

**PJSC MOSENERGO**

**IFRS CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
(UNAUDITED)**

**30 September 2019  
Moscow | 2019**

## Contents

Condensed interim consolidated statement of financial position .....	3
Condensed interim consolidated statement of comprehensive income .....	4
Condensed interim consolidated statement of cash flows .....	5
Condensed interim consolidated statement of changes in equity .....	6

### Notes to the condensed interim consolidated financial statements:

1 The Group and its operations.....	7
2 Basis of presentation.....	7
3 Summary of significant accounting policies and accounting estimates .....	8
4 Segment information .....	11
5 Cash and cash equivalents .....	13
6 Financial assets .....	13
7 Trade and other receivables .....	14
8 Inventories .....	15
9 Other current and non-current assets .....	15
10 Property, plant and equipment .....	16
11 Borrowings .....	17
12 Trade and other payables .....	17
13 Provisions .....	18
14 Profit tax .....	18
15 Equity .....	20
16 Revenue .....	21
17 Operating expenses.....	21
18 Finance income and expense .....	22
19 Basic and diluted earnings per share, attributable to PJSC Mosenergo.....	23
20 Subsidiaries.....	23
21 Related parties .....	24
22 Commitments and contingencies .....	27
23 Fair value of financial instruments .....	28

**PJSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

	Notes	30 September 2019	31 December 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	25 690	16 220
Short-term financial assets	6	13 300	10 400
Trade and other receivables	7	30 024	40 514
Inventories	8	15 913	13 815
Profit tax receivable		400	239
Other current assets	9	2 649	2 682
		<u>87 976</u>	<u>83 870</u>
Assets held for sale		44	43
<b>Total current assets</b>		<b>88 020</b>	<b>83 913</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	213 781	209 691
Investment property		1 529	1 548
Goodwill		187	187
Other intangible assets		493	509
Long-term financial assets	6	3 773	1 490
Trade and other receivables	7	15 765	15 806
Advances for assets under construction		2 899	4 064
Other non-current assets	9	9 041	10 951
<b>Total non-current assets</b>		<b>247 468</b>	<b>244 246</b>
<b>Total assets</b>		<b>335 488</b>	<b>328 159</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Short-term borrowings	11	1 161	1 295
Trade and other payables	12	12 069	10 223
Profit tax payable		-	82
Other taxes payable		775	2 535
Provisions	13	3 833	3 576
<b>Total current liabilities</b>		<b>17 838</b>	<b>17 711</b>
<b>Non-current liabilities</b>			
Long-term borrowings	11	2 723	3 886
Deferred tax liabilities	14	28 151	28 951
Employee benefits		298	298
Trade and other payables	12	6 070	286
<b>Total non-current liabilities</b>		<b>37 242</b>	<b>33 421</b>
<b>Total liabilities</b>		<b>55 080</b>	<b>51 132</b>
<b>Equity</b>			
Share capital	15	166 124	166 124
Treasury shares	15	-	(871)
Share premium	15	48 661	49 213
Revaluation reserve	15	104 229	104 276
Accumulated loss and other reserves		(38 606)	(41 715)
<b>Total equity</b>		<b>280 408</b>	<b>277 027</b>
<b>Total equity and liabilities</b>		<b>335 488</b>	<b>328 159</b>

A.A. Butko  
 Managing director

«06» November 2019

E.Y. Novenkova  
 Chief Accountant

«06» November 2019

The accompanying notes on the pages 7 to 28 are an integral part of these condensed interim consolidated financial statements.

**PJSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
Revenue	16	29 523	28 320	133 378	135 988
Operating expenses	17	(31 209)	(29 432)	(120 895)	(117 923)
Impairment gain (loss) on financial assets		321	(421)	191	(1 046)
<b>Operating profit (loss)</b>		<b>(1 365)</b>	<b>(1 533)</b>	<b>12 674</b>	<b>17 019</b>
Share of loss of associates		-	(172)	(224)	(305)
<b>Profit (loss) before finance income (expense) and profit tax</b>		<b>(1 365)</b>	<b>(1 705)</b>	<b>12 450</b>	<b>16 714</b>
Finance income	18	1 542	1 394	4 144	3 817
Finance expense	18	(386)	(1 114)	(795)	(2 803)
<b>Profit (loss) before profit tax</b>		<b>(209)</b>	<b>(1 425)</b>	<b>15 799</b>	<b>17 728</b>
Profit tax benefit (expense)	14	103	223	(3 175)	(3 683)
<b>Profit (loss) for the period</b>		<b>(106)</b>	<b>(1 202)</b>	<b>12 624</b>	<b>14 045</b>
<b>Other comprehensive income (loss):</b>					
Effect of acquisition under common control		(1 362)	-	(1 362)	-
Gain arising from change in fair value of financial assets measured at fair value through other comprehensive income		117	-	117	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(1 245)</b>	<b>-</b>	<b>(1 245)</b>	<b>-</b>
<b>Other comprehensive loss for the period, net of tax</b>		<b>(1 245)</b>	<b>-</b>	<b>(1 245)</b>	<b>-</b>
<b>Comprehensive income (expense) for the period</b>		<b>(1 351)</b>	<b>(1 202)</b>	<b>11 379</b>	<b>14 045</b>
<b>Profit (loss) attributable to:</b>					
Owners of PJSC Mosenergo		(106)	(1 202)	12 624	14 045
<b>Comprehensive income (loss) attributable to:</b>					
Owners of PJSC Mosenergo		(1 351)	(1 202)	11 379	14 045
<b>Basic and diluted earnings (loss) per share for profit attributable to the owners of PJSC Mosenergo (in Russian Rubles)</b>					
	19	<b>(0,003)</b>	<b>(0,030)</b>	<b>0,319</b>	<b>0,355</b>

A.A. Butko  
 Managing director

«06» November 2019

E.Y. Novenkova  
 Chief Accountant

«06» November 2019

The accompanying notes on the pages 7 to 28 are an integral part of these condensed interim consolidated financial statements.

