

Translation from the Russian original

**PJSC “TERRITORIAL GENERATING
COMPANY No. 1” AND ITS SUBSIDIARIES**

Interim Condensed Consolidated Financial
Statements for six months ended 30 June
2020 and Report on Review



Tel: +7 495 797 56 65
Fax: +7 495 797 56 60
reception@bdo.ru
www.bdo.ru

BDO Unicon AO
Suite 50, Office I, 3rd Floor, Section 11,
Block 1, Bldg. 125, Warshavskoe Shosse,
Moscow, 117587, Russia

Translation from the Russian original

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of PJSC “Territorial Generating Company No. 1”

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PJSC «Territorial Generating Company No. 1» (OGRN 1057810153400, Build. 2A, 16 Dobrolyubova Avenue, Saint-Petersburg, 198188, Russian Federation), which comprise the interim condensed consolidated statement of financial position as at 30 June 2020 and interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2020 (interim financial information). LLC “Gazprom Energoholding” (management) is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this 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.

Translation from the Russian original

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

The translation is true and correct.

The engagement partner on the review



A.B. Baliakin

Audit company:

BDO Unicon Aktsionernoe Obshchestvo

Main State Registration Number: 1037739271701

Suite 50, Office I, 3rd Floor, Section 11, Block 1, Bldg. 125, Warshavskoye Shosse, Moscow, 117587, Russia

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

Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: 12006020340

3 August 2020

Contents


Interim Condensed Consolidated Statement of Financial Position	5
Interim Condensed Consolidated Statement of Comprehensive Income	6
Interim Condensed Consolidated Statement of Cash Flows	7
Interim Condensed Consolidated Statement of Changes in Equity.....	8

Notes to the Interim Condensed Consolidated Financial Statements

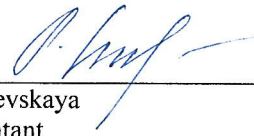
Note 1.	General information	9
Note 2.	Basis of preparation	10
Note 3.	Summary of Significant Accounting Policies and Accounting Estimates	10
Note 4.	Segment information.....	11
Note 5.	Related Parties.....	11
Note 6.	Property, Plant and Equipment	17
Note 7	Trade and other receivables	18
Note 8	Financial assets	18
Note 9	Inventories.....	18
Note 10	Cash and Cash Equivalents.....	19
Note 11	Share capital.....	19
Note 12	Borrowings.....	19
Note 13	Trade and other payables	20
Note 14	Income tax.....	20
Note 15	Other taxes payable.....	21
Note 16	Revenue.....	22
Note 17	Operating Expenses.....	22
Note 18	Finance Income and Finance Costs.....	22
Note 19	Basic and diluted earnings per share, attributable to the owners of PJSC «TGC-1»	23
Note 20	Commitments	23
Note 21	Fair value of financial instruments.....	23
Note 22	Events after the Reporting Period	24

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (UNAUDITED)
(in millions of Russian Roubles)

	Notes	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	150 342	148 607
Investment property		157	164
Intangible assets		2 986	3 108
Investments in associates		440	421
Trade receivables and prepayments	7	1 129	1 445
Deferred income tax assets	14	208	316
Total non-current assets		155 262	154 061
Current assets			
Inventories	9	3 936	3 613
Trade receivables and prepayments	7	10 608	13 715
Current income tax prepayments		720	156
Cash and cash equivalents	10	2 733	881
Financial assets	8	5 573	10 010
		23 570	28 375
Non-current assets held for sale		-	68
Total current assets		23 570	28 443
Total assets		178 832	182 504
EQUITY AND LIABILITIES			
Equity			
	11		
Share capital		38 543	38 543
Share premium		22 914	22 914
Accumulated earnings and other reserves		65 169	61 295
Equity attributable to the Company's owners		126 626	122 752
Non-controlling interest		10 802	8 921
Total equity and reserves		137 428	131 673
Non-current liabilities			
Borrowings	12	4 000	4 000
Post-employment benefits obligations		1 159	1 159
Trade and other payables	13	209	290
Lease liabilities		6 240	7 264
Deferred tax liabilities	14	10 689	10 328
Total non-current liabilities		22 297	23 041
Current liabilities			
Borrowings	12	3 371	13 258
Trade and other payables	13	11 929	11 248
Current income tax payable		12	32
Other taxes payable	15	1 376	986
Lease liabilities		2 419	2 266
Total current liabilities		19 107	27 790
Total liabilities		41 404	50 831
Total equity and liabilities		178 832	182 504


