

Globaltrans Investment PLC

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

for the six months ended 30 June 2020

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Condensed consolidated interim financial information (unaudited) for the six months ended
30 June 2020

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Condensed consolidated interim income statement

for the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020	2019
		RUB'000 Unaudited	RUB'000 Unaudited
Revenue	11	35,414,434	47,244,631
Cost of sales	12	(23,453,524)	(28,670,039)
Gross profit		11,960,910	18,574,592
Selling and marketing costs	12	(85,237)	(101,238)
Administrative expenses	12	(1,415,775)	(1,770,778)
Other income		149,435	66,986
Other losses – net		(132,720)	(48,820)
Operating profit		10,476,613	16,720,742
Finance income	14	175,383	328,994
Finance costs	14	(1,307,745)	(1,216,940)
Net foreign exchange transaction gains/(losses) on financing activities	14	53,663	(276,465)
Finance costs – net		(1,078,699)	(1,164,411)
Profit before income tax		9,397,914	15,556,331
Income tax expense	22	(2,347,935)	(3,562,944)
Profit for the period		7,049,979	11,993,387
<i>Profit attributable to:</i>			
Owners of the Company		6,297,653	11,089,220
Non-controlling interests		752,326	904,167
		7,049,979	11,993,387

Weighted average number of ordinary shares in issue (thousand)	23	178,741	178,741
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RUB per share) ⁽¹⁾	23	35.23	62.04

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

The notes on pages 7 to 24 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income

for the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RUB'000 Unaudited	RUB'000 Unaudited
Profit for the period	7,049,979	11,993,387
<i>Other comprehensive income:</i>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	900,808	(734,081)
Losses on cash flow hedging instrument	(578,507)	-
Reclassification adjustment to the income statement	578,507	-
Total items that may be reclassified subsequently to profit or loss	900,808	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences attributable to non-controlling interest	476,284	(368,853)
Other comprehensive income for the period, net of tax	1,377,092	(1,102,934)
Total comprehensive income for the period	8,427,071	10,890,453
<i>Total comprehensive income for the period attributable to:</i>		
- owners of the Company	7,198,461	10,355,139
- non-controlling interests	1,228,610	535,314
	8,427,071	10,890,453

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

The notes on pages 7 to 24 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim balance sheet


at 30 June 2020

	Note	30-Jun-2020 RUB'000 Unaudited	31-Dec-2019 RUB'000 Audited
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	15	83,140,929	80,532,645
Right-of-use assets	16	1,127,794	1,410,448
Intangible assets	10	2,435	61,316
Other assets	18	472,548	336,416
Trade receivables	17(a)	224,580	197,284
Loans and other receivables	17(b)	8,403	10,374
Total non-current assets		84,976,689	82,548,483
<i>Current assets</i>			
Inventories		1,455,905	1,722,781
Other assets	18	2,983,491	5,190,504
Loans and other receivables	17(b)	205,749	37,645
Trade receivables	17(a)	3,349,251	3,012,282
Current income tax assets		654,075	501,087
Cash and cash equivalents		4,256,648	6,521,543
		12,905,119	16,985,842
Assets classified as held for sale		40,224	40,224
Total current assets		12,945,343	17,026,066
TOTAL ASSETS		97,922,032	99,574,549
EQUITY AND LIABILITIES			
<i>Equity attributable to the owners of the Company</i>			
Share capital	25	516,957	516,957
Share premium	25	27,929,478	27,929,478
Common control transaction reserve		(10,429,876)	(10,429,876)
Translation reserve		4,293,483	3,392,675
Capital contribution		2,694,851	2,694,851
Retained earnings		24,752,013	26,774,750
Total equity attributable to the owners of the Company		49,756,906	50,878,835
Non-controlling interests		6,022,970	5,647,230
TOTAL EQUITY		55,779,876	56,526,065
<i>Non-current liabilities</i>			
Borrowings	20	21,052,800	22,294,914
Other lease liabilities	21	889,759	881,706
Trade and other payables	19	-	90,742
Contract liabilities	11	9,724	11,191
Deferred tax liabilities		8,308,982	7,592,182
Total non-current liabilities		30,261,265	30,870,735
<i>Current liabilities</i>			
Borrowings	20	8,815,892	7,800,304
Other lease liabilities	21	552,290	649,177
Trade and other payables	19	1,761,128	2,355,872
Contract liabilities	11	689,505	1,244,702
Current tax liabilities		62,076	127,694
Total current liabilities		11,880,891	12,177,749
TOTAL LIABILITIES		42,142,156	43,048,484
TOTAL EQUITY AND LIABILITIES		97,922,032	99,574,549

By order of the Board


Sergey Tolmachev, Director

Limassol, 31 August 2020


Konstantin Shirokov, Director

The notes on pages 7 to 24 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity

for the six months ended 30 June 2020

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

The notes on pages 7 to 24 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity

for the six months ended 30 June 2020

Attributable to the owners of the Company											
	Note	Share capital RUB'000	Share premium RUB'000	Common control transaction reserve RUB'000	Translation reserve RUB'000	Cash flow hedge reserve RUB'000	Capital contribution RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total RUB'000
Balance at 1 January 2020		516,957	27,929,478	(10,429,876)	3,392,675	-	2,694,851	26,774,750	50,878,835	5,647,230	56,526,065
<i>Comprehensive income</i>											
Profit for the period		-	-	-	-	-	-	6,297,653	6,297,653	752,326	7,049,979
<i>Other comprehensive income</i>											
Currency translation differences		-	-	-	900,808	-	-	-	900,800	476,284	1,377,092
Losses on cash flow hedging instrument	3	-	-	-	-	(578,507)	-	-	(578,507)	-	(578,507)
Reclassification adjustment to income statement	3	-	-	-	-	578,507	-	-	578,507	-	578,507
Total comprehensive income for the period ended 30 June 2020		-	-	-	900,808	-	-	6,297,653	7,198,461	1,228,610	8,427,071
<i>Transactions with owners</i>											
Dividends to owners of the Company	24	-	-	-	-	-	-	(8,320,390)	(8,320,390)	-	(8,320,390)
Dividends to non-controlling interests	24	-	-	-	-	-	-	-	-	(852,870)	(852,870)
Total transactions with owners		-	-	-	-	-	-	(8,320,390)	(8,320,390)	(852,870)	(9,173,260)
Balance at 30 June 2020 (unaudited)		516,957	27,929,478	(10,429,876)	4,293,483	-	2,694,851	24,752,013	49,756,906	6,022,970	55,779,876