**PJSC MOSENERGO**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**  
(in millions of Russian Rubles)

	Notes	Nine months ended	
		2019	2018
<b>Cash flow from operating activities</b>			
Profit before finance income (expense) and profit tax		12 450	16 714
<b>Adjustments to profit before profit tax</b>			
Depreciation and amortisation	17	11 607	11 142
Share of loss of associates		224	305
Impairment gain (loss) on financial assets		(191)	1 046
Impairment loss on non-financial assets	17	48	-
Change in provisions	17	258	245
Loss on disposal of property, plant and equipment	17	112	442
<b>Total effect of adjustments</b>		<b>12 058</b>	<b>13 180</b>
<b>Cash flows from operations before working capital changes</b>		<b>24 508</b>	<b>29 894</b>
<b>Changes in working capital:</b>			
Change in trade and other receivables		9 042	4 241
Change in inventories		(1 135)	495
Change in other current assets		1 950	(689)
Change in trade and other payables		736	228
Change in other taxes payables (other than profit tax)		(2 867)	(1 366)
Change in employee benefit liabilities		-	10
<b>Total effect of working capital changes</b>		<b>7 726</b>	<b>2 919</b>
Income tax paid		(3 908)	(4 257)
Interest paid		(480)	(528)
<b>Net cash from operating activities</b>		<b>27 846</b>	<b>28 028</b>
<b>Cash flows from investing activities</b>			
Capital expenditures		(9 869)	(8 740)
Net change in loans issued		872	10 535
Sale of subsidiaries, net of cash disposed		-	500
Proceeds from sale of property, plant and equipment		170	1
Interest received		2 388	2 121
Dividends received		36	-
Placement of short-term deposits		(2 900)	-
<b>Net cash (used in) from investing activities</b>		<b>(9 303)</b>	<b>4 417</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(581)	(13 030)
Repayment of lease liabilities		(209)	-
Dividends paid		(8 289)	(6 549)
<b>Net cash used in financing activities</b>		<b>(9 037)</b>	<b>(19 579)</b>
Effect of foreign exchange rate changes on cash and cash equivalents		(36)	(43)
<b>Increase in cash and cash equivalents</b>		<b>9 470</b>	<b>12 823</b>
Cash and cash equivalents at the beginning of the period	5	16 220	20 627
<b>Cash and cash equivalents at the end of the period</b>	5	<b>25 690</b>	<b>33 450</b>

A.A. Butko  
Managing director  
«06» November 2019

E.Y. Novenkova  
Chief Accountant  
«06» November 2019

The accompanying notes on the pages 7 to 28 are an integral part of these condensed interim consolidated financial statements.

**PJSC MOSENERGO  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019  
(in millions of Russian Rubles)**

Equity attributable to owners of the PJSC Mosenergo						
	Share capital	Treasury shares	Share premium	Revaluation reserve	Accumulated loss and other reserves	Total
<b>Nine months ended 30 September 2018</b>						
<b>Balance as of 1 January 2018</b>	166 124	(871)	49 213	107 206	(55 320)	266 352
Effect of changes in accounting policies	-	-	-	-	(2 036)	(2 036)
<b>Balance as of 1 January 2018 (restated)</b>	166 124	(871)	49 213	107 206	(57 356)	264 316
Profit for the period	-	-	-	-	14 045	14 045
Other comprehensive income (loss):						
Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves	-	-	-	(830)	830	-
<b>Comprehensive income (loss) for the period</b>	-	-	-	(830)	14 875	14 045
<b>Transaction with owners of PJSC Mosenergo</b>						
Dividends declared	-	-	-	-	(6 566)	(6 566)
<b>Balance as of 30 September 2018</b>	166 124	(871)	49 213	106 376	(49 047)	271 795
<b>Nine months ended 30 September 2019</b>						
<b>Balance as of 1 January 2019</b>	166 124	(871)	49 213	104 276	(41 715)	277 027
Profit for the period	-	-	-	-	12 624	12 624
Other comprehensive income (loss):						
Effect of acquisition under common control	-	-	-	-	(1 362)	(1 362)
Change in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	-	117	117
Transfers from revaluation surplus of property, plant and equipment to accumulated loss and other reserves	-	-	-	(47)	47	-
<b>Comprehensive income (loss) for the period</b>	-	-	-	(47)	11 426	11 379
<b>Transaction with owners of PJSC Mosenergo</b>						
Treasury shares	-	871	(552)	-	-	319
Dividends declared	-	-	-	-	(8 317)	(8 317)
<b>Balance as of 30 September 2019</b>	166 124	-	48 661	104 229	(38 606)	280 408

A.A. Butko  
Managing director

«ЕБ» November 2019

E.Y. Novenkova  
Chief Accountant

«06» November 2019

The accompanying notes on the pages 7 to 28 are an integral part of these condensed interim consolidated financial statements.

## **1 The Group and its operations**

### **1.1 Organisation and operations**

Public Joint Stock Company Mosenergo (PJSC Mosenergo) and its subsidiaries (together referred to as the “Group” or the “Mosenergo Group”) are primarily involved in the generation of heat and electric power and heat distribution services in Moscow and the Moscow region.

The Group’s electric and heat generation base includes 15 power plants with operational electricity and heat capacity of 12 825 MW and 43 339 GCal/h, respectively.

At the date of condensed interim consolidated financial statements the Russian Federation owned (both directly and indirectly) over 50% in PJSC Gazprom, which holds 53,49% of PJSC Mosenergo through its 100% subsidiary LLC Gazprom energoholding (immediate parent company). Thus, PJSC Gazprom is the parent company of the Group and the Russian Federation is the ultimate controlling party of the Group.

### **1.2 Business environment**

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 (Note 22.2). 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.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads.

These and other events may have a significant impact on the Group’s operations, its further financial position, operational results and business perspectives. The management believes it takes all the necessary measures to support the sustainability and development of the Group’s business.

The condensed interim consolidated financial statements reflect the management’s assessment of the impact of the business environment in the Russian Federation on the operations and financial position of the Group. The future economic situation and regulatory environment may differ from the current expectations of the management.

## **2 Basis of presentation**

This condensed interim consolidated financial information is prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018 prepared in accordance with International Financial Reporting Standards (“IFRS”).

### **3 Summary of significant accounting policies and accounting estimates**

To ensure harmonisation with the accounting policies of the parent company PJSC Gazprom, starting from the reporting period ended 30 June 2019 the Group switched to the preparation of the condensed interim consolidated financial statements, which, in addition, will allow interested users of the financial statements to obtain more reliable and relevant information in order to assess the financial position and financial performance of the Group.

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 2018, except for the application of new standards that became effective on 1 January 2019.

#### **3.1 Application of new IFRSs**

##### **IFRS 16 Lease**

The new standard defines the principles of recognition, evaluation of the presentation and disclosure of information in the reporting in respect of lease agreements. The standard requires lessees to recognise right-of-use assets and lease liabilities for most lease agreements.

Right-of-use assets are initially valued at historical cost and amortized to the earlier of the following dates: the expiration date of the useful life of the asset in the form of the right of use or the expiration date of the lease term. The initial cost of right-of-use assets includes the amount of the initial estimate of the lease liability, rental payments made before or at the commencement date of the lease, and initial direct costs. The lease liability is initially measured at the present value of lease payments that have not yet been made at the commencement date of the lease and are subsequently measured at amortised cost with expenses recognised as interest expenses in finance expenses of the consolidated statement of comprehensive income.

In accordance with IFRS 16, the Group decided not to apply the standard to short-term leases and leases in which the underlying asset has a low cost.

In accordance with the transitional provisions of IFRS 16 Lease, the Group applied the new rules retrospectively, recognising the cumulative effect of the initial application of the standard as of 1 January 2019. The Group used permitted practical simplifications:

- The standard is applied to contracts that were previously identified as leases using IAS 17 Leases and IFRIC 4 Determination of the Sign of Leases in the Agreement and are not applied to contracts that were not previously identified as containing signs of a lease using IAS 17 Leases and IFRIC 4 «Determining the presence of signs of a lease in an agreement»;
- The Group did not apply the new standard to leases that expired within twelve months from the date of transition;
- Initial direct costs are excluded from the valuation of assets in the form of right of use at the date of initial recognition;
- The Group applied a single discount rate for a portfolio of contracts with relatively similar characteristics.