A. P. Anisimova
Deputy Managing Director of economics and
finance

«3» August 2020

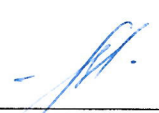

R. V. Stanishevskaya
Chief Accountant

«3» August 2020

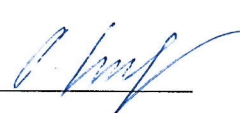
PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
Revenue	16	19 558	20 812	47 280	52 712
Operating expenses	17	(16 509)	(17 629)	(38 550)	(41 404)
Impairment (loss)/gain on financial assets		46	987	(247)	771
Operating profit		3 095	4 170	8 483	12 079
Finance income	18	100	96	349	223
Finance costs	18	(257)	(387)	(613)	(1 279)
Share of profit of associates		3	(1)	19	22
Profit before income tax		2 941	3 878	8 238	11 045
Income tax expense	14	(565)	(557)	(1 488)	(1 743)
Profit for the period		2 376	3 321	6 750	9 302
Total comprehensive income for the period		2 376	3 321	6 750	9 302
Profit for the period is attributable to:		2 376	3 321	6 750	9 302
Owners of the TGC-1		2 201	3 280	6 452	9 286
Non-controlling interests		175	41	298	16
Total comprehensive income for the period is attributable to:		2 376	3 321	6 750	9 302
Owners of the TGC-1		2 201	3 280	6 452	9 286
Non-controlling interests		175	41	298	16
Earnings per ordinary share for profit attributable to owners of the TGC-1, basic and diluted (in Russian Roubles)	19	0.0006	0.0009	0.0017	0.0024


A. P. Anisimova
Deputy Managing Director of economics and
finance


«3» August 2020


R. V. Stanishevskaya
Chief Accountant


«3» August 2020

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS
ENDED 30 JUNE 2020 (UNAUDITED)
(in millions of Russian Roubles)

Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
Cash flows from operating activities		
Profit before income tax	8 238	11 045
<i>Adjustments for:</i>		
Depreciation and amortisation	17 5 244	4 862
Impairment / loss (gain) on financial assets	247	(771)
Share of profit of associates	(19)	(22)
Finance income	18 (349)	(223)
Finance expense	18 613	1 279
Other non-cash items	(58)	(236)
Operating cash flows before working capital changes	13 916	15 934
Changes in working capital:		
Change in trade receivables and prepayments	7 3 379	4 039
Change in inventories	9 (322)	606
Change in trade and other payables	13 (2 437)	(2 490)
Change in other taxes payable	390	490
Changes in working capital	1 010	2 645
Income taxes paid	(1 636)	(3 093)
Interest paid	(607)	(805)
Net cash from operating activities	12 683	14 681
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and other non-current assets	(7 618)	(4 709)
Proceeds from sale of property, plant and equipment and other assets	43	4
Repayment of borrowings	4 500	-
Interest paid and capitalised	(59)	(81)
Interest received	122	149
Net cash used in (from) investing activities	(3 012)	(4 637)
Cash flows from financing activities		
Proceeds from borrowings	2 048	1 850
Repayments of borrowings	(11 916)	(10 568)
Repayments of lease liabilities	(951)	(1 058)
Dividends paid to the Company's shareholders	3 000	1 500
Net cash from financing activities	(7 819)	(8 276)
Effect of exchange rate changes on cash and cash equivalents	-	(287)
Net increase in cash and cash equivalents	1 852	1 481
Cash and cash equivalents at the beginning of the year	10 881	6 867
Cash and cash equivalents at the end of the year	10 2 733	8 348


A. P. Anisimova
Deputy Managing Director of economics and finance

«3» August 2020



R. V. Stanishevskaya
Chief Accountant

«3» August 2020

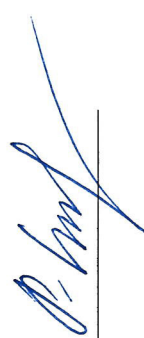
The accompanying notes on the pages 9-24 are an integral part of these interim condensed consolidated financial statements.

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)
(in millions of Russian Roubles)

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Share premium	Accumulated earnings	Total		
Balance at 1 January 2019	38 543	22 914	54 453	115 910	8 933	124 843
Profit for the period	-	-	9 286	9 286	16	9 302
Comprehensive income for the period	-	-	9 286	9 286	16	9 302
Transactions with owners						
Dividends declared	-	-	(2 485)	(2 485)	-	(2 485)
Change in ownership of subsidiary	-	-	568	568	932	1 500
Balance at 30 June 2019	38 543	22 914	61 822	123 279	9 881	133 160
Balance at 1 January 2020	38 543	22 914	61 295	122 752	8 921	131 673
Profit for the period	-	-	6 452	6 452	298	6 750
Comprehensive income for the period	-	-	6 452	6 452	298	6 750
Transactions with owners						
Dividends declared	-	-	(3 995)	(3 995)	-	(3 995)
Change in ownership of subsidiary	-	-	1 417	1 417	1 583	3 000
Balance at 30 June 2020	38 543	22 914	65 169	126 626	10 802	137 428


A. P. Anisimova
Deputy Managing Director of economics and finance

«3» August 2020


R. V. Stanishevskaya
Chief Accountant

«3» August 2020

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Note 1. General information

1.1 Organisation and operations

Public Joint-Stock Company (PJSC) Territorial Generating Company № 1 (here in after “TGC-1” and the “Company”) was incorporated and is domiciled in the Russian Federation.

The Company’s principal business activity is production and sale of electric energy, heat energy and capacity. The Group includes 52 power plants located in four regions of Russia: St. Petersburg, Karelia region, the Leningrad region and the Murmansk region.

