

**PUBLIC JOINT STOCK COMPANY
TRANSCONTAINER**

**International Financial Reporting Standards
Interim Condensed Consolidated Financial
Statements**

For the Three-Month Period ended 31 March 2020

PJSC TRANSCONTAINER

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

Management is responsible for the preparation of the interim condensed consolidated financial statements that present fairly the financial position of PJSC TransContainer (the "Company") and its subsidiaries (the "Group") as at 31 March 2020 and the results of its operations, cash flows and changes in equity for the three-month period then ended, in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

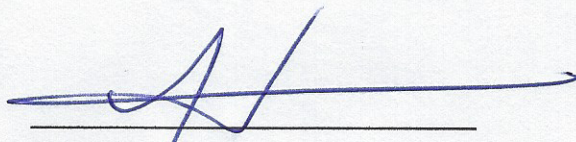
In preparing the interim condensed consolidated financial statements, Management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

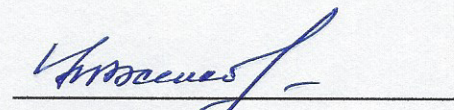
Management is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with International Accounting Standard 34 "Interim Financial Reporting";
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the companies of the Group operate;
- Taking necessary steps to safeguard the Group's assets;
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2020 were approved on 27 May 2020 by:



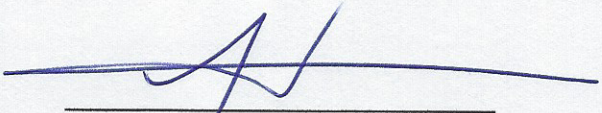
A. Isurins
President

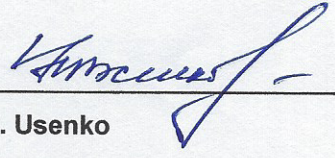


M. V. Usenko
Chief Accountant

PJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	31 March 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	65,264	62,630
Advances for acquisition of non-current assets	3	59	382
Right-of-use assets	13	1,387	873
Investment property		395	395
Intangible assets	4	216	219
Investments in joint ventures	5	319	283
Other non-current assets		49	55
Total non-current assets		67,689	64,837
Current assets			
Inventory	6	852	630
Trade and other receivables	7	2,053	1,799
Prepayments and other current assets	8	7,459	7,641
Short-term investments	9	-	2,900
Cash and cash equivalents	10	5,277	3,580
		15,641	16,550
Non-current assets held for sale	5	3,193	2,972
Total current assets		18,834	19,522
TOTAL ASSETS		86,523	84,359
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	13,895	13,895
Reserve fund		703	703
Translation reserve		(501)	(697)
Other reserves		(1,949)	(1,949)
Retained earnings		38,424	36,482
Total equity attributable to the Company's owners		50,572	48,434
Non-current liabilities			
Long-term debt	12	18,912	18,461
Lease obligations, net of current maturities	13	878	650
Employee benefit liability	14	961	988
Deferred tax liability		2,659	2,431
Financial guarantee for investment in joint venture	5	151	151
Total non-current liabilities		23,561	22,681
Current liabilities			
Contracts liabilities	15	4,201	4,590
Trade and other payables	16	1,843	3,133
Short-term debt	12	1,001	-
Current portion of long-term debt	12	2,917	2,967
Lease obligations, current maturities	13	605	274
Income tax payable		51	139
Taxes other than income tax payable	17	465	410
Other current liabilities		420	421
Settlements with employees	18	887	1,310
Total current liabilities		12,390	13,244
TOTAL EQUITY AND LIABILITIES		86,523	84,359


A. Isurins
 President


M. V. Usenko
 Chief Accountant

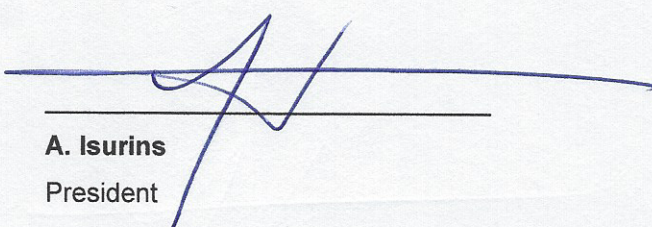
27 May 2020

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

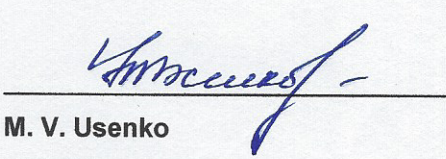
PJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)

(Amounts in millions of Russian Roubles, unless otherwise stated below)

	Notes	Three-month period ended 31 March	
		2020	2019
Revenue	19	21,024	19,798
Other operating income	20	420	226
Operating expenses	21	(18,922)	(16,453)
Foreign exchange gain/(loss), net		272	(215)
Interest expense	22	(435)	(243)
Interest income		50	139
Share of result of joint ventures	5	3	89
Profit before income tax		2,412	3,341
Income tax expense	23	(498)	(702)
Profit for the period attributable to the Company's owners		1,914	2,639
Other comprehensive income/(loss) (net of income tax)			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post-employment benefit plans liabilities	14	28	(20)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of translation of financial information of joint ventures to presentation currency	5	33	(188)
Exchange differences on translating of other foreign operations		163	(35)
Other comprehensive income/(loss) for the period		224	(243)
Total comprehensive income for the period attributable to the Company's owners		2,138	2,396
Earnings per share, basic and diluted (in Russian Roubles)		138	190
Weighted average number of shares outstanding		13,894,778	13,894,778


