 March 2020	31 December 2019
<b>Financial liabilities</b>		
Payables under project management and construction services	9,335	13,254
Payables to contractors and suppliers of property, plant and equipment	4,791	4,737
Payables under accommodation program	3,228	3,195
Payables for acquisition of subsidiaries	1,708	1,975
Trade payables	475	235
Other liabilities	8	8
<b>Total financial non-current liabilities</b>	<b>19,545</b>	<b>23,404</b>
<b>Non-financial liabilities</b>		
Post-employment obligations	2,834	2,834
Payables to employees	2,148	2,029
Other liabilities	123	101
<b>Total non-financial non-current liabilities</b>	<b>5,105</b>	<b>4,964</b>
<b>Total other non-current liabilities</b>	<b>24,650</b>	<b>28,368</b>

The carrying amounts of other non-current liabilities approximate their fair value.

**17 TRADE AND OTHER PAYABLES**

	31 March 2020	31 December 2019
<b>Financial liabilities</b>		
Payables under project management and construction services	93,474	84,999
Payables to contractors and suppliers of property, plant and equipment	86,840	34,846
Trade payables	27,620	30,293
Interest payable	2,794	1,675
Payables for acquisition of subsidiaries	1,611	2,262
Other payables	715	651
<b>Total financial trade and other payables</b>	<b>213,054</b>	<b>154,726</b>
<b>Non-financial liabilities</b>		
Payables to employees	7,462	9,130
Advances from customers	7,207	5,628
Other payables	5,077	3,985
<b>Total non-financial trade and other payables</b>	<b>19,746</b>	<b>18,743</b>
<b>Total trade and other payables</b>	<b>232,800</b>	<b>173,469</b>

As of 31 March 2020 and 31 December 2019, payables to employees included provisions for annual and other bonuses and vacation accruals (including social taxes) of RUB 6,126 and RUB 9,104, respectively.

**18 TAXES OTHER THAN INCOME TAX PAYABLE**

	<b>31 March 2020</b>	<b>31 December 2019</b>
VAT	5,603	9,330
Social taxes	1,737	726
Property tax	1,317	754
Other taxes	627	389
<b>Total taxes other than income tax payable</b>	<b>9,284</b>	<b>11,199</b>

**19 SHAREHOLDERS' EQUITY**

As of 31 March 2020 and 31 December 2019, the Group did not have a direct parent company or ultimate controlling shareholder.

**Earnings per share.** There were no events that triggered a dilution of earnings per share for the three-month periods ended 31 March 2020 and 31 March 2019.

**Dividends.** No dividends were paid or declared during the three-month periods ended 31 March 2020 and 31 March 2019. In April 2020, the Group has declared dividends in the amount of RUB 17,559 for the second half of the year ended 31 December 2019.

In April 2020, the Group's subsidiary NIPIGAS distributed dividends to its shareholders.

**20 INCOME TAX**

For the three-month periods ended 31 March 2020 and 31 March 2019, the Group accrued current income tax of RUB 1,053 and RUB 8,250, respectively.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year and adjusted for non-recurring items.

**21 CASH GENERATED FROM OPERATIONS AND NET DEBT RECONCILIATION**

Notes	Three months ended 31 March	
	2020	2019
	(Loss)/profit before income tax	(66,615)57,373
	Adjustments to (loss)/profit before income tax	
4	Depreciation and amortization	15,1479,745
	Foreign exchange loss/(gain) from investing and financing activities, net	80,771(21,826)
5	Unwinding of discount on non-current accounts payable	401327
5	Interest expense	3,641897
	Reversal of provision for legal cases	(6)(106)
4	Gain on disposal of property, plant and equipment	(331)(14)
5	Bank commissions	6812
	Result of subsidiary’s acquisition and remeasurement of related liabilities	225-
4	Impairment of property, plant and equipment	163112
5	Interest income	(388)(224)
16, 17	Change in provision for bonuses	(2,859)(3,396)
	Share of net loss/(income) of joint ventures and associates	422(2,219)
	Other adjustments	(19)(42)
	Operating cash flows before working capital changes	30,62040,639
	Changes in working capital	
	(Decrease)/Increase in advances received under project management and construction services	(8,861)14,319
	Increase/(decrease) in trade and other payables	8,591(3,110)
	Decrease in taxes payable	(1,915)(74)
	Increase in trade and other receivables	(9,027)(6,834)
	Decrease in prepayments and other current assets	4,1111,967
	Increase in inventories	(6,520)(1,983)
	Decrease/(increase) in advances issued under project management and construction services	6,459(12,077)
	Total changes in working capital	(7,162)(7,792)
	Cash generated from operating activities before income tax payment	23,45832,847
	Income tax paid	(431)(9,590)
	Net cash from operating activities	23,02723,257