The Company is registered in the Russian State Tax Inspection of Saint-Petersburg № 15. The Company’s registered office is located at 16 Dobrolyubova prospect, 2A building, St. Petersburg, Russian Federation, 197198.

PJSC “TGC-1” and its subsidiaries, presented below, are the Group TGC-1 (here in after the “Group”):

Subsidiary	Type of business activity	% of ownership	
		30 June 2020	31 December 2019
JSC Murmanskaya TPP	production of electric energy and capacity, heat energy, heat capacity	98.8536	98.8536
JSC St Petersburg Heating Grid	transfer and distribution of heat	65.5814	71.5734
LLC St Petersburg Heating Grid	transfer and distribution of heat	65.5814	71.5734

In six months 2020 JSC St Petersburg Heating Grid received the budget funding of Saint-Petersburg under reconstruction heat grids in the amount of RUB 3 000 million. Budget funding resulted to state ownership for the part of share capital of JSC and reducing of TGC-1 share to 65.5814%.

1.2 Government relations and influence on the Group’s activities

At the date of interim condensed consolidated financial statements the Russian Federation owned (both directly and indirectly) over 50% in PJSC Gazprom through its 100% subsidiary LLC Gazprom energoholding (immediate Group’s parent company) which holds 51,79% of PJSC “TGC-1” as at 30 June 2020. Thus PJSC Gazprom is the parent company of the Group and the Russian Federation is the ultimate controlling party of the Group.

The Group’s customer base includes a large number of entities controlled by or related to the Government. The Group’s supply chain includes subsidiaries of PJSC Gazprom. The Government also controls the number of Group’s suppliers.

The Russian Federation directly affects the Group’s operations through regulations of wholesale and retail sales of electricity and heat exercised by the Federal Antimonopoly Service (the FAS) and the executive authorities in tariff regulation. JSC System Operator of the Unified Energy System (SO UPS), which is controlled by the Russian Federation as Federal Agency of State Property Management regulates operations of generating assets of the Group.

The Government’s economic, social and other policies could materially affect operations of the Group.

1.3 Business environment in the Russian Federation

The economy of the Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation of the Russian Federation continues to develop and are a subject to varying interpretations. Fluctuations in oil prices, continuing political tensions in the region, as well as international sanctions against some Russian organisations and citizens have had and can continue to affect the economy of the Russian Federation.

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)
(in millions of Russian Roubles)

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

The COVID-19 pandemic outbreak that occurred in the first quarter of 2020 had significant negative effect on the global economy. The response measures adopted to limit the virus spreading resulted in lower of economic activity of electricity market participants. The scale and duration of that events remain uncertain and may have effect on the Group's financial standing and results.

The Group's management considers that takes all necessary measures to support constancy and development of business in current circumstances. During pandemic spreading the Company adopted operational response measures to prevent virus spreading on the Group's objects that resulted in excluding the virus influence on the Group's technological and functional processes stability.

Management takes measures currently in respect of fixed costs optimization and redeployment of investment program expenses.

Currently it's not possible reliably estimate pandemic duration and effect on the Group's financial standing and results in the next reporting periods. Future economic situation in Russian Federation depends on external factors and measures, adopting by Russian government including business support in respect of COVID-19 and development of the tax, legal and regulatory framework. The effect may differ from the management's current expectations.

1.4 Seasonality

Demand for electricity and heat is influenced by both the season of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. Similar, though less severe, concentration of electricity sales occurs within the same period. The seasonality of electricity and heat production has a corresponding impact on the usage of fuel and purchases of electricity. This seasonality does not impact on the revenue or cost recognition policies of the Group.

Note 2. Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". These Interim Condensed Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2019, which were prepared in accordance with International Financial Reporting Standards (IFRS).

Note 3. Summary of Significant Accounting Policies and Accounting Estimates

The significant accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

3.1 Application of amendments and interpretations to IFRSs

The following new amendments and interpretations became effective for the Group from 1 January 2020:

- In March 2018, the IASB issued a revised version of Conceptual Framework for Financial Reporting, in particular, the revised version introduces new definitions of assets and liabilities as well as amended definitions of income and expenses.

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

- In October 2018, the IASB issued amendments to IFRS 3 “Business Combinations”. The amendments enhance definition of a business set out by the standard the amendments are effective for acquisitions to occur on or after 1 January 2020; earlier application is permitted.
- In October 2018, the IASB issued amendments to IAS 1 “Presentation of Financial statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. The amendments to IAS 1 and IAS 8 introduces new definition of materiality.
- In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, that introduces reform of basic interest rates definition.

The Group has reviewed these interpretations and amendments to standards while preparing interim condensed consolidated financial statements. The interpretations and amendments to standards had no significant impact on the Group’s interim condensed consolidated financial statements.

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

Certain changes to existing standards have been issued that are mandatory for the annual periods beginning after 1 January 2021 or after this date. In particular, the Group did not early apply the following changes to the standards:

- IFRS 17 “Insurance contracts”. IFRS 17 establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures. The new standard replaces IFRS 4 Insurance Contracts. The standard is effective for annual period beginning on or after 1 January 2021.

The Group is currently assessing the impact of these new standards and amendments on its financial statements.