The notes on pages 7 to 24 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim cash flow statement

for the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RUB'000 Unaudited	2019 RUB'000 Unaudited
<i>Cash flows from operating activities</i>			
Profit before tax		9,397,914	15,556,331
Adjustments for:			
Depreciation of property, plant and equipment	12	3,324,685	2,753,911
Depreciation of right-of-use assets	12	367,968	134,938
Amortisation of intangible assets	12	58,881	348,353
Net loss on sale of property, plant and equipment	12	4,868	6,287
Loss on derecognition arising on capital repairs	12	290,303	189,135
Interest income	14	(175,383)	(328,994)
Interest expense and other finance costs	14	1,307,745	1,216,940
Foreign exchange losses on financing activities	14	(53,663)	276,465
Other losses		9,551	6,728
		14,532,869	20,160,094
<i>Changes in working capital:</i>			
Inventories		(53,318)	55,122
Trade receivables		(369,536)	(174,401)
Other assets		1,046,664	309,348
Other receivables		(185,343)	(20,243)
Trade and other payables		(623,293)	(298,532)
Contract liabilities		(556,664)	(607,115)
Cash generated from operations		13,791,479	19,424,273
Tax paid		(1,848,011)	(3,154,581)
Net cash from operating activities		11,943,468	16,269,692
<i>Cash flows from investing activities</i>			
Purchases of property, plant and equipment		(3,337,664)	(7,065,346)
Proceeds from disposal of property, plant and equipment		13,743	26,903
Loan repayments received from third parties		-	2,776
Interest received		172,919	322,072
Receipts from finance lease receivable		27,296	50,881
Net cash used in investing activities		(3,123,706)	(6,662,714)
<i>Cash flows from financing activities</i>			
Proceeds from bank borrowings		12,775,000	4,426,000
Proceeds from issue of non-convertible unsecured bonds		-	5,000,000
Repayments of borrowings		(11,241,693)	(5,728,459)
Principal elements of lease payments for leases with financial institutions		(1,715,794)	(244,245)
Principal elements of lease payments for other lease liabilities		(348,694)	(101,597)
Interest paid on bank borrowings and non-convertible unsecured bonds		(1,181,481)	(862,910)
Interest paid on leases with financial institutions		(80,813)	(88,444)
Interest paid on other lease liabilities		(68,047)	(44,397)
Dividends paid to non-controlling interests in subsidiaries	24	(772,645)	(680,000)
Dividends paid to owners of the Company	24	(8,320,390)	(8,311,453)
Payments from non-controlling interests for share capital increase of subsidiary		-	200,060
Payments to non-controlling interests		(166,183)	(305,473)
Net cash used in financing activities		(11,120,740)	(6,740,918)
Net (decrease)/increase in cash and cash equivalents		(2,300,978)	2,866,060
Effect of exchange rate changes on cash and cash equivalents		36,083	(258,703)
Cash and cash equivalents at beginning of period		6,521,543	7,129,918
Cash and cash equivalents at end of period		4,256,648	9,737,275

The notes on pages 7 to 24 are an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information

1. GENERAL INFORMATION

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

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

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

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

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

This condensed consolidated interim financial information was approved by the Board of Directors of the Company on 28 August 2020, who authorized the Directors to sign on 31 August 2020.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, the condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2019, as described in those annual consolidated financial statements, and those of the corresponding interim reporting period, with the exception of the estimation of taxes, the adoption of new and amended standards and the new accounting policy for the hedging activities of the Group in the six-month period ended 30 June 2020, as set out below:

(a) Taxes

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

(b) Hedging activities

The Group's accounting policy for foreign currency translation, as set out in the annual consolidated financial statements for the year ended 31 December 2019, has been amended to include accounting for qualifying cash flow hedges.

The Group is exposed to foreign exchange risk arising from dividends declared in Russian Roubles and paid in US Dollar. The Group uses foreign currency cash deposits denominated in US Dollars to hedge this foreign exchange risk exposure.

In particular, the US Dollar denominated cash deposits are designated by the Group as hedging instruments in hedging the foreign exchange risk associated with the highly probable dividend payment and the resulting payable. At inception of the hedge relationship, the Group documents, amongst others, the economic relationship between the hedging instrument and hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

As a result of the application of hedge accounting, the foreign exchange difference on the hedging instrument is recognised in other comprehensive income in the "Cash flow hedge reserve" within equity. Amounts recognised in equity are reclassified to the condensed consolidated interim income statement, within "Finance income and costs", in the same period or periods during which the hedged item impacts the consolidated income statement, being once foreign exchange differences are recognised on the hedged item.

Accordingly, in the condensed consolidated interim cash flow statement "Dividends paid to owners of the Company" are disclosed net-off foreign exchange differences on the relevant cash deposits (ie at the amounts declared); and the "Effect of exchange rate changes on cash and cash equivalents" does not include the impact from the relevant cash deposits used for hedging. In the condensed consolidated interim income statement the amounts included in "Finance income and costs" (Note 14) within "Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets" and "Net foreign exchange transaction (losses)/gains on borrowings and other liabilities" are disclosed after application of hedge accounting (ie excluding the foreign currency gains/losses arising for the hedging).

4. ADOPTION OF NEW AND AMENDED STANDARDS

(a) New and amended standards and interpretations adopted by the Group

A number of new or amended standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2019, became effective for the Group from 1 January 2020 and were adopted by the Group. This adoption did not have a material effect on the accounting policies of the Group and, therefore, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) New and amendment standards and interpretations not yet adopted by the Group

Since the Company published its annual consolidated financial statements for the year ended 31 December 2019, no new standards, amendments to existing standards or interpretations were issued that are effective for annual periods after 1 January 2020 and could have a material impact on the accounting policies of the Group.