For the three-month periods ended 31 March 2020 and 31 March 2019, the reconciliation of net debt was as follows:

	Cash and cash equivalents	Long-term and short-term debt	Long-term and short-term lease liabilities	Net debt
<b>As of 1 January 2019</b>	<b>14,783</b>	<b>(332,411)</b>	<b>(21,138)</b>	<b>(338,766)</b>
Cash flows	2,076	(18,976)	1,370	(15,530)
Foreign exchange adjustments	(422)	20,410	1,172	21,160
Other non-cash movements	-	30	(380)	(350)
<b>As of 31 March 2019</b>	<b>16,437</b>	<b>(330,947)</b>	<b>(18,976)</b>	<b>(333,486)</b>
<b>As of 1 January 2020</b>	<b>17,443</b>	<b>(364,415)</b>	<b>(15,324)</b>	<b>(362,296)</b>
Cash flows	27,634	(34,683)	1,450	(5,599)
Foreign exchange adjustments	1,107	(78,498)	(2,704)	(80,095)
Other non-cash movements	-	283	552	835
<b>As of 31 March 2020</b>	<b>46,184</b>	<b>(477,313)</b>	<b>(16,026)</b>	<b>(447,155)</b>

**22 RELATED PARTIES**

For the purposes of this consolidated interim condensed financial information, parties are generally considered to be related if the party is part of the Group's key management or the Board of Directors; the party has the ability to control or jointly control the other party; both parties are under common control; or one party can exercise significant influence over the other party in the financial and operational decision-making process. In considering each possible related-party relationship, the Group's management pays attention to the substance of the relationship, and not merely the entities' legal form. Management also applies judgement to decide whether the party could exercise significant influence over the Group, considering not merely the percentage of the share held by the party in the Group and its representation in the Group's governing bodies, but its actual ability and participation in the Group's decision making.

The nature of related-party relationships for those related parties with whom the Group entered into significant transactions during the three-month periods ended 31 March 2020 and 31 March 2019, or had significant balances outstanding as of 31 March 2020 and 31 December 2019, is presented below.

**a) Significant transactions with parties under the control or joint control of PROMSTROI GROUP**

JSC PROMSTROI-GROUP, jointly with its subsidiaries ("PROMSTROI GROUP"), is one of the providers of construction services to the Group. In 2016, the Group and PROMSTROI GROUP signed a strategic partnership agreement aimed at developing a reliable local provider of construction services by a) monitoring the operational and financial performance of PROMSTROI GROUP on a long-term basis; and b) jointly participating in the construction business opportunities as a local EPC contractor by combining the engineering and construction expertise of NIPIGAS and PROMSTROI GROUP. In January 2018, the Group's representatives became members of the Board of Directors of PROMSTROI GROUP. Thus, the management of the Group has made a judgment that, since 2018, the Group is able to exercise significant influence over PROMSTROI GROUP and has treated it as a related party in this consolidated interim condensed financial information.

The Group had the following transactions with PROMSTROI GROUP for the reporting periods ended 31 March 2020 and 31 March 2019:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating and investing activities</b>		
Purchases of construction services	(1,384)	(1,814)
Sales of materials	4	15

As of 31 March 2020 and 31 December 2019, the Group had the following balances with PROMSTROI GROUP:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Advances and prepayments for capital construction	176	255
Trade and other receivables	37	66
Prepayments and advances to suppliers	892	420
Accounts payable to contractors and suppliers of property, plant and equipment	592	402
Trade and other payables	540	377

**b) Remuneration of directors and key management**

During the three-month periods ended 31 March 2020 and 31 March 2019, the Company's Board of Directors comprised twelve individuals, including shareholder representatives. Members of the Board of Directors are entitled to annual compensation, as approved by the Annual General Shareholders' Meeting.

**22 RELATED PARTIES (CONTINUED)**

During the three-month periods ended 31 March 2020 and 31 March 2019, the Company accrued RUB 38 and RUB 25 net of social taxes, respectively, to members of the Board of Directors as part of their compensation for 2020 and 2019.

During the three-month periods ended 31 March 2020 and 31 March 2019, the number of key management personnel comprised 17 and 16 individuals, respectively. Key management personnel are entitled to salaries, bonuses, voluntary medical insurance and other employee benefits. Remuneration of key management personnel is determined by the terms set out in the relevant employment contracts and is substantially linked to the financial performance of the Group. Remuneration of key management personnel amounted to RUB 622 and RUB 982 net of social taxes for the three-month periods ended 31 March 2020 and 31 March 2019, respectively.