Thus, as of 1 January 2019 the Group recognised right-of-use assets in property, plant and equipment and lease liabilities in trade and other payables in the condensed interim consolidated statement of financial position in the amount of 5 375 million roubles, without effect on the opening balance of accumulated loss and other reserves

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

The table below shows the effect of the initial application of IFRS 16 Lease on the condensed interim consolidated statement of financial position as at 1 January 2019:

	<b>31 December 2018</b>	<b>Effect of IFRS 16 application</b>	<b>1 January 2019</b>
<b>Assets</b>			
Property, plant and equipment	209 691	5 375	215 066
<b>Total non-current assets</b>	<b>244 246</b>	<b>5 375</b>	<b>249 621</b>
<b>Total assets</b>	<b>328 159</b>	<b>5 375</b>	<b>333 534</b>
<b>Equity and liabilities</b>			
Short-term borrowings	1 295	(2)	1 293
Trade and other payables	10 223	785	11 008
<b>Total current liabilities</b>	<b>17 711</b>	<b>783</b>	<b>18 494</b>
Long-term borrowings	3 886	(195)	3 691
Trade and other payables	286	4 787	5 073
<b>Total non-current liabilities</b>	<b>33 421</b>	<b>4 592</b>	<b>38 013</b>
<b>Total liabilities</b>	<b>51 132</b>	<b>5 375</b>	<b>56 507</b>
<b>Total equity and liabilities</b>	<b>328 159</b>	<b>5 375</b>	<b>333 534</b>

The following is a reconciliation of contractual obligations under an operating lease at 31 December 2018 with a recognised liability at 1 January 2019.

<b>Unrecognized operating lease contractual commitments as of 31 December 2018</b>	<b>26 765</b>
Recognition exemption	(1 499)
Indexation, clarification of the lease term and other conditions of a contract	(13 411)
<b>Undiscounted liabilities additionally recognised based on the initial application of IFRS 16 as of 1 January 2019</b>	<b>11 855</b>
Effect of discounting as of 1 January 2019	(6 480)
<b>Liabilities additionally recognised based on the initial application of IFRS 16 as of 1 January 2019</b>	<b>5 375</b>
Finance lease liabilities as of 31 December 2018	197
<b>Lease liabilities as of 1 January 2019</b>	<b>5 572</b>

The weighted average borrowing rate applied by the Group in respect of lease liabilities at the date of initial application amounted to 11.13%.

### **3.2 Application of Interpretations and Amendments to existing Standards**

A number of interpretations and amendments to current IFRSs became effective for the periods beginning on or after 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments (issued in September 2017 and effective for annual periods beginning on or after 1 January 2019) provides requirements in respect of recognising and measuring of a tax liability or a tax asset when there is uncertainty over income tax treatments.
- The amendments to IAS 28 Investments in Associates and Joint Ventures (issued in October 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture should be accounted in accordance with IFRS 9 Financial Instruments.
- The amendments to IAS 23 Borrowing Costs (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify which borrowing costs are eligible for capitalisation in particular circumstances.
- Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019). The changes specify how control (or joint control) should be taken into account for a business that is a joint operation if the organization already participates in this business.
- The amendments to IFRS 9 Financial Instruments (issued in October 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments enable to measure at amortised cost some prepayable financial assets with negative compensation.
- The amendments to IAS 12 Income taxes (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify income tax consequences of payments on instruments classified as equity.
- The amendments to IAS 19 Employee Benefits (issued in February 2018 and effective for annual periods beginning on or after 1 January 2019). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs.

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

### **3.3 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 2020 or after this date. In particular, the Group did not early apply the following changes to the standards:

- Amendments to IFRS 3 Business Combinations (issued in October 2018 and apply for annual reporting periods beginning on or after 1 January 2020). The changes clarify the definition of a business and simplify the assessment of whether the acquired combination of activities and assets is an asset group or a business;
- Changes to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (issued in October 2018 and apply for annual reporting periods beginning on or after 1 January 2020 or after this date). The amendments clarify and bring into line the definition of the term “materiality”, as well as provide recommendations for improving the consistency in its application when referenced in IFRS.

## **4 Segment information**

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

The operating segments are aggregated into two primary reportable segments - electric and heat energy, that generate revenue from manufacturing and sale of electric and heat energy respectively. The other segments consist of services and products sold by the Group such as rental services, feed water sales and maintenance services. All reportable segments are located in the Russian Federation.

*Seasonality.* Demand for electric and heat energy is to some extent influenced by season of the year and also it is subject to weather conditions. Revenue is usually higher in the period from October to March than in months of the year. This seasonality does not impact revenue or cost recognition policies of the Group.

The segment information is prepared in accordance with IFRS. Differences in items between those reported in the segment information and those reported in the Group’s condensed interim consolidated financial statements are due to the unallocated items of income and expense (such as financial income and expense, share of income (loss) of associates, profit tax) that cannot be directly allocated to identifiable reportable segments as these are managed on an overall group basis.

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 MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**4.1 Financial results of segments**

The segment information for the three and nine months ended 30 September 2019 and 30 September 2018 is as follows:

	Notes	Electric energy	Heat energy	All other segments	Total	Intra-group transactions	Total
<b><u>Nine months ended 30 September 2019</u></b>							
<b>Revenue</b>		<b>82 178</b>	<b>49 582</b>	<b>2 366</b>	<b>134 126</b>	<b>(748)</b>	<b>133 378</b>
Revenue from external customers	16	82 178	49 573	1 627	133 378	-	133 378
Intra-group revenue		-	9	739	748	(748)	-
<b>Segment financial result</b>		<b>14 317</b>	<b>(1 372)</b>	<b>(535)</b>	<b>12 410</b>	<b>-</b>	<b>12 410</b>
Depreciation and amortisation	17	(6 162)	(4 490)	(955)	(11 607)	-	(11 607)
Impairment gain on financial assets		88	1	102	191	-	191
<b><u>Nine months ended 30 September 2018</u></b>							
<b>Revenue</b>		<b>83 261</b>	<b>51 009</b>	<b>2 196</b>	<b>136 466</b>	<b>(478)</b>	<b>135 988</b>
Revenue from external customers	16	83 261	50 999	1 728	135 988	-	135 988
Intra-group revenue		-	10	468	478	(478)	-
<b>Segment financial result</b>		<b>19 064</b>	<b>(1 059)</b>	<b>(778)</b>	<b>17 227</b>	<b>-</b>	<b>17 227</b>
Depreciation and amortisation	17	(5 840)	(4 320)	(982)	(11 142)	-	(11 142)
Impairment gain (loss) on financial assets		(1 599)	695	(142)	(1 046)	-	(1 046)
<b><u>Three months ended 30 September 2019</u></b>							
<b>Revenue</b>		<b>22 698</b>	<b>6 334</b>	<b>726</b>	<b>29 758</b>	<b>(235)</b>	<b>29 523</b>
Revenue from external customers	16	22 698	6 334	491	29 523	-	29 523
Intra-group revenue		-	-	235	235	(235)	-
<b>Segment financial result</b>		<b>747</b>	<b>(2 162)</b>	<b>(181)</b>	<b>(1 596)</b>	<b>-</b>	<b>(1 596)</b>
Depreciation and amortisation	17	(2 411)	(1 160)	(315)	(3 886)	-	(3 886)
Impairment gain on financial assets		249	20	53	322	-	322
<b><u>Three months ended 30 September 2018</u></b>							
<b>Revenue</b>		<b>22 672</b>	<b>5 110</b>	<b>714</b>	<b>28 496</b>	<b>(176)</b>	<b>28 320</b>
Revenue from external customers	16	22 672	5 110	538	28 320	-	28 320
Intra-group revenue		-	-	176	176	(176)	-
<b>Segment financial result</b>		<b>1 090</b>	<b>(2 251)</b>	<b>(309)</b>	<b>(1 470)</b>	<b>-</b>	<b>(1 470)</b>
Depreciation and amortisation	17	(2 387)	(987)	(326)	(3 700)	-	(3 700)
Impairment gain (loss) on financial assets		(481)	122	(62)	(421)	-	(421)