5. ESTIMATES AND JUDGEMENTS

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

In preparing this condensed consolidated interim financial information, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

Revenue recognition

As discussed in the consolidated financial statements for the year ended 31 December 2019, critical judgement is required in determining the number of performance obligations in the Group's operator's services contracts and whether the Group is acting as a principal or as an agent in certain arrangements for operators' services. There were no changes in the terms of these arrangements during the six-month period to 30 June 2020. Had OAO "Russian Railways" tariff directly attributable to such services been excluded from revenues and cost of sales for the six months ended 30 June 2020 both would have decreased by RUB 5,279,945 thousand (for six months ended 30 June 2019: RUB 11,211,418 thousand).

6. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; it should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2019. There have been no changes in the Group's risk management policies since the year end, with the exception of application of hedge accounting to hedge foreign currency risk associated with highly probable dividend payments until their settlement, as discussed in Note 3.

The impact of application of hedge accounting has been to disclose in the condensed consolidated condensed interim cash flow statement "Dividends paid to owners of the Company" net-off RUB 578,507 thousand foreign exchange losses and the "Effect of exchange rate changes on cash and cash equivalents" does not include the equivalent impact from the relevant cash deposits used for hedging. Furthermore, in the condensed consolidated interim income statement the amounts included in "Finance income and costs" within "Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets" and "Net foreign exchange transaction (losses)/gains on borrowings and other liabilities" are disclosed after application of hedge accounting (ie excluding the foreign currency gains/losses arising for the hedging of RUB 578,507 thousand).

Liquidity risk

Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long-term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures. As at 30 June 2020, Group's current assets exceeded its current liabilities by RUB 1,064,452 thousand (31 December 2019: RUB 4,848,317 thousand).

Fair value of financial assets and liabilities measured at amortised cost

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

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

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

	Carrying values		Fair values	
	As at 30-Jun-2020 RUB'000	As at 31-Dec-2019 RUB'000	As at 30-Jun-2020 RUB'000	As at 31-Dec-2019 RUB'000
Bank borrowings	19,587,931	17,973,707	19,692,265	16,536,507
Non-convertible unsecured bonds	10,280,761	10,279,017	10,574,000	10,317,500
Loans from third parties	-	120,355	-	125,833
	29,868,692	28,373,079	30,266,265	26,979,840

The fair value as at 30 June 2020 and 31 December 2019 of fixed interest rate bank borrowings with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted using the rate of similar Russian Rouble denominated instruments entered into by the Group close to the reporting dates. The discount rate used was 6.5% p.a. (31 December 2019: 7.5% p.a.). The fair value measurement of the bank borrowings is within level 2 (31 December 2019: level 2) of the fair value hierarchy.

The fair value as at 30 June 2020 and 31 December 2019 of the fixed interest rate non-convertible bonds was equal to their quoted price and the resulting fair value measurement is within level 1.

The fair value of the following financial assets and liabilities as at 30 June 2020 and 31 December 2019 approximates their carrying amount:

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

7. SEGMENT INFORMATION

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

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

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

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

The Group does not have transactions between different business segments.

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Six months ended 30 June 2020</i>				
Total revenue – operator's services	20,380,568	12,415,475	405,403	33,201,446
Total revenue – operating lease	19,339	835,852	49,599	904,790
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	20,399,907	13,251,327	455,002	34,106,236
less Services provided by other transportation organisations	(1,225,852)	(1,724)	(10,742)	(1,238,318)
less Infrastructure and locomotive tariffs: loaded trips	(2,367,708)	(2,692,060)	(220,177)	(5,279,945)
Adjusted revenue for reportable segments	16,806,347	10,557,543	224,083	27,587,973

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Six months ended 30 June 2019</i>				
Total revenue – operator's services	31,415,309	13,355,546	619,250	45,390,105
Total revenue – operating lease	75,526	762,349	20,951	858,826
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	31,490,835	14,117,895	640,201	46,248,931
less Services provided by other transportation organisations	(1,659,957)	(710)	(2,243)	(1,662,910)
less Infrastructure and locomotive tariffs: loaded trips	(7,423,621)	(3,498,877)	(288,920)	(11,211,418)
Adjusted revenue for reportable segments	22,407,257	10,618,308	349,038	33,374,603

Adjusted revenue for reportable segments decreased by RUB 5,786,630 thousand during the six-month period ended 30 June 2020 as compared to the corresponding period in 2019 reflecting mainly the decrease in Average Price per Trip due to the continued weak pricing in the gondola segment which is partially compensated by relatively stable pricing in the tank cars segment.

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Additions to non-current assets (included in reportable segment assets)</i>				
Six months ended 30 June 2020	3,464,861	814,212	794,507	5,073,580
Six months ended 30 June 2019	3,021,223	1,634,045	564,900	5,220,168
<i>Depreciation and amortisation</i>				
Six months ended 30 June 2020	(2,486,137)	(823,878)	(198,949)	(3,508,964)
Six months ended 30 June 2019	(2,375,103)	(557,266)	(132,911)	(3,065,280)
<i>Loss on derecognition arising on capital repairs</i>				
Six months ended 30 June 2020	(68,376)	(221,927)	-	(290,303)
Six months ended 30 June 2019	(63,048)	(125,069)	(1,018)	(189,135)

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Reportable segment assets</i>				
30 June 2020	52,663,272 ⁽¹⁾	22,955,541	4,913,125	80,531,938
31 December 2019	52,534,359 ⁽²⁾	21,925,369	3,769,887	78,229,615

⁽¹⁾ Includes RUB Nil of intangible assets representing customer relationships

⁽²⁾ Includes RUB 57,903 thousand of intangible assets representing customer relationships

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

	Six months ended 30-Jun-2020	Six months ended 30-Jun-2019
	RUB'000	RUB'000
Adjusted revenue for reportable segments	27,587,973	33,374,603
Other revenues	1,308,198	995,700
Total adjusted revenue	28,896,171	34,370,303
Cost of sales (excl. infrastructure and locomotive tariffs - loaded trips, services provided by other transportation organisations, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and loss on derecognition arising on capital repairs)	(13,001,034)	(12,439,650)
Selling, marketing and administrative expenses (excl. depreciation, amortisation and impairments)	(1,392,523)	(1,797,941)
Depreciation and amortisation	(3,751,534)	(3,237,202)
Impairment losses on trade and other receivables	(879)	(3,799)
Loss on derecognition arising on capital repairs	(290,303)	(189,135)
Other income	149,435	66,986
Other losses – net	(132,720)	(48,820)
Operating profit	10,476,613	16,720,742
Finance income	175,383	328,994
Finance costs	(1,307,745)	(1,216,940)
Net foreign exchange transaction gains/(losses) on financing activities	53,663	(276,465)
Profit before income tax	9,397,914	15,556,331

8. NON-GAAP FINANCIAL INFORMATION

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

Adjusted Revenue

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

The following table provides details of Adjusted revenue for the six months ended 30 June 2020 and 30 June 2019 and its reconciliation to Total revenue.