**c) Joint ventures**

The Group had the following transactions with its joint ventures for the three-month periods ended 31 March 2020 and 31 March 2019:

	Three months ended 31 March	
	2020	2019
<b>Operating and investing activities</b>		
Purchases of materials, goods and services	(7,597)	(8,165)
Purchases of processing services	(237)	(242)
Sales of materials, goods and services	3,459	3,452

As of 31 March 2020 and 31 December 2019, the Group had the following balances with its joint ventures:

	31 March 2020	31 December 2019
Trade and other receivables	1,485	1,653
Loans receivable	364	315
Advances and prepayments for capital construction	-	186
Trade and other payables	3,430	2,917

The Group provided and received loans to and from its joint ventures on market terms.

The Group has a number of long-term contracts with joint ventures, including contracts for the procurement of processing services and the purchase of finished goods. The Group also has several agency arrangements with its joint ventures under which the Group provides marketing, selling, construction management and procurement services and receives transportation services. The agent remuneration earned by the Group under the agency arrangements is included in the sales of materials, goods and services line. The balances outstanding under the agency arrangements are included in the trade and other payables and receivables lines.

**23 FAIR VALUE OF FINANCIAL INSTRUMENTS****Recurring fair value measurements**

Recurring fair value measurements are those that are required or permitted under the relevant accounting standards in the consolidated statement of financial position at the end of each reporting period.

**23 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)****a) Financial instruments carried at fair value**

***Contingent and deferred considerations for the purchase of Tobolsk HPP LLC.*** In February 2016, the Group recognized a contingent consideration in the amount of RUB 585 as a financial liability within other non-current liabilities in the consolidated statement of financial position as a part of the total purchase consideration for the acquisition of its subsidiary Tobolsk HPP LLC (“Tobolsk HPP”).

The Company should also reimburse for all Tobolsk HPP cash inflows under its capacity supply contracts, which are specific to this industry revenue stream and guaranteed by Russian Law, as the recovery of capital investments. Such reimbursements are payable on a monthly basis from the date of acquisition until 2021. During the three-month periods ended 31 March 2020 and 31 March 2019, the Company reimbursed cash inflows under its capacity supply contracts in the amount of RUB 726 and RUB 553, respectively.

The fair value of these financial instruments was determined using Level 3 measurements. For contingent consideration, the sum of potential outcomes was determined for different scenarios in which the Group realises synergies from integrating Tobolsk HPP into its production site infrastructure in Tobolsk and multiplied by the probability of each scenario. As of 31 March 2020 and 31 December 2019, the fair value of this contingent consideration was assessed as RUB 1,883 and RUB 2,067, respectively. For the three-month period ended 31 March 2020 the Group made pay-outs of the contingent consideration in the amount of RUB 331 (for the three-month period ended 31 March 2019 RUB nil). The fair value of liability under the capacity supply contracts was assessed based on the estimated future cash flows under the relevant capacity supply contracts, discounted by the market interest rates for similar types of liabilities and amounting to RUB 1,411 and RUB 2,107 as of 31 March 2020 and 31 December 2019, respectively. The unwinding of discount on these liabilities, amounting to RUB 177 and RUB 180, was recognized as a financial expense in the consolidated interim condensed statement of profit or loss for the three-month periods ended 31 March 2020 and 31 March 2019, respectively.

**b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

***Liabilities carried at amortised cost.*** As of 31 March 2020 and 31 December 2019, the fair value of Eurobonds 2023 (see Note 13) was RUB 23,840 and RUB 20,145, respectively. As of 31 March 2020 and 31 December 2019, the fair value of Eurobonds 2024 (see Note 13) was RUB 37,701 and RUB 30,605, respectively. It was calculated based on Level 1 measurements such as quoted market prices. The fair values of other long-term and short-term debt carried at amortised cost were determined using valuation techniques. The estimated fair value of variable interest rate instruments linked to LIBOR, EURIBOR, USA CPI or the Central Bank of Russia key interest rate with stated maturity was estimated based on Level 2 measurements, as expected cash flows discounted at current LIBOR, EURIBOR, USA CPI or the Central Bank of Russia key interest rate increased by the margin stipulated by the corresponding loan agreement. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on Level 3 measurements as expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. As of 31 March 2020 and 31 December 2019, the fair value of the Credit Agricole Loan (see Note 14) was RUB 23,046 and RUB 20,340, respectively. As of 31 March 2020 and 31 December 2019, the fair value of the Vnesheconombank Loan (see Note 14) was RUB 32,198 and RUB 26,175, respectively.