A. Isurins
 President

27 May 2020


M. V. Usenko
 Chief Accountant

PJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	Three-month period ended 31 March	
		2020	2019
Cash flows from operating activities:			
Profit before income tax		2,412	3,341
Adjustments for:			
Depreciation and amortisation	21	1,030	817
Reversal on impairment of property, plant and equipment	3	(83)	-
Gain on disposal of property, plant and equipment	20	(257)	(38)
Share of result of joint ventures	5	(3)	(89)
Interest expense, net		385	104
Foreign exchange (gain)/loss, net		(272)	215
Other income, net		(1)	(6)
Operating profit before working capital changes, paid income tax and interest and changes in other assets and liabilities		3,211	4,344
Working capital changes:			
Decrease/(increase) in inventory		35	(60)
(Increase)/decrease in trade and other receivables		(192)	457
Decrease in prepayments and other assets		35	336
Increase in employee benefit liabilities		12	25
(Decrease)/increase in trade and other payables and contracts liabilities		(399)	325
Increase in taxes other than income tax		55	2
Decrease in employee benefit liabilities and other current liabilities		(423)	(1)
Net cash from operating activities before income tax and interest		2,334	5,428
Interest paid		(484)	(475)
Income tax paid		(349)	(814)
Net cash provided by operating activities		1,501	4,139
Cash flows from investing activities:			
Purchases of property, plant and equipment		(4,516)	(3,364)
Proceeds from disposal of property, plant and equipment		6	1
Sale of short-term investments		2,865	-
Purchases of intangible assets		(22)	(13)
Interest received		100	139
Net cash used in investing activities		(1,567)	(3,237)
Cash flows from financing activities:			
Proceeds from issuance long-term loans	12	1,700	-
Proceeds from issuance short-term loans	12	1,000	-
Repayment of lease obligations	13	(47)	(35)
Principal payments on short-term part of long-term bonds	12	(1,250)	-
Net cash from/(used in) financing activities		1,403	(35)
Net increase in cash and cash equivalents		1,337	867
Cash and cash equivalents at beginning of the period		3,580	9,527
Foreign exchange effect on cash and cash equivalents		360	(251)
Net cash and cash equivalents at end of the period		5,277	10,143

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Share capital	Reserve fund	Translation reserve	Other reserves	Retained earnings	Total equity attributable to the Company's owners
Balance at 1 January 2019	13,895	703	(273)	(1,946)	33,682	46,061
Profit for the period	-	-	-	-	2,639	2,639
Other comprehensive loss for the period	-	-	(223)	-	(20)	(243)
Total comprehensive (loss)/income for the period	-	-	(223)	-	2,619	2,396
Balance at 31 March 2019	13,895	703	(496)	(1,946)	36,301	48,457
Balance at 31 December 2019	13,895	703	(697)	(1,949)	36,482	48,434
Profit for the period	-	-	-	-	1,914	1,914
Other comprehensive income for the period	-	-	196	-	28	224
Total comprehensive income for the period	-	-	196	-	1,942	2,138
Balance at 31 March 2020	13,895	703	(501)	(1,949)	38,424	50,572

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

1. NATURE OF THE BUSINESS

PJSC TransContainer (the “Company” or “TransContainer”) was incorporated in Moscow, Russian Federation on 4 March 2006.

The Company’s principal activities include arrangement of rail-based container shipping and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. The Company owns and operates 38 container terminals along the Russian railway network. As at 31 March 2020, the Company operated 14 branches in Russia. The Company’s registered address is 19 Oruzheiny pereulok, Moscow, 125047, Russian Federation.

As at 31 March 2020 and 31 December 2019 LLC Delo-Center is the immediate parent of the Company, holding 50%+2 of its ordinary shares. The Group’s ultimate parent company is LLC UK Delo.

The Company has ownership in the following major entities:

Name of Entity	Type	Country	Activity	Interest held, %		Voting rights, %	
				31 March 2020	31 December 2019	31 March 2020	31 December 2019
TransContainer-Slovakia, a.s.	Subsidiary	Slovakia	Container shipments	100	100	100	100
TransContainer Europe GmbH	Subsidiary	Austria	Container shipments	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
TransContainer Freight Forwarding (Shanghai) Co., Ltd.	Subsidiary	China	Container shipments	100	100	100	100
LLC TransContainer Mongolia	Subsidiary	Mongolia	Container shipments	100	100	100	100
Oy ContainerTrans Scandinavia Ltd.	Joint venture	Finland	Container shipments	50	50	50	50
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture	China	Container shipments	49	49	50	50
JSC Kedentransservice (Note 5)	Joint venture	Kazakhstan	Container shipments	50	50	50	50
JSC Logistika-Terminal	Subsidiary	Russia	Terminal operations	100	100	100	100
LLC FVK Sever (FVK Sever Group) (Note 5)	Joint venture	Russia	Terminal operations	30	30	50	50
LLC SpecTransContainer	Subsidiary	Russia	Special container transportation	100	100	100	100
Logistic System Management B.V.	Joint venture	Netherlands	Investment activity	50	50	50	50

The interim condensed consolidated financial statements of PJSC TransContainer and its subsidiaries (the “Group”) as at 31 March 2020 and for the three-month period then ended were authorised for issue by the President of the Company on 27 May 2020.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance. The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”). These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”.

PJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

The consolidated statement of financial position as at 31 December 2019, included in these interim condensed consolidated financial statements, has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2019. These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements.

Significant accounting policies. Except as discussed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year then ended 31 December 2019 as described in those annual consolidated financial statements.

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2019, except for the income taxes accrual using the expected weighted average tax rate that would be applicable to expected total annual profit or loss.

Other new standards and interpretations. The Group has adopted all other new standards and interpretations that were effective from 1 January 2020. The impact of the adoption of these new standards and interpretations has not been significant with respect to these interim condensed consolidated financial statements.

New amendments to standards and Conceptual Frameworks that are mandatory for reporting periods beginning on or after 1 January 2021 or later periods that are applicable for the Group's activity and which the Group has not early adopted were presented in the annual consolidated financial statements of the Group as at 31 December 2019 and for the year then ended.

Estimates and critical accounting judgements. The preparation of interim condensed consolidated financial statements 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 these interim condensed consolidated financial statements, the significant 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 as at and for the year ended 31 December 2019 with the exception of changes in estimates that are required in determining the provision for income taxes (Note 23) and some actuarial assumptions (Note 14). As at 31 December 2019 the Group revised the remaining useful lives of certain items of property, plant and equipment, the ranges of useful lives for each group of items have not changed significantly.

Revenue for integrated freight forwarding and logistics services. Methods of revenue recognition and the key judgments applicable in the current period comply with the basic principles used in preparing the consolidated financial statements as at and for the year ended 31 December 2019.

Had the railway tariff and third-party services directly attributable to integrated freight forwarding and logistics services have been excluded from both revenue and expenses, then revenue from integrated freight forwarding and logistics services, and third-party charges related to principal activities would have decreased by RUR 12,784m for the three-month period ended 31 March 2020. For the three-month period ended 31 March 2019, the effect would have been RUR 11,032m.

Seasonality. The business of the Group is subject to seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for Northern regions) and consumer market cycles. Typically, the number of orders received between January and February is below the annual average. In accordance with IFRS, revenue and the related expenses are recognised in the period in which they are realised and incurred respectively. The Group's results for the interim period do not necessarily reflect a continuing trend which will be reflected in the year-end results. In the financial year ended 31 December 2019 23% of revenues accumulated in the first quarter of the year, with 77% accumulating in the next three quarters of the year.

PJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS

	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Cost						
31 December 2019	14,522	66,153	3,243	2,840	260	87,018
Additions	14	3,423	-	11	34	3,482
Transfers	1	19	-	-	(20)	-
Disposals	(1)	(346)	(31)	(36)	-	(414)
31 March 2020	14,536	69,249	3,212	2,815	274	90,086
Accumulated depreciation						
31 December 2019	(3,669)	(16,782)	(1,627)	(2,193)	(117)	(24,388)
Depreciation charge for the period	(85)	(732)	(59)	(48)	-	(924)
Impairment	83	-	-	-	-	83
Disposals	1	340	30	36	-	407
31 March 2020	(3,670)	(17,174)	(1,656)	(2,205)	(117)	(24,822)
Net book value						
31 December 2019	10,853	49,371	1,616	647	143	62,630
31 March 2020	10,866	52,075	1,556	610	157	65,264
Cost						
31 December 2018	14,502	47,912	3,330	2,925	331	69,000
Additions	-	4,331	-	13	23	4,367
Transfers	-	55	-	-	(55)	-
Disposals	-	(85)	-	(23)	-	(108)
31 March 2019	14,502	52,213	3,330	2,915	299	73,259
Accumulated depreciation						
31 December 2018	(2,866)	(15,185)	(1,407)	(2,089)	-	(21,547)
Depreciation charge for the period	(79)	(547)	(63)	(63)	-	(752)
Disposals	-	85	-	23	-	108
31 March 2019	(2,945)	(15,647)	(1,470)	(2,129)	-	(22,191)

The item "Land, buildings and constructions" includes the amounts of RUR 1,275m and RUR 1,275m, which represent the net book value of land plots owned by the Group as at 31 March 2020 and 31 December 2019, respectively.

As at 31 March 2020 and 31 December 2019 the item "Land, buildings and constructions" includes the amounts of RUR 307m and RUR 108m, respectively, which represent the gross carrying amounts of land, buildings and construction under lease (Note 13 Leases - Group is the lessor) that were leased out by the Group under operating lease agreements.

As at 31 March 2020 and 31 December 2019 the item "Containers and flatcars" includes the amounts of RUR 324m and 375m, respectively, which represent the gross carrying amounts of containers and flatcars under lease (Note 13 - Group is the lessor) that were leased out by the Group under operating lease agreements.

The item "Vehicles and other equipment group" includes motor transport used for terminal services and truck deliveries with gross carrying amount of RUR 652m and RUR 650m as at 31 March 2020 and 31 December 2019, respectively.

PJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS (CONTINUED)

During the three-month period ended 31 March 2020 according to the investment program for 2020 provided for the renewal of the fleet of flatcars and containers there were additions of flatcars and containers in the amount of RUR 3,039m and RUR 384m, respectively (during the three-month period ended 31 March 2019 RUR 3,411 and RUR 920m, respectively).

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to RUR 909m and RUR 920m as at 31 March 2020 and 31 December 2019, respectively.

The carrying amount of temporarily idle property, plant and equipment as at 31 March 2020 and 31 December 2019 comprised the following:

	31 March 2020	31 December 2019
Cost	943	1,002
Accumulated depreciation	(351)	(372)
Impairment	(288)	(371)
Net book value	304	259

Advances for acquisition of non-current assets

As at 31 March 2020 and 31 December 2019, advances for the acquisition of non-current assets, net of VAT, consisted of advances for the acquisition of containers (RUR 0m and RUR 74m, respectively), advances for the purchase of rolling stock (RUR 55m and RUR 306m, respectively) and advances for the acquisition of other non-current assets (RUR 4m and RUR 2m, respectively).

4. INTANGIBLE ASSETS

Company's intangible assets are comprised of software with initial cost of RUR 353m and accumulated depreciation of RUR 137m as at 31 March 2020 (RUR 344m and RUR 125m as at 31 December 2019, respectively).

During the three-month period ended 31 March 2020 depreciation charge for intangible assets amounted to RUR 17m (during the three-month period ended 31 March 2019 RUR 21m).

Included in intangible assets are assets not ready for intended use with historical cost of RUR 23m as at 31 March 2020 (RUR 21m as at 31 December 2019).

Intangible assets are mostly comprised of railway services operations software, logistics services rendering software, software for tax, management and financial accounting. These assets are depreciated on linear basis. Economic lives length of the assets is from 2 to 8 years.

5. INVESTMENTS IN JOINT VENTURES

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures.

	Joint ventures JSC Kedentransservice and Logistic System Management B.V.	Joint venture LLC FVK Sever	Other joint ventures	Total joint ventures
Carrying amount as at 1 January 2020	-	149	134	283
Share of profit/(losses) of joint ventures	-	(8)	11	3
Share of translation to presentation currency	-	-	33	33
Carrying amount as at 31 March 2020	-	141	178	319

PJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

5. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	Joint ventures JSC Kedentransservice and Logistic System Management B.V.	Joint venture LLC FVK Sever	Other joint ventures	Total joint ventures
Carrying amount as at 1 January 2019	3,127	111	132	3,370
Share of profit/(losses) of joint ventures	98	(16)	7	89
Share of translation to presentation currency	(179)	-	(9)	(188)
Carrying amount as at 31 March 2019	3,046	95	130	3,271

As at 31 March 2020 the debt of FVKS was secured by the guarantee under the loan agreement with PJSC State Transport Leasing Company (PJSC GTLK), a related party of the Group as at 31 March 2020 (Note 24), amounted to RUR 2.2bn (2.2bn as at 31 December 2019). As at 31 March 2020 the financial guarantee for investment in joint venture recognised in the interim condensed consolidated statement of financial position was RUR 151m (RUR 151m as at 31 December 2019).

Furthermore, as part of the transaction, the following pledge agreements are valid, providing a number of obligations of the parties to each other:

- with JSC Freight Village Kaluga (hereinafter, FVK) according to which the Company pledged to FVK immovable property in the amount of RUR 301m;
- with LLC V-Park (part of the FVK Group), according to which the Company received a land plot and immovable property in the amount of RUR 412m.

As at 31 March 2020 and 31 December 2019 the amount of pledge agreements has not changed.