	Six months ended 30-Jun-2020	Six months ended 30-Jun-2019
	RUB'000	RUB'000
Total revenue	35,414,434	47,244,631
Minus "pass through" items:		
Infrastructure and locomotive tariffs: loaded trips	(5,279,945)	(11,211,418)
Services provided by other transportation organisations	(1,238,318)	(1,662,910)
Adjusted Revenue	28,896,171	34,370,303

Total Operating Cash Costs and Non-cash Costs

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

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

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

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

	Six months ended 30-Jun-2020	Six months ended 30-Jun-2019
	RUB'000	RUB'000
"Pass through" cost items	(6,518,263)	(12,874,328)
Infrastructure and locomotive tariffs: loaded trips	(5,279,945)	(11,211,418)
Services provided by other transportation organisations	(1,238,318)	(1,662,910)
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)	(18,436,273)	(17,667,727)
Total Operating Cash Costs	(14,388,689)	(14,231,304)
Infrastructure and locomotive tariffs - empty runs and other tariffs	(8,527,938)	(7,673,563)
Repairs and maintenance	(2,126,670)	(2,125,364)
Employee benefit expense	(1,750,850)	(2,023,569)
Expense relating to short-term leases - rolling stock	(379,054)	(456,801)
Fuel and spare parts – locomotives	(874,731)	(897,470)
Engagement of locomotive crews	(241,068)	(371,179)
Other Operating Cash Costs	(488,378)	(683,358)
<i>Advertising and promotion</i>	(12,257)	(16,619)
<i>Auditors' remuneration</i>	(22,093)	(21,271)
<i>Communication costs</i>	(13,073)	(16,335)
<i>Information services</i>	(8,393)	(10,173)
<i>Legal, consulting and other professional fees</i>	(22,364)	(24,813)
<i>Expense relating to short-term leases – tank containers</i>	(9,404)	-
<i>Expense relating to short-term leases - office</i>	(57,254)	(80,338)
<i>Taxes (other than on income and value added taxes)</i>	(9,031)	(11,626)
<i>Other expenses</i>	(334,509)	(502,183)
Total Operating Non-Cash Costs	(4,047,584)	(3,436,423)
Depreciation of property, plant and equipment	(3,324,685)	(2,753,911)
Depreciation of right-of-use assets	(367,968)	(134,938)
Amortisation of intangible assets	(58,881)	(348,353)
Loss on derecognition arising on capital repairs	(290,303)	(189,135)
Net impairment losses on trade and other receivables	(879)	(3,799)
Net loss on sale of property, plant and equipment	(4,868)	(6,287)
Total cost of sales, selling and marketing costs and administrative expenses	(24,954,536)	(30,542,055)

Adjusted EBITDA

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

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

The following table provides details on Adjusted EBITDA for the six months ended 30 June 2020 and 30 June 2019 and its reconciliation to EBITDA and Profit for the period:

	Six months ended 30-Jun-2020 RUB'000	Six months ended 30-Jun-2019 RUB'000
Profit for the period	7,049,979	11,993,387
<i>Plus (Minus)</i>		
Income tax expense	2,347,935	3,562,944
Finance costs – net	1,078,699	1,164,411
Net foreign exchange transaction gains/(losses) on financing activities	53,663	(276,465)
Amortisation of intangible assets	58,881	348,353
Depreciation of property, plant and equipment	3,324,685	2,753,911
Depreciation of right-of-use assets	367,968	134,938
EBITDA	14,281,810	19,681,479
<i>Minus (Plus)</i>		
Loss on derecognition arising on capital repairs	(290,303)	(189,135)
Net foreign exchange transaction gains/(losses) on financing activities	53,663	(276,465)
Other losses – net	(132,720)	(48,820)
Net loss on sale of property, plant and equipment	(4,868)	(6,287)
Adjusted EBITDA	14,656,038	20,202,186

Free Cash Flow

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

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

Total CAPEX is calculated on a cash basis as the sum of “Purchases of property, plant and equipment”, “Purchases of intangible assets”, “Acquisition of subsidiary undertakings - net of cash acquired” and “Principal elements of lease payments for leases with financial institutions”.

Note: Free Cash Flow, Attributable Free Cash Flow and Total CAPEX are presented net of principal elements of lease payments with financial institutions for both periods (6 months ended 30 June 2019 and 6 months ended 30 June 2020). During the first 6 months of 2020 the entire financial lease portfolio was refinanced to bilateral loans, therefore principal elements of lease payments were eliminated from both periods for comparison purposes.

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

The following tables set out details on Free Cash Flow and Attributable Free Cash Flow for the six months ended 30 June 2020 and 30 June 2019, and its reconciliation to Cash generated from operations.

	Six months ended 30-Jun-2020 RUB'000	Six months ended 30-Jun-2019 RUB'000
Cash generated from operations	13,791,479	19,424,274
Tax paid	(1,848,011)	(3,154,581)
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,181,481)	(862,910)
Interest paid on leases with financial institutions	(80,813)	(88,444)
Interest paid on other lease liabilities	(68,047)	(44,397)
Purchases of property, plant and equipment	(3,337,664)	(7,065,346)
Principal elements of lease payments for other lease liabilities	(348,694)	(101,597)
Free Cash Flow	6,926,769	8,106,999

	Six months ended 30-Jun-2020 RUB'000	Six months ended 30-Jun-2019 RUB'000
Free Cash Flow	6,926,769	8,106,999
<i>Minus</i>		
Adjusted profit attributable to non-controlling interests	752,326	904,167
Attributable Free Cash Flow	6,174,443	7,202,832

	Six months ended 30-Jun-2020 RUB'000	Six months ended 30-Jun-2019 RUB'000
Purchase of property, plant and equipment	3,337,664	7,065,346
Total CAPEX	3,337,664	7,065,346

Net Debt and Net Debt to Adjusted LTM EBITDA

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

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

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

The following table sets out the details on the Group's Net Debt and Net Debt to Adjusted EBITDA at 30 June 2020 and 31 December 2019 and reconciliation of Net Debt to Total Debt.