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

Reconciliation of the segment financial result to the profit before profit tax in the condensed interim consolidated statement of comprehensive income for the three and nine months ended 30 September 2019 and 30 September 2018 is provided as follows:

	<u>Notes</u>	<b>Three months ended</b>		<b>Nine months ended</b>	
		<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Segment result for reportable segments		(1 415)	(1 161)	12 945	18 005
Segment result for other segments		(181)	(309)	(535)	(778)
<b>Segment financial result</b>		<b>(1 596)</b>	<b>(1 470)</b>	<b>12 410</b>	<b>17 227</b>
Change in provisions	17	(88)	(69)	(258)	(245)
Net finance income	18	1 156	280	3 349	1 014
Share of loss of associates		-	(172)	(224)	(305)
Other items		319	6	522	37
<b>Profit (loss) before profit tax</b>		<b>(209)</b>	<b>(1 425)</b>	<b>15 799</b>	<b>17 728</b>

## 4.2 Core customers

The revenue presented within the heat energy segment includes the customer with the revenue exceeding 10% of the Group's revenue for the three and nine months ended 30 September 2019 and amounting to RUB 6 055 million and RUB 46 803 million (for the three and nine months ended 30 September 2018 the revenue of the same customer exceeded 10% of the Group's revenue and amounted to RUB 4 842 million and RUB 47 688 million, respectively).

The revenue presented within the electric energy segment includes two customers with the total revenue exceeding 10% of the Group's revenue for the three and nine months ended 30 September 2019 and amounting to RUB 16 809 million and RUB 63 783 million, respectively (for the nine months ended 30 September 2018 the total revenue of the same two customers exceeded 10% of the Group's revenue and amounted to RUB 12 273 million and RUB 48 618 million, respectively).

## 5 Cash and cash equivalents

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
Cash on hand and bank balances payable on demand	1 623	186
Deposits with original maturity of three months or less	24 067	16 034
<b>Total cash and cash equivalents</b>	<b>25 690</b>	<b>16 220</b>

## 6 Financial assets

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
<b>Financial assets measured subsequently at amortised cost</b>		
Deposits	13 300	10 400
<b>Total short-term financial assets</b>	<b>13 300</b>	<b>10 400</b>
<b>Financial assets at fair value through other comprehensive income:</b>		
Equity securities	3 773	1 490
<b>Total long-term financial assets</b>	<b>3 773</b>	<b>1 490</b>

As of 30 September 2019 financial assets measured at fair value through other comprehensive income mainly include investment in equity capital of LLC GAZEKS-Management in the amount of RUB 1485 million (as of 31 December 2018: RUB 1 485 million) with an ownership interest of 33.33%, as well as investment in the shares of PJSC OGGK-2 in the amount of RUB 2 283 million (as of 31 December 2018: nil) with an ownership interest of 3.89%.

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

With regard to equity investments in LLC GAZEKS-Management, the management estimated that the Group does not have a significant influence on LLC GAZEKS-Management based on the following factors:

- The Group does not have any representative in the LLC GAZEKS-Management Board of Directors and does not have a right to appoint them;
- The Group does not participate in LLC GAZEKS-Management policy-making decisions including participate in managerial decisions;
- The Group does not enter into significant transactions with LLC GAZEKS-Management, there is no interchange of managing personnel between the PJSC Mosenergo and LLC GAZEKS-Management and there is no sharing of technical information between the companies.

**7 Trade and other receivables**

	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Current assets</b>		
Trade receivables	35 658	45 836
Loans issued	826	2 167
Advances to suppliers and prepaid expenses	1 991	1 757
VAT recoverable	481	284
Tax prepayments other than income tax	1 147	237
Accounts receivable on investments	997	2 816
Accounts receivable on disposal of property, plant and equipment	1 943	2 210
Other receivables	1 975	1 583
	<b>45 018</b>	<b>56 890</b>
Allowance for impairment loss on financial and non-financial assets	(14 994)	(16 376)
<b>Total</b>	<b>30 024</b>	<b>40 514</b>
<b>Non-current assets</b>		
Trade receivables	-	33
Loans issued	10 915	10 489
Accounts receivable from sale of property, plant and equipment	976	1 465
Accounts receivable on investments	2 784	2 784
Other receivables	1 090	1 035
<b>Total</b>	<b>15 765</b>	<b>15 806</b>

Allowance for impairment loss on financial and non-financial assets includes allowance for impairment loss on trade receivables (as of 30 September 2019: RUB 13 827 million, as of 31 December 2018: RUB 15 245 million), other receivables (as of 30 September 2019: RUB 279 million; as of 31 December 2018: RUB 276 million) and advances paid to suppliers (as of 30 September 2019: RUB 888 million; as of 31 December 2018: RUB 855 million).

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**8 Inventories**

	<b>30 September 2019</b>	<b>31 December 2018</b>
Materials and supplies	15 951	13 928
Other inventories	196	121
	<b>16 147</b>	<b>14 049</b>
Allowance for inventory obsolescence	(234)	(234)
<b>Total</b>	<b>15 913</b>	<b>13 815</b>

The Group does not have pledged inventories.