In November 2019 the Group entered into sale agreement for 50% of the shares of Logistic System Management B. V. with JSC National Company Kazakhstan Temir Zholy ("KTZ"), the second shareholder of Logistic System Management B. V., which owns 100% of the share capital of JSC Kedentransservice.

KTZ can purchase shares if each party fulfills certain conditions and responsibilities, which must be met according to the agreement. As at 31 March 2020 and 31 December 2019 these necessary conditions have not been fully met, but the Group is actively undertake measures to fulfill these conditions, changes to the sales plan are not provided for in the agreement and are not planned, and therefore investments in joint ventures of JSC Kedentransservice and Logistic System Management B.V. were classified as assets held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as at 31 March 2020 and 31 December 2019, respectively.

6. INVENTORIES

	31 March 2020	31 December 2019
Spare parts	704	512
Raw materials	72	69
Fuel	11	17
Other inventories	65	32
Total	852	630

PJSC TRANSCONTAINER
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7. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
31 March 2020			
Trade receivables	2,051	(42)	2,009
Other receivables	132	(88)	44
Total current trade and other receivables, classified as financial assets	2,183	(130)	2,053
31 December 2019			
Trade receivables	1,788	(37)	1,751
Other receivables	137	(89)	48
Total current trade and other receivables, classified as financial assets	1,925	(126)	1,799

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the period:

	2020	2019
Trade receivables		
Balance at 1 January	(37)	(31)
New originated	(5)	(3)
Other movements	-	1
<i>Total credit loss allowance charge in profit or loss for the period</i>	<i>(5)</i>	<i>(2)</i>
Write-offs	-	7
Balance at 31 March	(42)	(26)
Other receivables		
Balance at 1 January	(89)	(93)
Other movements	1	-
<i>Total credit loss allowance charge in profit or loss for the period</i>	<i>1</i>	<i>-</i>
Balance at 31 March	(88)	(93)

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2020	31 December 2019
VAT receivable	6,483	6,252
Advances to suppliers (net of provision)	863	1,226
Other current assets	113	163
Total prepayments and other current assets	7,459	7,641

As at 31 March 2020 and 31 December 2019 provision for impairment of advances to suppliers was recognised in the amount of RUR 1m and RUR 1m, respectively.

9. SHORT-TERM INVESTMENTS

	31 March 2020	31 December 2019
Russian Rouble denominated bank deposits	-	2,900
Total short-term investments	-	2,900

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9. SHORT-TERM INVESTMENTS (CONTINUED)

Short-term investments of the Group are presented by deposits with a Russian banks with a maturity over three months.

Six Russian Rouble-denominated bank deposits in the total amount of RUR 2,865m, bearing interest at annual rates in a range from 6.60% to 6.65%, were placed with PJSC Bank VTB, a related party of the Group as at 31 December 2019 (Note 24). The total amount of accrued interest amounted to RUR 35m and has been included as the portion of short-term investments in the consolidated statement of financial position. The deposits matured in January - March 2020.

The amount of the expected credit loss allowance based on the results of credit quality analysis of bank deposit balances based on credit risk levels as at 31 December 2019 is insignificant.

10. CASH AND CASH EQUIVALENTS

	31 March 2020	31 December 2019
Russian Rouble denominated bank deposits	2,819	1,529
Foreign currency denominated bank deposits	-	15
Foreign currency denominated current accounts with banks	1,653	1,137
Cash and Russian Rouble denominated current accounts with banks	805	899
Total cash and cash equivalents	5,277	3,580

Three Russian Rouble denominated short-term bank deposits in the amount of RUR 2,818m bearing interest at annual rates in a range from 1.69% to 5.55% were placed with JSC Alfa-Bank, JSC UniCredit Bank and PJSC Bank VTB, a related party as at 31 March 2020 (Note 24). Total amount of accrued interest on Russian Rouble denominated short-term bank deposits amounted to RUR 1m. The deposits matured in April 2020.

Six Russian Rouble denominated short-term bank deposits in the amount of RUR 1,513m bearing interest at annual rates in a range from 1.59% to 6.6% and one USD-denominated short-term bank deposit in the amount of USD 0,2m (RUR 15m at the Central Bank of Russia exchange rate as at 31 December 2019) bearing interest at annual rate in a range from 0.65% were placed with JSC Alfa-Bank, AO UniCredit Bank and PJSC Bank VTB, a related party of the Group as at 31 December 2019 (Note 24). Total amount of accrued interest on Russian Rouble denominated and USD-denominated short-term bank deposits amounted to RUR 16m. The deposits matured in January 2020.

11. EQUITY

Share Capital

The Company's authorised, issued and paid share capital as at 31 March 2020 and 31 December 2019 comprises:

	Number of ordinary shares	Value
Ordinary shares (par value: RUR 1,000)	13,894,778	13,895

LLC Delo-Center is the immediate parent of the Company, holding 50%+2 of its ordinary shares. The Group's ultimate parent company is LLC UK Delo.

12. SHORT-TERM DEBT, LONG-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

Short-term loans of JSC Raiffeisenbank

	Effective interest rate	31 March 2020	31 December 2019
Raiffeisenbank loan, 1 st installment	6.9%	400	-
Raiffeisenbank loan, 2 nd installment	6.9%	601	-
Total		1,001	-

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12. SHORT-TERM DEBT, LONG-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT (CONTINUED)

In February and March 2020 under the credit line agreement revolved with JSC Raiffeisenbank two RUR-denominated loans were obtained by the Company with a nominal value of RUR 400m and RUR 600m with an annual interest rate of 6.9% and a maturity date no later than 26 February 2021 and 19 March 2021, respectively. According to the credit line agreement the interest rate is floating (the Central Bank of Russia Key Rate + 0.9% per annum at the date of loan). The interest payable on the 25th of each month.

As at 31 March 2020 the total carrying value of short-term loans amounted to RUR 1,001m (RUR 0m as at 31 December 2019), including the amount of accrued interest of RUR 1m (RUR 0m as at 31 December 2019) and was included in the interim condensed consolidated statement of financial position as short-term debt.

Long-term debt

	<u>Effective interest rate</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Raiffeisenbank loan, 3 rd installment	6.9%	500	-
Raiffeisenbank loan, 4 th installment	6.9%	700	-
Raiffeisenbank loan, 5 th installment	6.9%	500	-
Bonds, series PBO-01	7.34%	9,974	9,974
Bonds, series BO-01	7.55%	5,992	5,992
Bonds, series BO-02	9.45%	1,246	2,495
Total		<u>18,912</u>	<u>18,461</u>

Long-term borrowings of the Group are denominated in Russian Roubles.