Note 4. Segment information

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

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company’s branches are managed separately due to significant decentralization and separate location, as a result the Group discloses six primary reportable segments: TPP of Nevsky branch, HPS of Nevsky branch, Heating Grid, Kolsky branch, Karelsky branch, Murmanskaya TPP.

All reportable segments are located within the Russian Federation.

In the process of evaluation of segments, results and allocation of economic resources of the Group the Management uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analysed by the Management and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of property, plant and equipment. The Group does not have inter-segment revenue.

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

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

4.1 Financial results of segments

The segment information for three and six months ended 30 June 2020 and 30 June 2019 is as follows:

Three months ended 30 June 2020	TPP of Nevsky branch	HPS of Nevsky branch	Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Eliminations	Adjustments	Total
Revenue:	12 438	1 052	2 477	2 577	1 876	1 427	387	22 234	(2 706)	30	19 558
<i>including export</i>	-	-	-	21	-	-	-	21	-	-	21
Depreciation of property, plant, equipment	1 371	136	647	198	137	28	9	2 526	-	1	2 527
Reportable segment profit/(loss)	1 714	624	388	831	331	531	(1 968)	2 451	-	644	3 095
Three months ended 30 June 2019	TPP of Nevsky branch	HPS of Nevsky branch	Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Eliminations	Adjustments	Total
Revenue:	12 507	1 224	2 005	2 755	2 050	1 745	1 040	23 326	(2 436)	(78)	20 812
<i>including export</i>	-	87	-	98	-	-	-	185	-	-	185
Depreciation of property, plant, equipment	1 491	120	627	181	127	24	8	2 578	-	(191)	2 387
Reportable segment profit/(loss)	936	808	(37)	844	577	281	(1 022)	2 387	-	1 783	4 170
Six months ended 30 June 2020	TPP of Nevsky branch	HPS of Nevsky branch	Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Eliminations	Adjustments	Total
Revenue:	32 298	2 182	4 884	5 261	4 150	3 038	1 076	52 889	(5 627)	18	47 280
<i>including export</i>	-	33	-	104	-	-	-	137	-	-	137
Depreciation of property, plant, equipment	2 716	264	1 289	389	269	54	15	4 996	-	99	5 095
Reportable segment profit/(loss)	7 018	1 341	628	1 112	662	648	(3 684)	7 725	-	758	8 483
Six months ended 30 June 2019	TPP of Nevsky branch	HPS of Nevsky branch	Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Eliminations	Adjustments	Total
Revenue:	35 355	2 509	4 002	6 307	4 399	4 042	1 275	57 889	(5 020)	(157)	52 712
<i>including export</i>	-	406	-	573	-	-	-	979	-	-	979
Depreciation of property, plant, equipment	3 031	240	1 253	362	292	48	10	5 236	-	(502)	4 734
Reportable segment profit/(loss)	7 812	1 496	(183)	1 926	896	298	(2 857)	9 388	-	2 691	12 079

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)
(in millions of Russian Roubles)

Reconciliation of the segment result to operating profit in the interim condensed consolidated statement of comprehensive income for three and six months ended 30 June 2020 and 30 June 2019 is provided as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
<i>Revenue reclassification adjustments</i>	30	(78)	18	(157)
Depreciation adjustment	(1)	191	(99)	502
Other adjustments	615	1 670	839	2 346
	614	1 861	740	2 848
Total adjustments to operating profit	644	1 783	758	2 691

4.2 Key customers

The revenue presented in segment revenue includes revenue, received from two customers with the revenue exceeding 10% of the Group's revenue for three and six months ended 30 June 2020 and amounting to RUB 2 985 million and RUB 6 719 million (for three and six months ended 30 June 2019 the total revenue of two customers exceeded 10% of the Group's revenue amounted to RUB 1 598 million and RUB 5 903 million respectively).

Note 5. Related Parties

In the interim condensed consolidated financial statements, a related party is a person or entity that has control or significant influence over the other party in financial and operational decisions as determined in IAS 24 "Related parties".

Transactions with related parties have been made mostly on the same terms and conditions as similar operations with the parties external to the Group. Prices for natural gas and capacity are based on tariffs set by FAS and also based on competitive take-off on the wholesale electricity (capacity) market rates.

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

(a) Gazprom Group and its associates

As at and for three and six months, ended 30 June 2020 and 30 June 2019 the Group's significant transactions and outstanding balances with Gazprom Group and its associates are detailed below:

Revenue

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Electricity and capacity	163	191	362	437
Heating	70	64	206	236
Other sales	9	12	33	92
Total	242	267	601	765

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Fuel	5 566	5 317	15 181	16 115
Electricity and capacity purchases	8	10	21	49
Repairs, maintenance and service	172	53	261	111
Insurance	73	76	152	150
Security and fire safety	6	44	13	81
Software and maintenance	107	55	192	102
Other operating expenses	131	95	235	165
Total	6 063	5 650	16 055	16 773