**9 Other current and non-current assets**

	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Other current assets</b>		
Service contracts and other assets	2 016	2 049
Grid connection	633	633
<b>Total</b>	<b>2 649</b>	<b>2 682</b>
<b>Other non-current assets</b>		
Grid connection	6 175	6 649
Service contracts and other assets	2 866	4 302
<b>Total</b>	<b>9 041</b>	<b>10 951</b>

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**10 Property, plant and equipment**

	<b>ROUA</b>	<b>B&amp;C</b>	<b>M&amp;E</b>	<b>TN</b>	<b>Other</b>	<b>CIP</b>	<b>Total</b>
<b>Revalued amount</b>							
<b>Balance as of 1 January 2018</b>	-	<b>126 485</b>	<b>138 621</b>	<b>4 986</b>	<b>21 531</b>	<b>15 850</b>	<b>307 473</b>
Additions	-	154	16	-	122	4 640	4 932
Disposals	-	(28)	(686)	(7)	(33)	(53)	(807)
Transfers	-	1 439	2 435	63	732	(4 669)	-
Transfer from (to) other accounts	-	(65)	7	869	-	-	811
<b>Balance as of 30 September 2018</b>	-	<b>127 985</b>	<b>140 393</b>	<b>5 911</b>	<b>22 352</b>	<b>15 768</b>	<b>312 409</b>
<b>Balance as of 31 December 2018</b>	-	<b>128 547</b>	<b>142 888</b>	<b>5 897</b>	<b>23 783</b>	<b>18 292</b>	<b>319 407</b>
Reclassification	84	(84)	-	-	-	-	-
Initial recognition	5 375	-	-	-	-	-	5 375
<b>Balance as of 1 January 2019</b>	<b>5 459</b>	<b>128 463</b>	<b>142 888</b>	<b>5 897</b>	<b>23 783</b>	<b>18 292</b>	<b>324 782</b>
Additions	-	183	58	15	133	10 289	10 678
Disposals	-	(16)	(374)	(185)	(32)	(178)	(785)
Transfers	-	374	1 433	-	763	(2 570)	-
Transfer from (to) other accounts	-	14	(5)	-	-	-	9
<b>Balance as of 30 September 2019</b>	<b>5 459</b>	<b>129 018</b>	<b>144 000</b>	<b>5 727</b>	<b>24 647</b>	<b>25 833</b>	<b>334 684</b>
<b>Depreciation and impairment</b>							
<b>Balance as of 1 January 2018</b>	-	<b>(32 339)</b>	<b>(47 975)</b>	<b>(1 044)</b>	<b>(8 873)</b>	<b>(1 248)</b>	<b>(91 479)</b>
Depreciation charge	-	(3 567)	(5 725)	(460)	(1 216)	-	(10 968)
Transfers	-	(22)	(34)	(5)	(13)	74	-
Disposals	-	21	276	3	17	-	317
Transfer from (to) other accounts	-	8	(3)	-	-	-	5
<b>Balance as of 30 September 2018</b>	-	<b>(35 899)</b>	<b>(53 461)</b>	<b>(1 506)</b>	<b>(10 085)</b>	<b>(1 174)</b>	<b>(102 125)</b>
<b>Balance as of 31 December 2018</b>	-	<b>(39 120)</b>	<b>(57 152)</b>	<b>(2 031)</b>	<b>(10 701)</b>	<b>(712)</b>	<b>(109 716)</b>
Reclassification	(40)	40	-	-	-	-	-
<b>Balance as of 1 January 2019</b>	<b>(40)</b>	<b>(39 080)</b>	<b>(57 152)</b>	<b>(2 031)</b>	<b>(10 701)</b>	<b>(712)</b>	<b>(109 716)</b>
Reclassification	-	-	-	-	-	-	-
Depreciation charge	(352)	(3 382)	(6 010)	(451)	(1 230)	-	(11 425)
Transfers	-	(6)	(18)	-	(22)	46	-
Disposals	-	6	135	20	11	68	240
Transfer from (to) other accounts	-	(4)	2	-	-	-	(2)
<b>Balance as of 30 September 2019</b>	<b>(392)</b>	<b>(42 466)</b>	<b>(63 043)</b>	<b>(2 462)</b>	<b>(11 942)</b>	<b>(598)</b>	<b>(120 903)</b>
<b>Net book value</b>							
Balance as of 1 January 2018	-	<b>94 146</b>	<b>90 646</b>	<b>3 942</b>	<b>12 658</b>	<b>14 602</b>	<b>215 994</b>
Balance as of 30 September 2018	-	<b>92 086</b>	<b>86 932</b>	<b>4 405</b>	<b>12 267</b>	<b>14 594</b>	<b>210 284</b>
Balance as of 1 January 2019	<b>5 419</b>	<b>89 383</b>	<b>85 736</b>	<b>3 866</b>	<b>13 082</b>	<b>17 580</b>	<b>215 066</b>
Balance as of 30 September 2019	<b>5 067</b>	<b>86 552</b>	<b>80 957</b>	<b>3 265</b>	<b>12 705</b>	<b>25 235</b>	<b>213 781</b>
<b>Net book value of property, plant and equipment had no revaluation taken place</b>							
Balance as of 1 January 2018	-	<b>52 685</b>	<b>66 322</b>	<b>3 625</b>	<b>10 928</b>	<b>13 773</b>	<b>147 333</b>
Balance as of 30 September 2018	-	<b>52 814</b>	<b>66 056</b>	<b>3 760</b>	<b>10 878</b>	<b>12 478</b>	<b>145 986</b>
Balance as of 1 January 2019	<b>5 419</b>	<b>51 700</b>	<b>66 106</b>	<b>3 640</b>	<b>11 663</b>	<b>17 763</b>	<b>156 291</b>
Balance as of 30 September 2019	<b>5 067</b>	<b>50 261</b>	<b>62 586</b>	<b>3 145</b>	<b>11 406</b>	<b>25 009</b>	<b>157 474</b>

Abbreviations used in the headings of the table above are as follows: ROUA – right-of-use assets, B&C-buildings and constructions, M&E - machinery and equipment, TN - transmission networks, CIP - construction in progress.

Other property, plant and equipment include motor vehicles, land, office furniture and other equipment.

As of 30 September 2019 property, plant and equipment included right-of-use assets with carrying amount of RUB 5 067 million, related mainly to land and office buildings.

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

## 11 Borrowings

The note provides information about the contractual terms of the Group's borrowings, which are measured at amortised cost.

	September 2019	31 December 2018
<b>Short-term borrowings</b>		
Bank borrowings	1 131	1 277
Finance lease liability	-	2
Interest payable	30	16
<b>Total short-term borrowings</b>	<b>1 161</b>	<b>1 295</b>
<b>Long-term borrowings</b>		
Bank borrowings	2 723	3 691
Finance lease liability	-	195
<b>Total long-term borrowings</b>	<b>2 723</b>	<b>3 886</b>
<b>Total borrowings</b>	<b>3 884</b>	<b>5 181</b>

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

	Cur- rency	Nominal interest rate	Year of matu- rity	30 September 2019		31 December 2018	
				Face value	Carrying amount	Face value	Carrying amount
<b>Unsecured bank financing</b>							
BNP Paribas S.A.	Euro	EURIBOR 6M+2,00%	2022	3 959	3 854	5 112	4 968
				<b>3 959</b>	<b>3 854</b>	<b>5 112</b>	<b>4 968</b>
<b>Interest payable</b>				<b>30</b>	<b>30</b>	<b>16</b>	<b>16</b>
<b>Finance lease liability</b>				<b>-</b>	<b>-</b>	<b>197</b>	<b>197</b>
<b>Total</b>				<b>3 989</b>	<b>3 884</b>	<b>5 325</b>	<b>5 181</b>

## 12 Trade and other payables

	30 September 2019	31 December 2018
<b>Current liabilities</b>		
Trade payables	6 431	6 348
Advances received	693	756
Accounts payable for acquisition of property, plant and equipment	3 149	1 656
Lease liability	294	-
Dividends payable	19	6
Other payables	1 483	1 457
<b>Total</b>	<b>12 069</b>	<b>10 223</b>
<b>Non-current liabilities</b>		
Advances received	-	1
Accounts payable for acquisition of property, plant and equipment	985	285
Lease liability	5 085	-
<b>Total</b>	<b>6 070</b>	<b>286</b>

The total cash flow under lease agreements for the nine months ended 30 September 2019 was in the amount of RUB 643 million, of which RUB 434 million accounted for interest expenses and RUB 209 million to repay the principal amount of the debt.