	30 June 2020 RUB'000	31 December 2019 RUB'000
Total debt	29,868,692	30,095,218
<i>Minus</i>		
Cash and cash equivalents	4,256,648	6,521,543
Net Debt	25,612,044	23,573,675
Net Debt to Adjusted LTM EBITDA	0.75x	0.60x

9. SHARE-BASED PAYMENTS

The Group has recognised an employee benefit expense of RUB 5,375 thousand in this respect for the six months ended 30 June 2020 (RUB 66,340 thousand for the six months ended 30 June 2019) and share based payment liability as at 30 June 2020 of RUB 80,810 thousand (31 December 2019: RUB 205,604 thousand) under the existing cash-settled share-based remuneration program of the Company.

10. INTANGIBLE ASSETS

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

<i>Six months ended 30 June 2020</i>	Customer relationships RUB'000	Software RUB'000	Total RUB'000
Opening net book amount on 1 January 2020	57,903	3,413	61,316
Amortisation charge (Note 12)	(57,903)	(978)	(58,881)
Closing amount on 30 June 2020	-	2,435	2,435

11. REVENUE

(a) Disaggregation of revenue

	Six months ended	
	30-Jun-2020	30-Jun-2019
	RUB'000	RUB'000
Railway transportation – operators services (tariff borne by the Group)	13,627,349	24,989,545
Railway transportation – operators services (tariff borne by the client)	19,574,097	20,400,560
Revenue from specialised container transportation	1,127,189	829,173
Other	181,009	166,527
Total revenue from contracts with customers recognised over time	34,509,644	46,385,805
Operating leasing of rolling stock	904,790	858,826
Total revenue	35,414,434	47,244,631

Note: Revenue from railway transportation – operators services (tariff borne by the Group) includes infrastructure and locomotive tariffs for loaded trips for the six months ended 30 June 2020 amounting to RUB 5,279,945 thousand (for the six months ended 30 June 2019: RUB 11,211,418 thousand) and the cost of engaging the fleet from third parties recharged to clients of the Group amounting to RUB 1,238,318 thousand (for the six months ended 30 June 2019: RUB 1,662,910 thousand).

(b) Liabilities related to contracts with customers

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

	As at	
	30-Jun-2020	31-Dec-2019
	RUB'000	RUB'000
<i>Contract liabilities relating to railway transportation contracts</i>		
Non-current contract liabilities	9,724	11,191
Current contract liabilities	689,505	1,244,702
Total contract liabilities	699,229	1,255,893

Contract liabilities represent advances from customers for transportation services. The decrease in advances from customers as at 30 June 2020 as compared to those as at 31 December 2019 mainly arose as a result of timing of advances from customers close to the year end.

(c) Revenue recognised in relation to contract liabilities

The Group's revenue for the six-month period to 30 June 2020 includes RUB 1,220,925 thousand out of the balance of contract liabilities as of 31 December 2019 (for the six-month period to 30 June 2019: RUB 2,673,467 thousand out of the balance of contract liabilities as of 31 December 2018).

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

12. EXPENSES BY NATURE

	Six months ended	
	30-Jun-2020	30-Jun-2019
	RUB'000	RUB'000
<i>Cost of sales</i>		
Infrastructure and locomotive tariffs: loaded trips	5,279,945	11,211,418
Infrastructure and locomotive tariffs: empty run trips and other tariffs	8,527,938	7,673,563
Services provided by other transportation organisations	1,238,318	1,662,910
Expense relating to short-term leases - rolling stock	379,054	456,801
Expense relating to short-term leases – tank containers	9,404	-
Employee benefit expense	697,986	707,088
Repairs and maintenance	2,126,670	2,125,364
Depreciation of property, plant and equipment ⁽¹⁾	3,288,053	2,727,442
Depreciation of right-of-use assets	297,000	91,141
Loss on derecognition arising on capital repairs	290,303	189,135
Amortisation of intangible assets	58,871	348,343
Fuel and spare parts – locomotives	874,731	897,470
Engagement of locomotive crews	241,068	371,179
Loss on sale of property, plant and equipment	8,072	4,981
Other expenses	136,111	203,204
Total cost of sales	23,453,524	28,670,039

	Six months ended	
	30-Jun-2020	30-Jun-2019
	RUB'000	RUB'000
<i>Selling, marketing and administrative expenses</i>		
Depreciation of property, plant and equipment	36,632	26,469
Depreciation of right-of-use assets	70,968	43,797
Amortisation of intangible assets	10	10
(Gain)/loss on sale of property, plant and equipment	(3,204)	1,306
Employee benefit expense	1,052,864	1,316,481
Net impairment losses on trade and other receivables	879	3,799
Expense relating to short-term leases - office	57,254	80,338
Auditors' remuneration	22,093	21,271
Legal, consulting and other professional fees	22,364	24,813
Advertising and promotion	12,257	16,619
Communication costs	13,073	16,335
Information services	8,393	10,173
Taxes (other than income tax and value added taxes)	9,031	11,626
Other expenses	198,398	298,979
Total selling, marketing and administrative expenses	1,501,012	1,872,016