Finance Income and Finance Costs

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Finance income				
Interest income on loans issued	76	-	177	-
Interest income on bank deposits and current bank accounts balances	1	2	4	2
Total finance income	77	2	181	2
Finance costs				
Interest expense on loans and borrowings	(15)	(59)	(38)	(121)
Interest expense on lease	(112)	(152)	(231)	(264)
Total finance costs	(127)	(211)	(269)	(385)

Balances

	30 June 2020	31 December 2019
Short-term financial assets	5 570	10 006
Long-term trade and other receivables	241	241
Long-term advances for suppliers	679	603
Short-term trade and other receivables	92	204
Short-term advances for suppliers	59	11
Cash and cash equivalents	27	240
Total assets	6 668	11 305
Long-term borrowings and loans	237	1 248
Long-term trade and other payables	99	165
Short-term trade and other payables	739	1 585
Short-term payables for purchase of property, plant and equipment	1 925	2 180
Long-term lease liabilities	4 759	5 834
Short-term lease liabilities	2 121	2 176
Short-term contractual liabilities	2	2
Total liabilities	9 882	13 190

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Purchase of non-current and current assets

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Purchases of property, plant and equipment	6 446	957	7 203	4 288
Purchases of materials and other assets	11	500	21	514
Итого	6 457	1 457	7 224	4 802

(b) *Transactions with other State-controlled entities*

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

The Group had the following significant transactions with state-controlled entities as at and for three and six months ended 30 June 2020 and 30 June 2019:

Revenue

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Electricity and capacity	1 921	2 223	4 463	5 632
Heating	4 949	4 310	11 949	12 158
Other sales	30	1	53	13
Total	6 900	6 534	16 465	17 803

Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Purchased electricity and capacity	78	210	181	444
Purchased heat energy	224	170	245	195
Heat transfer	313	38	834	505
Fees of electricity market operators	211	210	427	431
Security and fire safety	185	121	349	244
Water usage	707	787	1 485	1 543
Other operating expenses	135	98	317	261
Total	1 853	1 634	3 838	3 623

Finance Income and Finance Costs

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Finance income				
Interest income on cash deposit and cash in bank	1	22	1	57
Total finance income	1	22	1	57
Finance costs				
Interest expense on loans and borrowings	-	(23)	(72)	(154)
Interest expense on lease	(34)	(41)	(68)	(76)
Total finance costs	(34)	(64)	(140)	(230)

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Balances

	30 June 2020	31 December 2019
Long-term trade and other receivables	646	1 386
Provision for expected credit losses on long-term receivables	(491)	(757)
Short-term trade and other receivables	7 942	9 927
Short-term advances for suppliers	10	-
Provision for expected credit losses on short-term receivables	(5 050)	(4 496)
Cash and cash equivalents	2 541	589
Total assets	5 598	6 649
Short-term borrowings	-	8 865
Long-term trade and other payables	104	115
Short-term trade and other payables	910	1 141
Payables for purchase of property, plant and equipment	24	-
Long-term lease liabilities	1 191	1 126
Short-term lease liabilities	47	71
Short-term contractual liabilities	349	98
Total liabilities	2 625	11 416

Purchase of non-current and current assets

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Purchases of property, plant and equipment	82	32	110	52
<i>including capitalized borrowing costs</i>				
<i>from related parties</i>	-	4	5	17
Purchases of materials and other assets	392	950	1 324	2 251
Total	474	982	1 434	2 303

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with JSC Centre of Financial Settlements (CFS). CFS's current financial settlement system of CFS does not provide the final counterparty with automated information about transactions and settlement balances with end consumers. Government-related entities, Gazprom Group and its subsidiaries may also act as counterparties.

The Group had the following significant transactions with CFS, presented below:

Revenue and operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Sales of electricity and capacity	5 732	7 407	12 908	16 296
Purchases of electricity and capacity	922	1 383	2 141	3 097
Total	6 654	8 790	15 049	19 393

Balances

	30 June 2020	31 December 2019
Trade and other receivables	630	1 036
Provision for expected credit losses on receivables	(7)	(10)
Trade and other payables	157	270

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

(c) Transactions with other related parties

Other related parties are mainly represented by the Company's shareholder with a significant influence (Fortum Power and Heat OY) and the Group's associates (LLC TGC Service and JSC Hibinskaya Heating Company).

Revenue

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Electricity and capacity	-	87	33	406
Heating	15	17	40	45
Other sales	1	1	2	3
Total	16	105	75	454

Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Repairs, maintenance and service	263	245	493	495
Heat transfer	130	209	309	351
Other operating expenses	3	7	4	8
Total	396	461	806	854

Balances

	30 June 2020	31 December 2019
Short-term trade and other receivables	6	14
Short-term advances for suppliers	-	14
Total assets	6	28
Short-term trade and other payables	372	699
Payables for purchase of property, plant and equipment	128	188
Total liabilities	500	887

Purchase of non-current and current assets

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Purchases of property, plant and equipment	191	167	373	250
Purchases of materials and other assets	1	16	7	18
Total	192	183	380	268

(d) Transactions with the key management personnel

Short-term compensation for services of key management personnel includes compensation to the members of the Board of Directors and members of Management Board before delegating the authorities of the single executive body to the management company LLC Gazprom Energoholding at 30 September 2019 for their services at the management positions on a regular basis and comprised of a monthly salary, bonuses, taxes charge and other obligatory payments to relevant budgets, medical insurance costs.