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

### 13 Provisions

	Income tax	Property tax	Litigations and claims	Total
<b>Balance as of 1 January 2018</b>	<b>1 407</b>	<b>1 664</b>	<b>7</b>	<b>3 078</b>
Accrued during the period	-	252	-	252
Released during the period	-	-	(7)	(7)
<b>Balance as of 30 September 2018</b>	<b>1 407</b>	<b>1 916</b>	<b>-</b>	<b>3 323</b>
<b>Balance as of 1 January 2019</b>	<b>1 631</b>	<b>1 944</b>	<b>1</b>	<b>3 576</b>
Accrued during the period	-	258	-	258
Used during the period	-	-	(1)	(1)
<b>Balance as of 30 September 2019</b>	<b>1 631</b>	<b>2 202</b>	<b>0</b>	<b>3 833</b>

### 14 Profit tax

#### 14.1 Profit tax expense

	2019	2018
<b>Nine months ended 30 September</b>		
Current profit tax expense	(3 469)	(4 043)
Adjustments to current profit tax of previous periods	(195)	-
Deffered profit tax income	489	360
<b>Profit tax expense</b>	<b>(3 175)</b>	<b>(3 683)</b>
<b>Three months ended 30 September</b>		
Current profit tax expense	(383)	(370)
Deffered profit tax income	486	593
<b>Profit tax benefit</b>	<b>103</b>	<b>223</b>

Differences between the recognition criteria in the Russian Federation statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. The tax effect of the movement on these temporary differences is recorded at the applicable statutory rates in the Russian Federation.

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**14.2 Tax effects of taxable and deductible temporary differences**

Tax effects of taxable and deductible temporary differences for the three and nine months ended 30 September 2019 and 30 September 2018 are as follows:

	<b>Opening balance</b>	<b>Effect of new standards</b>	<b>Recog- nised in P/L<sup>1)</sup></b>	<b>Recog- nised in OCI<sup>2)</sup></b>	<b>Closing balance</b>
<b>Nine months ended 30 September 2019</b>					
Property, plant and equipment	(27 243)	(1 052)	523	340	(27 432)
Investment property	(146)	-	(10)	-	(156)
Long-term financial assets	353	-	-	(29)	324
Trade and other receivables	(251)	-	(259)	-	(510)
Assets held for sale	33	-	4	-	37
Trade and other payables	144	1 052	(137)	-	1 059
Employee benefit liabilities	59	-	-	-	59
Tax losses carried forward	145	-	11	-	156
Provisions	658	-	1	-	659
Borrowings	11	-	(32)	-	(21)
Other assets	(2 714)	-	388	-	(2 326)
<b>Total</b>	<b>(28 951)</b>	<b>-</b>	<b>489</b>	<b>311</b>	<b>(28 151)</b>
<b>Nine months ended 30 September 2018</b>					
Property, plant and equipment	(28 070)	-	79	-	(27 991)
Investment property	(257)	-	122	-	(135)
Long-term financial assets	20	333	-	-	353
Trade and other receivables	(401)	176	(265)	-	(490)
Assets held for sale	43	-	(7)	-	36
Trade and other payables	119	-	691	-	810
Employee benefit liabilities	70	-	2	-	72
Tax losses carried forward	135	-	25	-	160
Provisions	631	-	(1)	-	630
Borrowings	(30)	-	15	-	(15)
Other assets	(2 070)	-	(301)	-	(2 371)
<b>Total</b>	<b>(29 810)</b>	<b>509</b>	<b>360</b>	<b>-</b>	<b>(28 941)</b>

<sup>1)</sup>P/L – profit or loss.

## **15 Equity**

### **15.1 Share capital and share premium**

As of 30 September 2019 and 31 December 2018 the declared share capital comprised 39 749 359 700 ordinary shares of RUB 1 par value each. All issued ordinary shares are fully paid.

The share capital includes the translation of the condensed interim consolidated financial statements to bring it equal to the purchasing power of the Russian Ruble as of 31 December 2002 in accordance with IAS 29 Accounting in Hyperinflationary Economies.

The holders of ordinary shares are entitled to receive dividends as declared in due time and are entitled to one vote per share at meetings of Shareholders of the PJSC Mosenergo. In respect of the PJSC Mosenergo's shares that are held by the Group (Note 15.2), all rights are suspended until those shares are reissued.

Share premium amounted to RUB 48 661 million represents excess of the cash proceeds from the issue of share capital over its par value net of the transaction costs amounted to RUB 7 million. In addition, a negative result from the subsequent sale of treasury shares in the amount of RUB 552 million was recognised as share premium.

### **15.2 Treasury shares**

Treasury shares as of 30 September 2019 are realized completely (as of 31 December 2018: RUB 871 million).

### **15.3 Dividends**

On 13 September 2019 the Annual General Shareholders' Meeting of the PJSC Mosenergo 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 0,21004 per share, total amount of dividends is RUB 8 320 million. The amount of unclaimed dividends for the result of financial years 2013 to 2014 is RUB 2 million.

On 31 May 2018 the Annual General Shareholders' Meeting of the PJSC Mosenergo made the decision to pay dividends for the results of Group's activity for 2017. The amount of declared dividends on the issuer shares was RUB 0,16595 per share, total amount of dividends is RUB 6 573 million. The amount of unclaimed dividends for the result of financial years 2012 to 2013 is RUB 7 million.

### **15.4 Revaluation reserve**

As of 30 September 2019 in the line "Revaluation reserve" there were disclosed revaluation reserve for property, plant and equipment in the amount of RUB 104 229 million (as of 31 December 2018: RUB 104 276 million).

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

## 16 Revenue

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Electric energy	22 698	22 672	82 178	83 261
Heat energy	6 334	5 110	49 573	50 999
Other revenue	491	538	1 627	1 728
<b>Total</b>	<b>29 523</b>	<b>28 320</b>	<b>133 378</b>	<b>135 988</b>

Other revenue was primarily received from rental services, feed water sales and maintenance services.