	Six months ended	
	30-Jun-2020	30-Jun-2019
	RUB'000	RUB'000
Total expenses		
Depreciation of property, plant and equipment ⁽¹⁾ (Note 15)	3,324,685	2,753,911
Depreciation of right-of-use assets (Note 16)	367,968	134,938
Loss on derecognition arising on capital repairs (Note 15)	290,303	189,135
Amortisation of intangible assets (Note 10)	58,881	348,353
Net loss on sale of property, plant and equipment	4,868	6,287
Expense relating to short-term leases – tank containers	9,404	-
Employee benefit expense (Note 13)	1,750,850	2,023,569
Net impairment losses on trade and other receivables	879	3,799
Expense relating to short-term leases – rolling stock	379,054	456,801
Expense relating to short-term leases – office	57,254	80,338
Repairs and maintenance	2,126,670	2,125,364
Fuel and spare parts – locomotives	874,731	897,470
Engagement of locomotive crews	241,068	371,179
Infrastructure and locomotive tariffs: loaded trips	5,279,945	11,211,418
Infrastructure and locomotive tariffs: empty run trips and other tariffs	8,527,938	7,673,563
Services provided by other transportation organisations	1,238,318	1,662,910
Auditors' remuneration	22,093	21,271
Legal, consulting and other professional fees	22,364	24,813
Advertising and promotion	12,257	16,619
Communication costs	13,073	16,335
Information services	8,393	10,173
Taxes (other than income tax and value added taxes)	9,031	11,626
Other expenses	334,509	502,183
Total cost of sales, selling and marketing costs and administrative expenses	24,954,536	30,542,055

⁽¹⁾ Depreciation of property, plant and equipment for the six-month period to 30 June 2020 includes RUB 90,047 thousand (for the six-month period to 30 June 2019: RUB 108,057 thousand) relating to depreciation of right-of-use assets presented within property, plant and equipment (Note 15), in accordance with the Group's accounting policy for leases as disclosed in the Group's consolidated financial statements for the year ended 31 December 2019. The entire amount is recognised within 'Cost of sales'.

Infrastructure and locomotive tariffs: loaded trips for the six-month period to 30 June 2020 decreased by RUB 5,931,473 thousand, representing a 53% decrease as compared to the six-month period to 30 June 2019, mainly due to changes in the proportion of clients that pay Infrastructure and locomotive tariffs: loaded trips through the Group.

Infrastructure and locomotive tariffs: empty run trips and other tariffs for the six-month period to 30 June 2020 increased by RUB 854,375 thousand, representing a 11% increase as compared to the six-month period to 30 June 2019, due to increased regulated RZD tariffs for the traction of empty railcars, increased Freight Rail Turnover, volatility and changes in cargo mix and client logistics due to the unprecedented COVID-19 lockdowns and gondola segment headwinds.

13. EMPLOYEE BENEFIT EXPENSE

	Six months ended	
	30-Jun-2020	30-Jun-2019
	RUB'000	RUB'000
Wages and salaries	1,193,366	1,082,047
Bonuses	230,171	520,176
Share based payment expense (Note 9)	5,375	66,340
Social insurance costs	321,938	355,006
Total employee benefit expense	1,750,850	2,023,569

Employee benefit expense decreased by RUB 272,719 thousand during the six-month period ended 30 June 2020 as compared to the corresponding period in 2019. The decrease was the result of the reduction in bonuses which was partially offset by increase in average headcount reflecting the move to having in-house locomotive crews and inflation driven growth in wages.

14. FINANCE INCOME AND COSTS

	Six months ended	
	30-Jun-2020 RUB'000	30-Jun-2019 RUB'000
<i>Interest expense:</i>		
Bank borrowings	(736,700)	(692,302)
Non-convertible bond	(401,894)	(336,985)
Loans to third parties	(5,193)	-
Other interest expense	(1,752)	(5,729)
Total interest expense calculated using the effective interest rate method	(1,145,539)	(1,035,016)
Leases with financial institutions	(74,468)	(87,089)
Other lease liabilities	(66,526)	(50,279)
Total interest expense	(1,286,533)	(1,172,384)
Other finance costs	(21,212)	(44,556)
Total finance costs	(1,307,745)	(1,216,940)
<i>Interest income:</i>		
Bank balances	134,074	58,201
Short term deposits	22,181	251,300
Loans to third parties	98	439
Total interest income calculated using the effective interest rate method	156,353	309,940
Finance leases	19,030	19,054
Total finance income	175,383	328,994
Net foreign exchange transaction (losses)/gains on borrowings and other liabilities	(4,492)	43,395
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	58,155	(319,860)
Net foreign exchange transaction losses on financing activities	53,663	(276,465)
Net finance costs	(1,078,699)	(1,164,411)

15. PROPERTY, PLANT AND EQUIPMENT

	Six months ended	
	30-Jun-2020 RUB'000	30-Jun-2019 RUB'000
Opening net book amount on 1 January 2020 / 1 January 2019	80,532,645	74,764,903
Additions	5,182,764	6,843,348
Disposals	(29,181)	(22,120)
Transfer to inventories	(292,679)	(214,886)
Depreciation charge (Note 12)	(3,324,685)	(2,753,911)
Loss on derecognition arising on capital repairs (Note 12)	(290,303)	(189,135)
Currency translation differences	1,362,368	(1,176,573)
Closing net book amount on 30 June 2020 / 30 June 2019	83,140,929	77,251,626

Additions during the period ended 30 June 2020 mainly related to purchases of flat cars and wheel pairs, as well as to capital repairs of rolling stock, which were capitalised to property, plant and equipment, in accordance with the Group's accounting policy regarding capitalisation upon periodic capital repairs, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2019.

'Loss on derecognition arising on capital repairs' represents the loss arising upon the capitalisation of periodic capital repairs of rolling stock as a result of the derecognition of the carrying amount of the rolling stock that is attributable to the previous periodic capital repair, in accordance with the Group's accounting policy regarding capitalisation of repair costs upon periodic capital repairs, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2019.

Property, plant and equipment include right-of-use assets relating to rolling stock held under leases that include purchase options that are reasonably certain to be exercised, in accordance with the Group's accounting policy for leases as disclosed in the Group's consolidated financial statements for the year ended 31 December 2019.