**24 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS**

There were no significant changes to the operating environment, in which the Group operates, legal and tax risks the Group is subject for, environmental and social commitments compared to those disclosed in the annual consolidated financial statements as of and for the year ended 31 December 2019, except for those disclosed below.



## 24 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (CONTINUED)

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus spread globally and its negative impact gained momentum. The Group has undertaken specific efforts to ensure the health and safety of its employees globally. In addition, a volatility of global oil prices introduced extra challenges and risks to Group's operations. As this is still an evolving situation at the time of issuing this consolidated interim condensed financial information, the management considers it impracticable to provide a quantitative estimate of the potential impact on the Group.

The Group was acknowledged as a systemically important institution, which allows to be entitled to Government support in case of the economic situation deterioration. Management continues to monitor the developments and takes all steps possible to mitigate any negative effects.

**Compliance with covenants.** The Group is subject to certain covenants primarily related to debt. Non-compliance with such covenants may result in negative consequences for the Group, i.e. increased borrowing costs. Management believes that as of 31 March 2020 the Group was in compliance with its covenants.

**Non-financial guarantees.** The Group issued a non-financial guarantee in respect of the Arctic LNG 2 LLC project in the amount of EUR 1,086 million due until the fulfillment of all corresponding contractual obligations. Since the outflow of resources embodying economic benefits required to settle the obligations under these guarantees is not probable, no provision for these liabilities was recognized in this consolidated interim condensed financial information.

**Capital commitments.** The Group has entered into contracts for the purchase of property, plant and equipment and construction services. As of 31 March 2020, the Group had contractual capital expenditure commitments of RUB 173,532, including RUB 66,168 related to ZapSib (as of 31 December 2019: RUB 81,200, including RUB 65,833 related to ZapSib), calculated as the contractual amount of construction contracts less the cash paid under these contracts. The capital commitments should not be considered as binding, since they can be cancelled by the sole management's decision without any significant losses for the Group, except those liabilities that were already recognized in the consolidated interim condensed statement of financial position.

## 25 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation.** This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". This consolidated interim condensed financial information should be read in conjunction with the Group's consolidated financial statements as of and for the year ended 31 December 2019, prepared in accordance with IFRS and International Financial Reporting Interpretation Committee ("IFRIC") interpretations.

Most of the Group's companies maintain their accounting records in Russian rubles ("RUB") and prepare their statutory financial statements in accordance with the Regulations on Accounting and Reporting of the Russian Federation ("RAR"). This consolidated interim condensed financial information is based on the statutory records of the Group's companies, with adjustments and reclassifications recorded to ensure fair presentation in accordance with IFRS.

The principal accounting policies applied by the Group are consistent with those disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2019, except for income tax expenses recognized based on Group management's best estimate of the weighted average annual income tax rate expected for the full financial year (see Note 20). Other new and amended standards and interpretations that are mandatory for annual periods beginning on or after 1 January 2020 have no material impact on the Group's accounting policies (further information is provided in Note 26).

## 25 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Starting first quarter 2020, the Group reclassified insurance spare parts that are normally used only in case of unexpected breakdowns of crucial equipment as other non-current assets in the consolidated interim condensed statement of financial position. The effect of reclassification is disclosed below:

	Year ended 31 December 2019		
	As reported	Adjustment	As restated
<b>Assets</b>			
<b>Non-current assets</b>			
Other non-current assets	3,924	5,910	9,834
<b>Total non-current assets</b>	<b>1,181,079</b>	<b>5,910</b>	<b>1,186,989</b>
<b>Current assets</b>			
Inventories	44,842	(5,910)	38,932
<b>Total current assets</b>	<b>280,939</b>	<b>(5,910)</b>	<b>275,029</b>

The official exchange rates of the US dollar (USD) and euro (EUR) against the Russian ruble (RUB), as set by the Central Bank of Russia, are as follows:

	USD/RUB	EUR/RUB
As of 31 March 2020	77.7325	85.7389
Three-month period ended 31 March 2020 weighted average	66.3818	73.2348
As of 31 December 2019	61.9057	69.3406
Three-month period ended 31 March 2019 weighted average	66.1271	75.1715

## 26 NEW ACCOUNTING DEVELOPMENTS

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2020 and have not had a material impact on the Group's financial position or operations:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018);
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018);
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018);
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019).

The Group is considering the implications of the following amendments, their impact on the Group and the timing of their adoption by the Group:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB);
- IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023);
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).

**PJSC SIBUR HOLDING**

**NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION (unaudited)**

(In millions of Russian rubles, unless otherwise stated)

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