Long-term loans of JSC Raiffeisenbank

In March 2020 under the credit line agreement revolved with JSC Raiffeisenbank three RUR-denominated loans were obtained by the Company with a nominal value of RUR 500m, RUR 700m and RUR 500 m with an annual interest rate of 6.9% and a maturity date no later than 23 September 2021, 27 September 2021 and 27 September 2021, respectively. According to the credit line agreement the interest rate is floating (the Central Bank of Russia Key Rate + 0.9% per annum at the date of loan). The interest payable on the 25th of each month.

As at 31 March 2020 the total carrying value of long-term loans amounted to RUR 1,701m (RUR 0m as at 31 December 2019), including the amount of accrued interest of RUR 1m (RUR 0m as at 31 December 2019) and was included in the interim condensed consolidated statement of financial position as short-term debt.

Five-year RUR bonds, series PBO-01

On 23 October 2019, the Company issued non-convertible five-year bonds for a total amount of RUR 10,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 9,974m. The annual coupon rate of the bonds for five years is 7.3% with interest paid semi-annually.

The series PBO-01 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 31 March 2020 the carrying value of the bonds amounted to RUR 10,294m (RUR 10,112m as at 31 December 2019), including the amount of accrued interest of RUR 320m (RUR 138m as at 31 December 2019). The amount of accrued interest has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

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12. SHORT-TERM DEBT, LONG-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT (CONTINUED)

Five-year RUR bonds, series BO-01

On 25 January 2018, the Company issued non-convertible five-year bonds for a total amount of RUR 6,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 5,985m. The annual coupon rate of the bonds for five years is 7.5% with interest paid semi-annually.

The series BO-01 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 31 March 2020 the carrying value of the bonds amounted to RUR 6,076m (RUR 6,187m as at 31 December 2019), including the amount of accrued interest of RUR 84m (RUR 196m as at 31 December 2019). The amount of accrued interest has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

Five-year RUR bonds, series BO-02

On 22 September 2016, the Company issued non-convertible five-year bonds for a total amount of RUR 5,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 4,987m. The annual coupon rate of the bonds for five years is 9.4% with interest paid semi-annually.

The series BO-02 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date, except the second and third principal repayments to be made in September 2020 and March 2021 in the total amount of RUR 2,500m. In March 2020 the Company made repayment of its obligations under the first installment in the amount of RUR 1,250m.

As at 31 March 2020 the carrying value of the bonds amounted to RUR 3,758m (RUR 5,128m as at 31 December 2019), including the current portion of long-term debt in the amount of RUR 2,500m (RUR 2,500m as at 31 December 2019) and the amount of accrued interest of RUR 12m (RUR 133m as at 31 December 2019). The amount of current portion of long-term debt and the amount of accrued interest have been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

The fair value of Company's bond is disclosed in Note 26.

Current portion of long-term debt

	Effective interest rate	31 March 2020	31 December 2019
Raiffeisenbank loan, 4 th installment	6.9%	1	-
Bonds, series PBO-01	7.34%	320	138
Bonds, series BO-01	7.55%	84	196
Bonds, series BO-02	9.45%	2,512	2,633
Total		2,917	2,967

13. RIGHT-IN-USE ASSETS AND LEASE OBLIGATIONS

Leases - Group is the lessee

The Group leases flatcars, certain production buildings and office premises, tank-containers and handling equipment. Additionally, the Group leases the land on which its container terminals are located. The remaining terms of the relevant lease agreements as at 31 March 2020, including extension options, are from less 1 year to 68 years, including the lease of railway flatcars for 1 year, production buildings and office premises for 6 years, tank-containers for 6 years, handling equipment for 1 year, land for 68 years.

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13. RIGHT-IN-USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)

The following table presents a summary of net book value of rights-of-use assets:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Land, buildings and constructions	399	367
Containers and flatcars	984	504
Cranes and loaders	-	-
Vehicles and other equipment	4	2
Total right-of-use assets	<u>1,387</u>	<u>873</u>

Depreciation of the rights-of-use assets for the three-month period ended 31 March included in depreciation and amortisation expense in the interim condensed consolidated statement of profit or loss and other comprehensive income was as follows:

	<u>2020</u>	<u>2019</u>
Land, buildings and constructions	19	23
Containers and flatcars	70	18
Cranes and loaders	-	2
Vehicles and other equipment	-	1
Total depreciation charge	<u>89</u>	<u>44</u>

Lease obligations

The weighted average rate of additional borrowing applied by the Group to lease obligations as at 31 March 2020 and 31 December 2019 was 7.54% and 7.58%, respectively.

Liabilities under long-term lease as at 31 March 2020 were as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Lease obligations, current maturities	605	274
Lease obligations, net of current maturities	878	650
Total lease obligations	<u>1,483</u>	<u>924</u>

The following table presents expenses related to lease, recognised in the interim condensed consolidated statement of profit and loss and other comprehensive income for the three-month period ended 31 March:

	<u>2020</u>	<u>2019</u>
Depreciation of right-of-use assets (Note 21)	89	44
Interest expense on lease obligations (Note 22)	22	16
Expense relating to short-term leases (except of the expense relating to leases with a lease term of one month or less), which are exempt from the need for recognition under IFRS 16 (Note 21)	8	67
Expense relating to leases of low-value assets that are exempt from recognition under IFRS 16 (Note 21)	3	3
Variable lease payments not included in the measurement of lease obligations under IFRS 16 (Note 21)	4	-

The following table presents the maturity analysis of future undiscounted lease payments payable under long-term lease agreements, net of VAT:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Within one year	695	336
Within one to three years	470	294
Within three to five years	384	305
After five years	344	358
Total	<u>1,893</u>	<u>1,293</u>

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13. RIGHT-IN-USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)

Total cash outflows for leases for the three-month period ended 31 March 2020 amounted to RUR 69m, of which RUR 22m are included in interest paid.

Leases - Group is the lessor

For the three-month period ended 31 March 2020 income from lease of property, plant and equipment owned by the Group (Note 3) and income from sublease of right-of-use assets amounted to RUR 45m and RUR 21m, respectively, and were included in the other revenue (Note 19).