	Six months ended	
	30-Jun-2020 RUB'000	30-Jun-2019 RUB'000
Opening net book amount on 1 January 2020 / 1 January 2019	3,198,262	3,414,376
Depreciation charge (Note 12)	(90,047)	(108,057)
Transfer to owned rolling stock	(3,108,215)	-
Closing net book amount on 30 June 2020 / 30 June 2019	-	3,306,319

16. RIGHT-OF-USE ASSETS

	Six months ended	
	30-Jun-2020 RUB'000	30-Jun-2019 RUB'000
Opening net book amount on 1 January 2020 / 1 January 2019	1,410,448	720,880
Additions	258,517	674,309
Disposals	(182,601)	(85,475)
Depreciation charge (Note 12)	(367,968)	(134,938)
Currency translation differences	1,592	(1,865)
Other	7,806	(839)
Closing net book amount on 30 June 2020 / 30 June 2019	1,127,794	1,172,072

17. FINANCIAL ASSETS

(a) Trade receivables

	As at	
	30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
Trade receivables – third parties	3,704,189	3,348,481
Less: provision for impairment of trade receivables	(130,358)	(138,915)
Trade receivables – net	3,573,831	3,209,566
<i>Less non-current portion:</i>		
Trade receivables – third parties	248,609	218,392
Less: provision for impairment of trade receivables	(24,029)	(21,108)
Total non-current portion	224,580	197,284
Total current portion	3,349,251	3,012,282

(b) Loans and other receivables

	As at	
	30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
Loans receivables – third parties	8,411	7,841
Other receivables	230,785	69,519
Less: provision for impairment of other receivables	(25,044)	(29,341)
Loans and other receivables – net	214,152	48,019
<i>Less non-current portion:</i>		
Loans receivables – third parties	8,403	7,820
Other receivables	-	2,554
Total non-current portion	8,403	10,374
Total current portion	205,749	37,645

18. OTHER ASSETS

	As at	
	30-Jun-2020	31-Dec-2019
	RUB'000	RUB'000
Prepayments - third parties	1,492,019	3,805,346
VAT recoverable	1,524,658	1,442,504
Finance leases to third parties	439,362	279,070
Other assets	3,456,039	5,526,920
<i>Less non-current portion:</i>		
Prepayments for property, plant and equipment - third parties	132,242	95,137
Finance leases to third parties	340,306	241,279
Total non-current portion	472,548	336,416
Total current portion	2,983,491	5,190,504

The decrease in prepayments – third parties as at 30 June 2020 as compared to those as at 31 December 2019 was due to prepayments made in 2019 for wheel pairs that were received within the six-months to 30 June 2020.

19. TRADE AND OTHER PAYABLES

	As at	
	30-Jun-2020	31-Dec-2019
	RUB'000	RUB'000
<i>Current</i>		
Trade payables - third parties	848,221	659,891
Other payables - third parties	477,511	1,011,931
Accrued expenses	116,366	133,482
Accrued key management compensation, including share-based payment (Note 27)	223,334	539,085
Dividends payable to non-controlling interests	95,696	11,483
	1,761,128	2,355,872
<i>Non-current</i>		
Accrued expenses	-	8,486
Accrued key management compensation, including share-based payment (Note 27)	-	82,256
	-	90,742

20. BORROWINGS

	As at	
	30-Jun-2020	31-Dec-2019
	RUB'000	RUB'000
<i>Current</i>		
Bank borrowings	8,525,892	7,013,856
Non-convertible unsecured bonds	290,000	290,000
Loans from third parties	-	355
Lease liabilities with financial institutions	-	496,093
Total current borrowings	8,815,892	7,800,304
<i>Non-current</i>		
Bank borrowings	11,062,039	10,959,851
Non-convertible unsecured bonds	9,990,761	9,989,017
Loans from third parties	-	120,000
Lease liabilities with financial institutions	-	1,226,046
Total non-current borrowings	21,052,800	22,294,914
Total borrowings	29,868,692	30,095,218

Movements in borrowings are analysed as follows:

	Six months ended 30-Jun-2020 RUB'000
Opening amount as at 1 January 2020	30,095,218
Cash flows:	
Proceeds from bank borrowings	12,775,000
Repayments of bank borrowings	(11,241,693)
Principal elements of lease liabilities with financial institutions	(1,715,794)
Interest charged	1,218,255
Interest paid	(1,262,294)
Closing amount as at 30 June 2020	29,868,692

	As at 30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
<i>Maturity of non-current borrowings (excluding lease liabilities with financial institutions)</i>		
Between 1 and 2 years	9,215,706	8,528,123
Between 2 and 5 years	11,837,094	12,540,745
	21,052,800	21,068,868

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

	As at 30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
Russian Rouble	29,868,692	30,095,218
	29,868,692	30,095,218

The Group has the following undrawn borrowing facilities:

	As at 30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
Fixed rate:		
- expiring within one year	5,450,000	2,320,000
- expiring beyond one year	8,210,000	2,345,000
Total undrawn borrowing facilities	13,660,000	4,665,000

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

	As at 30-Jun-2020 %	31-Dec-2019 %
Bank borrowings	6.8	8.1
Non-convertible unsecured bonds	8.1	8.1
Loans from third parties	-	9.0
Lease liabilities with financial institutions	-	8.4

21. OTHER LEASE LIABILITIES

	As at 30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
<i>Other lease liabilities</i>		
Current other lease liabilities	552,290	649,177
Non-current other lease liabilities	889,759	881,706
Total other lease liabilities	1,442,049	1,530,883

	As at	
	30-Jun-2020 RUB'000	31-Dec-2019 RUB'000
<i>Maturity of other lease liabilities</i>		
Between 1 and 2 years	432,844	340,021
Between 2 and 5 years	450,919	535,144
Over 5 years	5,996	6,541
	889,759	881,706

22. INCOME TAXES

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average interim tax rate used for the six months to 30 June 2020 is 24.98% (30 June 2019: 22.90%). The increase in the weighted average annual income tax rate reflects mainly Estonian tax incurred upon dividend payment by one of the Estonian subsidiaries of the Company during the six-month ended 30 June 2020 and higher provision for withholding tax for intra-group dividends.