## 17 Operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
<b>Materials</b>				
Fuel	17 901	15 896	80 489	77 200
Purchased electricity and capacity	1 884	1 854	7 647	7 049
Other materials	595	586	1 622	1 550
	<b>20 380</b>	<b>18 336</b>	<b>89 758</b>	<b>85 799</b>
<b>Services</b>				
Heat transmission	21	17	351	497
Electricity market administration fees	391	374	1 156	1 106
Rent	14	259	53	774
Security and fire safety	241	226	718	686
Grid connection	159	158	475	475
Information and consulting services	21	19	72	70
Transportation services	130	106	372	280
Cleaning services	100	81	294	283
Agency fee	41	40	125	120
Insurance expenses excluding medical insurance	54	52	159	156
Software and maintenance	137	22	289	68
Other professional services	227	438	669	1 086
	<b>1 536</b>	<b>1 792</b>	<b>4 733</b>	<b>5 601</b>
<b>Depreciation and amortisation</b>	3 888	3 699	11 607	11 142
<b>Staff costs</b>	2 588	2 677	8 514	8 266
<b>Maintenance and repairs expenses</b>	2 551	2 237	5 956	5 277
<b>Taxes other than profit tax</b>	512	604	607	1 628
<b>Other expenses (income) on ordinary activities</b>	(10)	24	(11)	3
<b>Total production, selling and administration expenses</b>	<b>31 445</b>	<b>29 369</b>	<b>121 164</b>	<b>117 716</b>
<b>Impairment loss on non-financial assets</b>	12	-	48	-
<b>Change in provisions</b>	88	69	258	245
<b>Other operating expenses (income)</b>				
(Gain) loss on disposal of property, plant and equipment	(88)	30	112	442
Income on fines and penalties	(30)	(49)	(189)	(488)
Other operating loss (income)	(218)	13	(498)	8
<b>Total other operating income</b>	<b>(336)</b>	<b>(6)</b>	<b>(575)</b>	<b>(38)</b>
<b>Total operating expenses</b>	<b>31 209</b>	<b>29 432</b>	<b>120 895</b>	<b>117 923</b>

Electricity market administration fees include payments to JSC TSA and JSC FSC for arrangement of settlements between parties on electricity market and payments to JSC SO UES for regulation of generating assets operation of the Group.

For the nine months ended 30 September 2019 the average number of employees of the Group was 8 529 (for the nine months ended 30 September 2018: 8 356).

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**18 Finance income and expense**

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
<b>Finance income</b>				
Interest income on bank deposits	641	463	1 730	1 285
Interest income on loans issued	349	336	1 063	1 148
Foreign exchange gain	271	521	777	1 083
Other interest income	281	74	574	301
<b>Total finance income</b>	<b>1 542</b>	<b>1 394</b>	<b>4 144</b>	<b>3 817</b>
<b>Finance expense</b>				
Foreign exchange loss	(201)	(1 023)	(241)	(2 278)
Interest expense on borrowings	(18)	(56)	(58)	(419)
Lease interest expense	(143)	(4)	(434)	(12)
Other interest expense	(24)	(31)	(62)	(94)
<b>Total finance expense</b>	<b>(386)</b>	<b>(1 114)</b>	<b>(795)</b>	<b>(2 803)</b>
<b>Total net finance income</b>	<b>1 156</b>	<b>280</b>	<b>3 349</b>	<b>1 014</b>

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**19 Basic and diluted earnings per share, attributable to PJSC Mosenergo**

Earnings per share attributable to owners of PJSC Mosenergo have been calculated by dividing the profit for the period, attributable to the owners of PJSC Mosenergo by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (Note 15.2). The calculation of basic and diluted earnings per share is presented in the table below.

	<b>2019</b>	<b>2018</b>
<b><u>Nine months ended 30 September</u></b>		
Issued shares (thousand of pieces)	39 749 360	39 749 360
Effect of treasury shares (thousand of pieces)	(140 229)	(140 229)
Weighted average number of ordinary shares (thousand of pieces)	<b>39 627 109</b>	<b>39 609 131</b>
Profit attributable to the owners of PJSC Mosenergo (in RUB mln)	12 624	14 045
Profit per ordinary share (basic and diluted) (in Russian Rubles)	<b>0,32</b>	<b>0,35</b>
<b><u>Three months ended 30 September</u></b>		
Issued shares (thousand of pieces)	39 749 360	39 749 360
Effect of treasury shares (thousand of pieces)	(140 229)	(140 229)
Weighted average number of ordinary shares (thousand of pieces)	<b>39 662 479</b>	<b>39 609 131</b>
Profit attributable to the owners of PJSC Mosenergo (in RUB mln)	(106)	(1 202)
Profit per ordinary share (basic and diluted) (in Russian Rubles)	<b>(0,003)</b>	<b>(0,030)</b>

There are no dilutive financial instruments outstanding in the Group.

**20 Subsidiaries**

PJSC Mosenergo and its following subsidiaries form the Mosenergo Group:

		<b>Percentage of ownership</b>	
<b>Nature of business</b>		<b>30 September 2019</b>	<b>31 December 2018</b>
LLC Centralny remontno-mekhanicheskiy zavod	Repair and reconstruction services	100,00%	100,00%
LLC Mosenergoproject	Electrical engineering	100,00%	100,00%
LLC Remontproject	Electrical engineering	99,00%	99,00%

No preference shares are held by the Group.

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

## 21 Related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions during the three and nine months ended 30 September 2019 and 30 September 2018, or had significant balances outstanding as of 30 September 2019 and as of 31 December 2018 are detailed below.

### 21.1 Transactions with Gazprom Group and its associates

The Group's transactions and balances outstanding with Gazprom Group and its associates are detailed below:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
<b>Revenue</b>	<b>7 464</b>	<b>6 548</b>	<b>51 809</b>	<b>53 320</b>
Heat energy	6 109	4 935	47 206	48 138
Electric energy	1 009	989	3 392	3 855
Other revenue	346	624	1 211	1 327
<b>Operating expenses</b>	<b>(5 948)</b>	<b>(5 106)</b>	<b>(51 067)</b>	<b>(49 381)</b>
Fuel	(4 296)	(3 431)	(46 142)	(44 322)
Maintenance and repair expenses	(1 202)	(1 070)	(2 938)	(2 587)
Heat transmission	(21)	(16)	(330)	(471)
Purchased electricity and capacity	(44)	(39)	(500)	(473)
Rent	(1)	(85)	(1)	(242)
Transportation services	(81)	(85)	(242)	(223)
Cleaning services	(76)	(51)	(223)	(209)
Insurance expenses excluding medical insurance	(54)	(53)	(159)	(156)
Medical insurance included in staff costs	(51)	(50)	(152)	(150)
Agency fee	(41)	(39)	(125)	(120)
Security and fire safety	(30)	(5)	(84)	(83)
Other professional services	(118)	(201)	(322)	(436)
Other operating income	67	19	151	91
<b>Impairment gain on financial assets</b>	<b>54</b>	<b>80</b>	<b>146</b>	<b>254</b>
<b>Finance income and expense</b>	<b>577</b>	<b>401</b>	<b>1 233</b>	<b>1 432</b>
Finance income	624	433	1 384	1 473
Finance expense	(47)	(32)	(151)	(41)
<b>Purchase of assets</b>	<b>5 118</b>	<b>1 027</b>	<b>7 704</b>	<b>3 474</b>
Purchase of property, plant and equipment	4 210	961	6 729	2 228
Purchase of other assets	908	66	975	1 246