The following table presents the maturity analysis of future undiscounted lease payments receivable:

	31 March 2020	31 December 2019
Within one year	233	231
Within one to two years	173	160
Within two to three years	171	157
Within three to four years	171	155
Within four to five years	162	155
After five years	112	163
Total	1,022	1,021

14. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognised as an expense in respect of payments to defined contribution plans for the three-month periods ended 31 March 2020 and 31 March 2019 consisted of the following:

	2020	2019
Pension Fund of the Russian Federation	266	251
Defined contribution plan Blagosostoyanie	6	7
Total expense for defined contribution plans	272	258

Defined benefit plans

Principal actuarial assumptions as at 31 March 2020 were substantially the same as those that applied to the consolidated financial statements as at 31 December 2019 with the exception of changes in discount rate, which increased to 6.9% as at 31 March 2020 (as at 31 December 2019: 6.4%).

The amounts recognised in the interim condensed consolidated statement of profit or loss for the three-month periods ended 31 March 2020 and 31 March 2019 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2020	2019	2020	2019	2020	2019
Service cost	7	6	36	34	43	40
Net interest on obligation	10	13	5	5	15	18
Remeasurements of the net defined benefit	-	-	(4)	-	(4)	-
Net expense recognised in the consolidated profit or loss	17	19	37	39	54	58

Net income recognised in the other comprehensive income related mainly to remeasurements of the net defined benefit constitutes RUR 28m for the three-month period ended 31 March 2020 and net expense recognised in other comprehensive income constitutes RUR 20m for the three-month period ended 31 March 2019.

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14. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

The amounts recognised in the interim condensed consolidated statement of financial position as at 31 March 2020 and 31 December 2019 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2020	2019	2020	2019	2020	2019
Present value of defined benefit obligation	694	732	320	311	1,014	1,043
Fair value of plan assets	(53)	(55)	-	-	(53)	(55)
Net employee benefit liability	641	677	320	311	961	988

15. CONTRACTS LIABILITIES

Contracts liabilities as at 31 March 2020 and 31 December 2019 consist of advances from customers in the amount of RUR 4,201m and RUR 4,590m, respectively.

16. TRADE AND OTHER PAYABLES

	31 March 2020	31 December 2019
Trade payables	893	762
Amounts payable for the acquisition of property, plant and equipment	831	2,205
Amounts payable for the intangible assets	-	14
Other liabilities	119	152
Total financial liabilities within trade and other payable	1,843	3,133

17. TAXES OTHER THAN INCOME TAX PAYABLE

	31 March 2020	31 December 2019
Social insurance contribution	362	324
Personal income tax	37	34
Property tax	50	43
VAT	9	2
Other taxes	7	7
Total taxes other than income tax payable	465	410

18. SETTLEMENTS WITH EMPLOYEES

Settlements with employees as at 31 March 2020 and 31 December 2019 comprised accrued salaries and bonuses of RUR 643m and RUR 1,117m, respectively, and accruals for unused vacation of RUR 244m and RUR 193m, respectively.

19. REVENUE AND SEGMENT INFORMATION

The Company's General Director is its chief operating decision-maker. The Group's business activities are interdependent in providing customers with rail-based container shipping and other logistics services. As such, the Group's internal reporting, as reviewed by the General Director to assess performance and allocate resources, is prepared as a single reportable segment. The Group's internal management reports are prepared on the same basis as these interim condensed consolidated financial statements.

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19. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Analysis of revenue by category

	<u>2020</u>	<u>2019</u>
Integrated freight forwarding and logistics services	19,682	18,257
Agency fees	765	723
Other	577	818
Total revenue	<u>21,024</u>	<u>19,798</u>

Analysis of revenue by location of customers

	<u>2020</u>	<u>2019</u>
Revenue from external customers		
Russia	16,149	15,840
China	1,610	1,297
Korea	1,536	1,518
Germany	558	549
Austria	540	12
Kazakhstan	278	96
Other	353	486
Total revenue	<u>21,024</u>	<u>19,798</u>

20. OTHER OPERATING INCOME

	<u>2020</u>	<u>2019</u>
Gain from disposal of property, plant and equipment	257	38
Gain from the sale of inventory and from the reuse of spare parts	47	43
Other operating income	116	145
Total other operating income	<u>420</u>	<u>226</u>

21. OPERATING EXPENSES

	<u>2020</u>	<u>2019</u>
Third-party charges related to principal activities	12,784	11,032
Freight handling and transportation services	1,869	1,467
Payroll and related charges	1,609	1,556
Materials, repair and maintenance	1,072	783
Depreciation and amortisation	1,030	817
Taxes other than income tax	132	333
Fuel costs	59	56
Consulting and information services	55	77
Security	46	44
License and software	38	28
Communication costs	16	17
Rent	15	70
Other expenses	197	173
Total operating expenses	<u>18,922</u>	<u>16,453</u>

22. INTEREST EXPENSE

	<u>2020</u>	<u>2019</u>
Interest expense on RUR bonds	407	227
Interest expense on lease	22	16
Interest expense on bank loans	6	-
Total interest expense	<u>435</u>	<u>243</u>

23. INCOME TAX

	<u>2020</u>	<u>2019</u>
Current income tax expense	(274)	(515)
Deferred income tax expense	(224)	(187)
Income tax expense	<u>(498)</u>	<u>(702)</u>

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23. INCOME TAX (CONTINUED)

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the three-month period ended 31 March 2020 was 20.64% (for the three-month period ended 31 March 2019: 21.0%).

24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 "Related party disclosures", parties are considered to be related if they 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.

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 nature of the related-party relationships for those related parties with which the Group has entered into significant transactions, or had significant balances outstanding as at 31 March 2020 and 31 December 2019, are disclosed below:

Related party	Nature of relationship	
	31 March 2020	31 December 2019
LLC UK Delo	Ultimate parent company	Ultimate parent company
LLC Delo-Centr	Immediate parent company	Immediate parent company
JSC Atomenergoprom	Significant shareholder	Significant shareholder
LLC Enysei Capital	Significant shareholder	Significant shareholder
PJSC Bank VTB	Significant shareholder	Significant shareholder
OJSC Russian Railways (RZD)	State-controlled Company	State-controlled Company
JSC UTLC	State-controlled Company	State-controlled Company
JSC Kedentransservice	Joint venture of the Company	Joint venture of the Company
Oy ContainerTrans Scandinavia Ltd.	Joint venture of the Company	Joint venture of the Company
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture of the Company	Joint venture of the Company
LLC FVK Sever (FVK Sever Group) (Note 5)	Joint venture of the Company	Joint venture of the Company
Far East Land Bridge Ltd.	State-controlled Company	State-controlled Company
JSC Carriage Repair Company - 1	State-controlled Company	State-controlled Company
JSC Carriage Repair Company - 2	State-controlled Company	State-controlled Company

The Group's ultimate controlling party until 12 December 2019 was the Russian Federation and, therefore, all companies related to the Russian Federation were also treated as related parties of the Group for the purposes of these interim condensed consolidated financial statements.