Key management personnel includes members of the Board of Directors, Managing Director, members of Management Board.

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Salaries and bonuses	11	43	24	66
Social taxes and contributions	2	18	7	27
Benefits to the Board of Directors	3	19	4	19
Total	16	80	35	112

	Outstanding balance as at 30 June 2020	Outstanding balance as at 30 June 2019
Wages payables	1	2
Total	1	2

Remuneration to managing organisation LLC Gazprom energoholding for three and six months ended 30 June 2020 and 30 June 2019 was in the amount of RUB 27 million and RUB 0 million respectively.

(e) Amount of outstanding contractual commitments for the construction of property, plant and equipment

	30 June 2020	31 December 2019
PJSC Gazprom and its subsidiaries	8 637	11 039
State-controlled entities	71	84
Other related parties	936	838
Total	9 644	11 961

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Note 6. Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Right-of-use assets	Heating networks	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
<i>Cost</i>							
Balance as at 1 January 2019	11 165	56 193	45 659	74 314	43 537	15 225	246 093
Additions	47	44	-	-	18	4 125	4 234
Disposals	-	(16)	(3)	(6)	(32)	(38)	(95)
Transfers	-	54	278	332	1 703	(2 367)	-
Balance as at 30 June 2019	11 212	56 275	45 934	74 640	45 226	16 945	250 232
Balance as at 1 January 2020	11 372	55 686	46 278	75 708	48 261	20 350	257 655
Additions	-	55	-	-	73	6 584	6 712
Disposals	(18)	-	(1)	(3)	(66)	(23)	(111)
Effect of lease agreements modifications	93	-	-	-	-	-	93
Transfers	-	130	727	1 581	1 401	(3 839)	-
Transfer from (to) other accounts	-	-	181	150	45	-	376
Balance as at 30 June 2020	11 447	55 871	47 185	77 436	49 714	23 072	264 725
<i>Accumulated depreciation and impairment</i>							
Balance as at 1 January 2019	-	(26 790)	(19 027)	(30 557)	(20 203)	(7)	(96 584)
Charge for the period	(535)	(856)	(377)	(1 327)	(1 639)	-	(4 734)
Disposals	-	10	2	6	27	-	45
Balance as at 30 June 2019	(535)	(27 636)	(19 402)	(31 878)	(21 815)	(7)	(101 273)
Balance as at 1 January 2020	(1 485)	(29 947)	(19 903)	(33 410)	(23 629)	(674)	(109 048)
Charge for the period	(703)	(757)	(400)	(1 229)	(2 006)	-	(5 095)
Disposals	6	-	1	2	59	-	68
Transfer from other accounts	-	(19)	(187)	(121)	(23)	42	(308)
Balance as at 30 June 2020	(2 182)	(30 723)	(20 489)	(34 758)	(25 599)	(632)	(114 383)
<i>Net book value</i>							
Balance as at 1 January 2019	11 165	29 403	26 632	43 757	23 334	15 218	149 509
Balance as at 30 June 2019	10 677	28 639	26 532	42 762	23 410	16 939	148 959
Balance as at 1 January 2020	9 887	25 739	26 375	42 298	24 632	19 676	148 607
Balance as at 30 June 2020	9 265	25 148	26 696	42 678	24 115	22 440	150 342

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

As at 30 June 2020 the property, plant and equipment include the right-of-use assets in the amount of RUB 9 265 million, primarily related to the land plots and office buildings.

The “Vehicles and other” group includes land plots, motor vehicles, computer equipment, office fixtures and other equipment.

There were no property, plant and equipment pledged as collateral according to loan agreements.

Note 7 Trade and other receivables

	30 June 2020	31 December 2019
Short-term receivables		
Trade receivables	9 953	12 570
Other receivables	239	261
Total financial receivables	10 192	12 831
Advances to suppliers and prepaid expenses	258	709
VAT recoverable	53	94
Tax prepayments other than income tax	105	81
Total non-financial receivables	416	884
Total short-term receivables and prepayments	10 608	13 715
Long-term receivables		
Trade receivables	433	825
Other receivables	17	17
Total financial receivables	450	842
Advances to suppliers and prepaid expenses	679	603
Total non-financial receivables	679	603
Total long-term receivables and prepayments	1 129	1 445

Trade receivables is presented net of allowance for expected credit losses in the amount of RUB 8 998 million and RUB 9 830 million as at 30 June 2020 and 31 December 2019 respectively.

Other receivables is presented net of allowance for expected credit losses in the amount of RUB 59 million and RUB 108 million as at 30 June 2020 and 31 December 2019 respectively.

Note 8 Financial assets

	30 June 2020	31 December 2019
Loans issued (including %)	5 573	10 010
Total short-term financial assets	5 573	10 010

Note 9 Inventories

	30 June 2020	31 December 2019
Fuel	2 554	2 879
Raw materials and other supplies	842	561
Spare parts	535	169
Other inventories	5	4
Total inventories	3 936	3 613

The Group does not have pledged inventories as at 30 June 2020 and 31 December 2019.