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Outstanding balances</b>		
Cash and cash equivalents	552	21
Trade and other receivables	32 477	43 296
Allowance for impairment on receivables	(422)	(568)
Advances for assets under construction	2 689	3 743
<b>Total assets</b>	<b>35 296</b>	<b>46 492</b>
Short-term borrowings	-	(2)
Long-term borrowings	-	(195)
Trade and other payables	(6 841)	(4 625)
<b>Total liabilities</b>	<b>(6 841)</b>	<b>(4 822)</b>

As of 30 September 2019 Gazprom Group and its associates entered into contracts for the construction and acquisition of property, plant and equipment in the amount of RUB 5 152 million (31 December 2018: RUB 4 316 million).

## 21.2 Transactions with associates

The Group's transactions and balances outstanding with associates are detailed below:

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>	<b>127</b>	<b>119</b>	<b>1 051</b>	<b>1 141</b>
Heat energy	119	103	1 013	1 092
Other revenue	8	16	38	49
<b>Operating expenses</b>	<b>(1)</b>	<b>-</b>	<b>(13)</b>	<b>(16)</b>
Heat transmission	(1)	-	(13)	(16)
<b>Impairment gain on financial assets</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>198</b>
<b>Finance income</b>	<b>32</b>	<b>9</b>	<b>100</b>	<b>26</b>
Finance income	32	9	100	26
			<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Outstanding balances</b>				
Trade and other receivables			4 476	3 503
Allowance for impairment loss on receivables			(649)	(650)
<b>Total assets</b>			<b>3 827</b>	<b>2 853</b>

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**21.3 Transactions with key management and managing organisation**

Key management personnel (the members of the Board of Directors and Management Committee) received the following remuneration, which is included in staff costs:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Wages and salaries	(40)	(43)	(61)	(57)
Social taxes and contributions	(7)	(8)	(11)	(10)
<b>Total</b>	<b>(47)</b>	<b>(51)</b>	<b>(72)</b>	<b>(67)</b>

There are no outstanding balances as of 30 September 2019 and as of 31 December 2018 for transactions with key management.

Remuneration to managing organisation LLC Gazprom energoholding for the three and nine months ended 30 September 2019 was in the amount of RUB 32 million and RUB 103 million respectively (for the three and nine months ended 30 September 2018: RUB 32 million and RUB 99 million).

**21.4 Transactions with other state-controlled entities**

Information below excludes transactions and outstanding balances with Gazprom Group and its associates as disclosed in Note 21.1.

The Group's transactions and balances outstanding with other state-controlled entities are detailed below:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
<b>Revenue</b>	<b>5 129</b>	<b>4 741</b>	<b>18 547</b>	<b>16 956</b>
Electric energy	4 988	4 620	17 616	15 866
Heat energy	68	48	722	873
Other revenue	73	73	209	217
<b>Operating expenses</b>	<b>(842)</b>	<b>(1 055)</b>	<b>(2 643)</b>	<b>(3 081)</b>
Electricity market administration fees	(386)	(369)	(1 138)	(1 089)
Other materials	(309)	(354)	(900)	(911)
Rent	(9)	(168)	(27)	(501)
Security and fire safety	(124)	(116)	(371)	(352)
Fuel	(7)	(7)	(66)	(73)
Purchased electricity and capacity	(19)	(3)	(79)	(66)
Other professional services	(37)	(43)	(123)	(132)
Other operating income	49	5	61	43
<b>Impairment gain (loss) on financial assets</b>	<b>96</b>	<b>(188)</b>	<b>378</b>	<b>(951)</b>
<b>Finance income and expense</b>	<b>71</b>	<b>391</b>	<b>506</b>	<b>858</b>
Finance income	163	391	785	1 102
Finance expense	(92)	-	(279)	(244)

	30 September 2019	31 December 2018
<b>Outstanding balances</b>		
Cash and cash equivalents	17 749	7 412
Trade and other receivables	14 351	12 195
Allowance for impairment loss on receivables	(10 703)	(9 993)
Advances for assets under construction	5	5
<b>Total assets</b>	<b>21 402</b>	<b>9 619</b>
Trade and other payables	(4 736)	(920)
<b>Total liabilities</b>	<b>(4 736)</b>	<b>(920)</b>

**PJSC MOSENERGO**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED) 30 SEPTEMBER 2019**  
**(in millions of Russian Rubles)**

**21.5 Transactions with JSC FSC**

Some of the transactions on the wholesale electricity and capacity market OREM are conducted through commission agreements with JSC FSC. Current financial system of JSC FSC does not provide the final counterparty with automated information about transactions and outstanding balances with the ultimate consumers. State-controlled entities and Gazprom Group and its associates may also act as counterparties.

The Group's transactions and balances outstanding with JSC FSC are detailed below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
<b>Revenue</b>	<b>13 663</b>	<b>12 273</b>	<b>52 189</b>	<b>44 346</b>
Electric energy	13 663	12 273	52 189	44 346
<b>Expenses</b>	<b>(1 806)</b>	<b>(1 807)</b>	<b>(7 031)</b>	<b>(6 466)</b>
Purchased electricity and capacity	(1 806)	(1 807)	(7 031)	(6 466)

	30 September 2019	31 December 2018
<b>Outstanding balances</b>		
Trade and other receivables	1 924	3 063
Allowance for impairment loss on receivables	(3)	-
<b>Total assets</b>	<b>1 921</b>	<b>3 063</b>
Trade and other payables	(292)	(451)
<b>Total liabilities</b>	<b>(292)</b>	<b>(451)</b>

**22 Commitments and contingencies**

**22.1 Capital commitments**

As of 30 September 2019 the Group was involved in a number of contracts for construction and purchase of property, plant and equipment for RUB 7 988 million excluding VAT (31 December 2018: RUB 6 125 million).

**22.2 Taxation**

The Russian Federation tax legislation is subject to varying interpretation and changes, which can occur frequently. The management's interpretation of legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise.

### **23 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.

#### *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 and are not disclosed, because their fair value is slightly different from their present value.

There was no change in the fair value measurement methods attributed to Level 2 and Level 3 for the nine months ended 30 September 2019 (31 December 2018: there was no change). There were no transfers between levels for the nine months ended 30 September 2018 (30 September 2018: there were no transfers).

As of 30 September 2019 and 31 December 2018 the Group had the following assets that are measured at fair value:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Balance as of 30 September 2019</b>				
Financial assets at fair value through other comprehensive income (Note 6)	-	-	3 773	3 773
<b>Balance as of 31 December 2018</b>				
Financial assets at fair value through other comprehensive income (Note 6)	-	-	1 490	1 490