Since 13 December 2019 LLC Delo-Center has become the immediate parent company, and LLC UK Delo has become the Group's ultimate controlling party. The significant shareholder of the Delo Group is the Group Atomenergoprom, which is a company controlled by the Russian Federation, and, therefore, all companies related to the Russian Federation are also treated as related parties of the Group for the purposes of these interim condensed consolidated financial statements.

In the ordinary course of business, the Group enters into various transactions and has outstanding balances with government related entities and governmental bodies, which are shown as "Other related parties" in the tables below. The Group also enters in transactions with government entities for acquisition of goods and providing services like electricity, taxes and post services. The majority of related-party transactions are with OJSC Russian Railways, its subsidiaries, joint ventures and associates (shown as "Other related parties" in the table below), and PJSC Bank VTB, which is a state-controlled entity. PJSC Bank VTB provides settlement and cash servicing of Company's bank accounts and carries out depository operations for free funds placement. Transactions with government related entities are conducted on commercial terms.

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24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Relationships with RZD, its subsidiaries, joint ventures and associates

The Group carries out various transactions with RZD, which is the sole owner and provider of railroad infrastructure and locomotive services in Russia. Furthermore, RZD owns the vast majority of rail-car repair facilities in Russia, which the Group uses to maintain its rolling stock in operating condition.

Under current Russian regulations, only RZD can perform certain functions associated with arranging the container transportation process. As the assets required for performing such functions were transferred to the Company, RZD engaged the Company to act as its agent in the performance of these functions.

Company's revenue generated from such transactions with RZD is reported as agency fees in the consolidated profit or loss.

Transactions and outstanding balances with related parties as at and for the three-month period ended 31 March 2020 are shown below:

	Ultimate parent company (UK Delo)	Other Delo group entities	Group's Joint ventures	Other related parties	Total
ASSETS					
Current assets					
Cash and cash equivalents	-	-	-	4,288	4,288
Trade receivables	-	64	-	423	487
Advances to suppliers	-	2	-	754	756
Other assets	-	-	18	20	38
Total assets	-	66	18	5,485	5,569
LIABILITIES					
Current liabilities					
Contracts liabilities	-	181	53	94	328
Other payables	-	7	97	133	237
Total liabilities	-	188	150	227	565
Revenue					
Integrated freight forwarding and logistics services	-	743	103	531	1,377
Agency fees	-	-	-	753	753
Other services	-	-	1	60	61
Interest income on deposits	-	-	-	43	43
Other income	-	-	-	10	10
Total income	-	743	104	1,397	2,244
Operating Expenses					
Third-party charges related to principal activities	-	50	957	9,859	10,866
Freight and transportation services	-	-	64	1,573	1,637
Repair services	-	-	14	558	572
Other expenses	-	(5)	24	110	129
Total expenses	-	45	1,059	12,100	13,204
Purchases of property, plant and equipment	-	-	-	37	37
Purchases of inventory	-	-	-	47	47
Contributions to non-state pension funds	-	-	-	17	17
Total other transactions	-	-	-	101	101

As at 31 March 2020 the debt of FVKS was secured by the guarantee under the loan agreement with PJSC GTLK amounted to RUR 2.2bn (2.2bn as at 31 December 2019). As at 31 March 2020 the financial guarantee for investment in joint venture recognised in the interim condensed consolidated statement of financial position was RUR 151m (RUR 151m as at 31 December 2019) (Note 5).

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24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and outstanding balances with related parties as at 31 December 2019 and for the three-month period ended 31 March 2019 are shown below:

	RZD (till 12 December 2019 ultimate parent company)	Other RZD group entities	Group's joint ventures	Other related parties	Total
ASSETS					
Current assets					
Cash and cash equivalents	-	257	-	2,694	2,951
Short-term investments	-	-	-	2,900	2,900
Trade receivables	402	2	(3)	-	401
Advances to suppliers	927	46	51	4	1,028
Other assets	5	3	22	18	48
Total assets	1,334	308	70	5,616	7,328
LIABILITIES					
Current liabilities					
Contracts liabilities	28	13	105	20	166
Other payables	32	93	18	16	159
Total liabilities	60	106	123	36	325
Revenue					
Integrated freight forwarding and logistics services	-	837	177	27	1,041
Agency fees	710	-	-	-	710
Other services	3	31	2	-	36
Interest income on deposits	-	-	-	64	64
Other income	2	20	1	1	24
Total income	715	888	180	92	1,875
Operating Expenses					
Freight and transportation services	8,825	18	887	1	9,731
Third-party charges related to principal activities	1,224	-	49	-	1,273
Repair services	79	422	8	-	509
Other expenses	45	9	42	31	127
Total expenses	10,173	449	986	32	11,640
Purchases of property, plant and equipment	-	-	-	78	78
Purchases of inventory	-	62	-	4	66
Contributions to non-state pension funds	-	-	-	11	11
Total other transactions	-	62	-	93	155

Outstanding balances with Delo Group's companies as at and for the year ended 31 December 2019 amounted to: accounts receivables – RUR 10m, accounts payable – RUR 141m.

Dividends

25 September 2019 the Group declared dividends payable to JSC UTLC, LLC Enysei Capital and PJSC Bank VTB in the amount of RUR 1,074m, RUR 531m and RUR 533m, respectively, which were paid in October 2019.

21 May 2019 the Group declared dividends payable to JSC UTLC, LLC Enysei Capital and PJSC Bank VTB in the amount of RUR 3,337m, RUR 1,651m and RUR 1,658m, respectively, which were paid in June 2019.

For the three-month period ended 31 March 2020 dividends were not approved and not paid off.

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24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Compensation of key management personnel

Key management personnel consist of members of the Company's Board of Directors, as well as the President, General Director and his deputies, Chief Accountant and directors of the central office who are under direct control of the General Director in accordance with the Company's existing organisational structure and comprised 22 and 21 persons as at 31 March 2020 and 31 March 2019, respectively.

Total gross compensation, including insurance contributions and before withholding of personal income tax, to key management personnel amounted to RUR 120m (including total social insurance contributions of RUR 14m) and RUR 92m (including total social insurance contributions of RUR 14m) and for the three-month period ended 31 March 2020 and 31 March 2019, respectively.