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Note 10 Cash and Cash Equivalents

	30 June 2020	31 December 2019
Cash in bank and in hand	2 733	881
Total cash and cash equivalents	2 733	881

As at 30 June 2020 cash and cash equivalents comprise restricted cash in the amount of RUB 2 537 million, provided for JSC St Petersburg Heating Grid as budget funding of investment program (as at 31 December 2019: of RUB 587 million).

Note 11 Share capital

Share capital and share premium

As at 30 June 2020 and as at 31 December 2019 the declared share capital comprised 3 854 341 416 571 ordinary shares with a par value of RUB 0.01. All shares authorised are issued and fully paid.

Share premium amounted to RUB 22 914 million includes excess of the cash proceeds from the issue of share capital over its par value.

Dividends

On 22 June 2020 the Annual General Shareholders' Meeting of the PJSC TGC-1 made the decision to pay dividends for the results of Group's activity for 2019. The amount of declared dividends on the issuer shares was RUB 0.001036523 per share, total amount of dividends is RUB 3 995 million.

On 11 June 2019 the Annual General Shareholders' Meeting of the PJSC TGC-1 made the decision to pay dividends for the results of Group's activity for 2018. The amount of declared dividends on the issuer shares was RUB 0.000644605 per share, total amount of dividends is RUB 2 485 million.

Note 12 Borrowings

	30 June 2020	31 December 2019
Long-term borrowings		
Bonds	4 000	4 000
Total long-term borrowings	4 000	4 000
Short-term borrowings		
Current portion of long-term bank borrowings	3 098	3 098
Bank borrowings	237	10 113
Current portion of long-term bonds	36	47
Total short-term borrowings	3 371	13 258

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

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

	Currency	Contractual interest rate	Maturity	30 June 2020	31 December 2019
Bank borrowings					
PJSC Sberbank RF	RUB	6.76-6,9%	2020	-	8 865
Bank Rossiya	RUB	6.75%	2020	3 098	3 098
Gazprombank JSC	RUB	8.0-8.5%	2020	233	1 248
Gazprombank JSC	RUB	CR CB RF+1.5%	2021	3	-
Bonds					
Bonds 04	RUB	CPI+1.5%	2020-2022	2 033	2 043
Bonds 03	RUB	CPI+1.5%	2020-2021	2 004	2 004
Total				7 371	17 258

The Group is required to comply with certain covenants related to borrowings. The Group complied with these covenants as at 30 June 2020 and as at 31 December 2019.

Note 13 Trade and other payables

	30 June 2020	31 December 2019
Short-term payables		
Trade payables	2 656	4 912
Short-term payables for purchase of property, plant and equipment	2 422	3 602
Other payables	4 360	256
Total financial payables	9 438	8 770
Contractual liabilities	1 840	1 924
Other payables	651	554
Total non-financial payables	2 491	2 478
Total short-term payables and other liabilities	11 929	11 248
Long-term payables		
Trade payables	209	290
Total long-term payables and other liabilities	209	290

Other payables include dividends declared in the amount of RUB 3 995 million (as at 31 December 2019 0 RUB million).

The total cash flow in respect of lease agreements for six months, ended 30 June 2020 was RUB 1 267 million including RUB 316 million for interest paid on lease and RUB 951 million for repayment of lease agreements (for six months, ended 30 June 2019: RUB 363 million and RUB 1 058 million respectively).

Note 14 Income tax

Income tax expense comprises the following:

	Three months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Current income tax charge	(196)	(571)	(1 020)	(1 807)
Charge of income tax for prior periods	-	(7)	-	(7)
Deferred income tax charge	(369)	21	(468)	71
Total expense tax charge	(565)	(557)	(1 488)	(1 743)

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Tax effects of taxable and deductible temporary differences for six months ended 30 June 2020 and for six months ended 30 June 2019 are as follows:

	1 January	Recognised in profit or losses	Effect of initial applying of IFRS's	30 June
Six months ended 30 June 2020				
Property, plant and equipment	(12 577)	(141)	-	(12 718)
Trade and other receivables	768	(370)	-	398
Trade and other payables	49	34	-	83
Pension liabilities	202	-	-	202
Lease liabilities	1 528	(64)	-	1 464
Tax loss carried forward	-	77	-	77
Other assets	18	(5)	-	13
Total	(10 012)	(469)	-	(10 481)
Six months ended 30 June 2019				
Property, plant and equipment	(11 294)	713	(1 928)	(12 509)
Trade and other receivables	762	(63)	-	699
Trade and other payables	57	14	-	71
Pension liabilities	155	-	-	155
Lease liabilities	-	(606)	1 928	1 322
Other assets	42	14	-	56
Total	(10 278)	72	-	(10 206)

Deferred income tax assets and liabilities were measured at the following tax rates as at 30 June 2020: PJSC «TGC-1» - 17.35%, JSC «Murmanskaya TPP» - 20%, JSC «St Petersburg Heating Grid» - 17.59% (as at 31 December 2019: PJSC «TGC-1» - 17.25%, JSC «Murmanskaya TPP» - 20%, JSC «St Petersburg Heating Grid» - 17.59%). Management considers the rates to be applied to the period when the assets are realised and liabilities are settled.