23. EARNINGS PER SHARE

Basic and diluted

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

	Six months ended	
	30-Jun-2020	30-Jun-2019
Profit for the period attributable to equity holders of the Company (RUB'000)	6,297,653	11,089,220
Weighted average number of ordinary shares in issue (thousand)	178,741	178,741
Earnings per share for profit attributable to the equity holders of the Company:		
- basic and diluted (expressed in RUB per share)	35.23	62.04

24. DIVIDENDS

Dividends to Company shareholders

During the period ended 30 June 2020, the Group declared and paid RUB 8,320,390 thousand (six months ended 30 June 2019: declared and paid RUB 8,311,453 thousand) of dividends in favour of shareholders of the Company.

Dividends to non-controlling interests

During the period ended 30 June 2020, the Group declared RUB 852,870 thousand and paid RUB 772,645 thousand (six months ended 30 June 2019: declared and paid RUB 680,000 thousand) of dividends in favour of non-controlling interests.

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital RUB'000	Share premium RUB'000	Total RUB'000
At 31 December 2019 / 1 January 2020/ 30 June 2020	178,740,916	516,957	27,929,478	28,446,435

26. CONTINGENCIES AND COMMITMENTS

Operating environment

The first half of 2020 was marked by the COVID-19 pandemic, widespread national lockdowns and sharp decline in economic conditions across the globe. Measures taken by various governments to contain the virus have affected economic activity and supply chains, both globally and in the Russian Federation. The overall economic weakness and the spread of COVID-19 impacted the Russian freight rail transportation market which experienced weak and volatile demand along with weak pricing conditions especially in the gondola segment. These unprecedented economic conditions have affected the Group's operations, but the Group was able to swiftly navigate the challenges and responded quickly to the market volatility by migrating between different cargoes, increasing the Group's freight rail turnover and focusing on cost optimisation measures. The management has analysed these economic conditions and concluded that they did not have an impact on the Group's financial position as at 30 June 2020, its ability to meet its obligations and pay dividends (Note 28).

As at 30 June 2020 there are no other significant developments in relation to the events and circumstances disclosed in the contingencies and commitments note in the annual consolidated financial statements for the year ended 31 December 2019. The economy of Russian Federation is still particularly sensitive to oil and gas prices and the legal, tax and regulatory frameworks in Russia continue to develop and are subject to frequent changes and varying interpretations.

Legal proceedings

During the six-month period to 30 June 2020 there have been no significant developments in relation to the legal proceedings and other claims outstanding involving the Company's subsidiaries as claimants or defendants, as disclosed in the contingencies and commitments note in the annual consolidated financial statements for the year ended 31 December 2019, nor have been any new legal proceedings or claims.

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including claims for early repayment. The Group was in compliance with covenants as of 30 June 2020 and 31 December 2019.

Commitments

(a) Capital commitments

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

	As at	
	30-Jun-2020	31-Dec-2019
	RUB'000	RUB'000
Property, plant and equipment	30,476	24,419

(b) Operating lease commitments – Group as lessor

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

	As at	
	30-Jun-2020	31-Dec-2019
	RUB'000	RUB'000
Not later than 1 year	677,542	368,888
Later than 1 year not later than 5 years	556,649	-
	1,234,191	368,888

27. RELATED PARTY TRANSACTIONS

Litten Investments Ltd and Goldriver Resources Ltd, both controlled by directors of the Company, have a shareholding in the Company as at 30 June 2020 of 5.1% and 4.0%, respectively (31 December 2019: 5.1% and 4.0%, respectively).

As at 30 June 2020, another 0.2% of the shares of the Company (31 December 2019: 0.2%) is controlled by Directors and key management of the Group.

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

The following transactions were carried out with related parties:

(a) Key management compensation

	Six months ended	
	30-Jun-2020	30-Jun-2019
	RUB'000	RUB'000
Key management salaries and other short term employee benefits	424,338	621,108
Share based compensation (Note 9)	5,375	66,340
	429,713 ⁽¹⁾	687,448 ⁽¹⁾

⁽¹⁾ Includes directors' remuneration paid to the directors of the Company both by the Company and subsidiaries of the Company in respect of services provided to such subsidiaries amounting to RUB 198,916 thousand for the six months ended 30 June 2020 (six months ended 30 June 2019: RUB 167,570 thousand).

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

	As at 30-Jun-2020 RUB'000	As at 31-Dec-2019 RUB'000
Accrued key management remuneration – current (Note 19):		
Accrued salaries and other short-term employee benefits	124,339	415,737
Share based payment liability (Note 9)	80,810	123,348
Accrued directors' remuneration	18,185	-
	223,334	539,085
Accrued key management remuneration – non-current (Note 19):		
Share based payment liability (Note 9)	-	82,256
	-	82,256

28. SUBSEQUENT EVENTS

In July 2020 the Company started a GDRs buyback program. The buyback programme is for the Company's Global Depository Receipts ("GDRs") listed on the Main Market of the London Stock Exchange and will run till the earlier of the close of the Annual General Meeting of the Company to be held in 2021 and May 2021. The total number of purchased GDRs will not exceed 5% of the Company's share capital (equivalent to 8,937,046 shares, with each GDR representing one ordinary share). The actual number of GDRs that will be repurchased by the Company will depend on market and other conditions. As of the date of approval of these financial statements, the Company purchased a total of 76,877 GDRs, which are held in treasury.

On 28 August 2020, the Board of Directors of the Company approved payment of total dividend in the amount of 46.55 Russian Roubles per ordinary share, amounting to a total dividend of RUB 8,320,390 thousand (US Dollar equivalent US\$ 111,293 thousand), including interim dividend in the amount of RUB 3,083,281 thousand (US Dollar equivalent US\$ 41,242 thousand) or RUB 17.25 per ordinary share/GDR and a special interim dividend in the amount of RUB 5,237,109 thousand (US Dollar equivalent US\$ 70,052 thousand) or RUB 29.30 per ordinary share/GDR. The dividends will be paid in US Dollars at the rate 74.7608 which is the average of the official exchange rates of the Russian Central Bank for the 5 business days in Russia from 24 August 2020 to 28 August 2020 inclusive and will be paid out of retained earnings of the Company earned prior to 31 December 2019.

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

29. SEASONALITY

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



Report on review of condensed consolidated interim financial information

To Globaltrans Investment Plc

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Globaltrans Investment Plc and its subsidiaries (the 'Group') as of 30 June 2020 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flow for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol 31 August 2020

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