This compensation is included under payroll and related charges in the consolidated profit and loss and comprises primarily short-term benefits. Major part of compensation for Key management personnel is generally short-term excluding contributions under pension plans with defined benefits. Defined benefits to Key management of the Group are calculated based on the same terms as for the other employees.

As at 31 March 2020 liabilities in respect of Key management personnel on accrued expenses and other current assets amounted to RUR 142m, and on employee benefit liability amounted to RUR 2m (RUR 512m and RUR 2m respectively as at 31 December 2019).

25. CAPITAL COMMITMENTS

The Group's capital commitments as at 31 March 2020 and 31 December 2019 consisted of the following, including VAT:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Acquisition of containers and flatcars	14,560	25,945
Construction of container terminal complexes and modernisation of existing assets	41	6
Acquisition of lifting machines and other equipment	16	-
Total capital commitments	<u>14,617</u>	<u>25,951</u>

Decrease in capital commitments is relates to the termination of flatcars delivery agreements.

26. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE OF ASSETS AND LIABILITIES

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

The spread of a new coronavirus COVID-19 in 2020 has caused financial and economic stress to the global markets that is out of the Group's management control. In particular, the COVID-19 pandemic has led to lower demand for crude oil, natural gas and oil products, which combined with the increase in the supply of crude oil due to the cancellation of the OPEC+ production agreement in the first quarter resulted in decline in global hydrocarbon commodity prices. The scale and duration of these events remain uncertain and may significantly influence the Group's future earnings, cash flows and financial position.

The Group's management is taking necessary precautions to protect the safety and well-being of employees, contractors and their families against the infectious spread of COVID-19, while maintaining business continuity and commitment to meet the needs of customers domestically and internationally. The

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26. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Group's management continues to work closely with authorities, as well as partners, to contain the spread of the coronavirus and to take appropriate actions, where necessary, to minimize the possible disruptions of the Group's business operations.

Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and any other price risk), credit risk and liquidity risk.

During the three-month period ended 31 March 2020 there was the decrease of the Russian Rouble against USD while the CBRF exchange rate increased from RUR 61.9057 per USD as at 31 December 2019 to RUR 77.7325 per USD as at 31 March 2020, against EUR while the CBRF exchange rate increased from RUR 69.3406 per EUR as at 31 December 2019 to RUR 85.7389 per EUR as at 31 March 2020 and against Kazakhstan Tenge while the CBRF exchange rate increased from RUR 16.2174 per 100 Tenge as at 31 December 2019 to RUR 17.4278 per 100 Tenge as at 31 March 2020, respectively.

As at 31 March 2020 the Group received financial guarantees in the total amount of RUR 2,628m in order to ensure the proper performance of contractual obligations and minimise risks of collecting receivables and advance payments (as at 31 December 2019: RUR 2,557m).

The interim condensed consolidated financial statements do not include all financial risk management statements and disclosures required in the annual consolidated financial statements of the Group, prepared for the year ended 31 December 2019. The information disclosed in the interim condensed consolidated financial statements as at 31 March 2020 should be considered in conjunction with the Group's annual consolidated financial statements as at 31 December 2019. There have been no significant changes in the Group's risk management policy during the three-month period ended 31 March 2020.

Fair value of assets and liabilities

Management uses its judgment to the assessment and classification of financial instruments by category using the fair value measurement hierarchy. As at the reporting date the Group had financial assets and liabilities classified as Levels 1, 2 and 3.

For financial assets and liabilities not measured at fair value but for which fair value is disclosed, management believes that the fair value of the following assets and liabilities approximates their carrying value: cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and financial guarantee for the investment in joint venture. These financial assets and liabilities, except for cash and cash equivalents relate to Level 3 in the fair value hierarchy.

Cash refers to the Level 1 in the fair value hierarchy, cash equivalents refer to the Level 2 in the fair value hierarchy.

Company's bonds are placed on the Moscow Exchange and quoted on the market, thus they refer to the Level 1 in the fair value hierarchy.

The following table details the fair value of the Company's bonds:

	31 March 2020	31 December 2019
Financial liabilities		
Bonds	19,878	21,204
Total	19,878	21,204

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27. SUBSEQUENT EVENTS

Ordinary shares transactions. Delo-Center LLC, which is the immediate parent of the Company, holding 50%+2 of its ordinary shares (Note 1), on 10 April 2020 received the right to dispose of 13,844,902 ordinary registered uncertified shares of the Company, thus increasing its interest in the share capital of the Company up to 99.641045%.

Executive bodies. From 14 May 2020 the Company established and operates independently of each other, in accordance with the powers defined by the Company Charter new version, two sole executive bodies, which are the President and the Director. This fact was recorded on 20 May 2020 in the Unified State Register of Legal Entities.

Loan received. In April 2020 under the credit line agreement revolved with JSC Raiffeisenbank (Note 12) the loan was obtained by the Company in the amount of RUR 300m with an annual interest rate of 6.9% and a maturity date no later than 1 October 2021.

Dividends from a joint venture. On 21 April 2020 the Company received dividends for 2018 and 2019 years from the joint venture Logistic System Management B.V. in the amount of EUR 6m (RUR 486m at the Central Bank of Russia official exchange rate as at the date of receipt).

Sale of interest in the share capital of a joint venture. On 22 May 2020 the Company completed the sale transaction to JSC National Company Kazakhstan Temir Zholy of 37,078,150 shares, representing 50% of the charter capital of Logistic System Management B.V. (owning 100% of the shares of JSC Kedentransservice) (Note 5), which was, until the sale completion, a joint venture of the Company and JSC National Company Kazakhstan Temir Zholy (Note 1). The transaction value amounted to USD 73m (RUR 5.3bn at the Central Bank of Russia official exchange rate as at the date of payment receipt).

Acquisition of flatcars. In April - May 2020 the Group obtained under the previously signed agreements:

- 156 flatcars from JSC Altaivagon for the total amount of RUR 465m, net of VAT;
- 179 flatcars from LLC Torgoviy dom RM Rail for the total amount of RUR 609m, net of VAT.

Acquisition of containers. In April - May 2020 the Group obtained under the previously signed agreements 2,917 containers from Taicang CIMC special logistic equipment Co.,Ltd for the total amount of RUR 410m at the Central Bank of Russia official exchange rate as at the date of purchase, net of VAT.