Some deferred tax assets and liabilities have been set off in accordance with the Group accounting policies. Amounts of deferred tax (after offsetting) reflected in the interim condensed consolidated statement of financial position are as follows:

	30 June 2020	31 December 2019
Deferred income tax assets	208	316
Deferred income tax liabilities	(10 689)	(10 328)
Deferred income tax liabilities, net	(10 481)	(10 012)

Note 15 Other taxes payable

	30 June 2020	31 December 2019
VAT payable	715	315
Employee taxes	296	248
Property tax	295	329
Other taxes	70	94
Total taxes payable	1 376	986

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Note 16 Revenue

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Electricity and capacity	10 915	12 736	24 564	29 043
Heating	8 255	7 889	22 043	23 365
Other sales	388	187	673	304
Total	19 558	20 812	47 280	52 712

For six months of 2020 Group received the grants from St. Petersburg budget for the income compensation for companies providing heating services (sales to heat consumers) per tariffs that don't cover expenses for a total amount of RUB 1 345 million (for six months of 2019 – RUB 2 159 million).

Note 17 Operating Expenses

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Fuel	6 386	7 445	17 648	20 712
Depreciation and amortization	2 602	2 458	5 244	4 862
Employee benefits	2 409	2 291	4 934	4 599
Purchased electricity and capacity	1 058	1 541	2 450	3 652
Water usage	746	754	1 562	1 543
Repairs, maintenance and service	702	664	1 375	1 219
Heat transfer	576	550	1 186	1 154
Taxes other than income tax	434	455	864	807
Security and fire safety	288	209	534	407
Other materials	273	457	458	645
Fees of electricity market operators	212	211	429	433
Purchased heat energy	209	159	596	535
Software and maintenance	143	95	271	172
Insurance costs	74	78	152	152
Other operating expenses	397	262	847	512
Total operating expenses	16 509	17 629	38 550	41 404

Note 18 Finance Income and Finance Costs

	Three months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Finance income				
Interest income on loans issued	76	-	177	-
Effect of discounting of financial instruments	20	10	163	11
Interest income on bank deposits and current bank accounts balances	4	62	9	148
Income from ownership in other companies	3	(1)	19	22
Exchange differences	-	23	-	63
Other financial income	-	1	-	1
Total finance income	103	95	368	245

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Finance costs				
Interest expense on borrowings	(119)	(205)	(331)	(524)
Exchange differences	-	(62)	-	(317)
Interest expense on lease	(154)	(171)	(317)	(363)
Effect of discounting of financial instruments	(12)	15	(24)	(156)
Total finance costs	(285)	(423)	(672)	(1 360)
Net of capitalized borrowing costs related to qualified assets	28	36	59	81
Total finance costs, net	(154)	(292)	(245)	(1 034)

Note 19 Basic and diluted earnings per share, attributable to the owners of PJSC «TGC-1»

Earnings per share attributable to owners of PJSC TGC-1 have been calculated by dividing the profit for the period, attributable to the owners of PJSC TGC-1 by the weighted average number of shares placed (Note 11). The calculation of earnings per share is presented in the table below.

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Issued shares (thousand of pieces)	3 854 341	3 854 341	3 854 341	3 854 341
Weighted average number of ordinary shares (thousand of pieces)	3 854 341	3 854 341	3 854 341	3 854 341
Profit for the period attributable to owners of PJSC "TGC-1" (in RUB mln)	2 201	3 280	6 452	9 286
Earnings per ordinary share attributable to the owners of PJSC "TGC-1" after tax – basic and diluted – in Russian Roubles	0.0006	0.0009	0.0017	0.0024

There are no dilutive financial instruments outstanding in the Group as at 30 June 2020 and 30 June 2019.

Note 20 Commitments

As at 30 June 2020, the Group had outstanding contractual commitments relating to the construction and purchase of property, plant and equipment in the amount of RUB 13 405 million including VAT (31 December 2019: RUB 13 276 million).

Note 21 Fair value of financial instruments

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

Financial instruments in Level 1

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

PJSC TERRITORIAL GENERATING COMPANY №1 AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

(in millions of Russian Roubles)

Financial instruments in Level 2

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

Financial instruments in Level 3

If one or more of the significant inputs in the valuation model used to fair value an instrument is not based on observable market data, the instrument is included in Level 3. The fair value of financial instruments, such as short-term trade and other receivables and trade and other payables are classified as Level 3.

There was no change in the fair value measurement methods attributed to Level 2 and Level 3 for three and six months ended 30 June 2020 (31 December 2019: there was no change). There were no transfers between levels (31 December 2019: there were no transfers).

As at 30 June 2020 and 31 December 2019 the estimated fair value of financial assets and liabilities, that are not recognized at fair value in consolidated statement of financial position, is slightly different from their present value.

Note 22 Events after the Reporting Period

Borrowings

During the period between reporting date and signing date, the Group repaid borrowings a total of RUB 233 million.