

**PUBLIC JOINT STOCK COMPANY
“ACRON”**

**Consolidated Condensed Interim
Financial Information for the six months
ended 30 June 2020**



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Independent Auditors' Report on Review of Consolidated Condensed Interim Financial Information

To the Shareholders and Board of Directors of Public Joint Stock Company "Acron"

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Public Joint Stock Company "Acron" and its subsidiaries (the "Group") as at 30 June 2020, and the related consolidated condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated condensed interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated condensed 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 consolidated condensed 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.

Reviewed entity: PJSC "Acron"
Registration No. in the Unified State Register of Legal Entities
No. 1025300786610
Veliky Novgorod, Russia

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal
Entities 1027700125628

Member of the Self-regulatory Organization of Auditors Association
"Sodruzhestvo" (SRO AAS). The Principal Registration Number of the Entry in
the Register of Auditors and Audit Organisations No. 12006020351



PJSC "Acron"

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial information as at 30 June 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Other Matter

The consolidated condensed interim financial statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2020 and the corresponding figures for the three-month period ended 30 June 2019 are not reviewed.



Andrey V. Ryazantsev

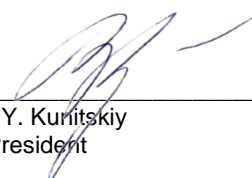
JSC "KPMG"
Moscow, Russia

27 August 2020



	Note	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10	104,657	102,157
Subsoil licences and related costs	11	40,506	39,502
Investment in equity instruments measured at fair value through other comprehensive income	12	11,086	9,784
Right-of-use assets		2,456	2,690
Long-term derivative financial instruments	13	1,333	-
Deferred tax assets		247	201
Other non-current assets		3,469	3,224
Total non-current assets		163,754	157,558
Current assets			
Inventories	9	17,015	16,378
Accounts receivable	8	12,450	10,878
Cash and cash equivalents	7	24,152	11,356
Short-term derivative financial instruments	13	-	3,093
Other current assets		210	1,092
Total current assets		53,827	42,797
TOTAL ASSETS		217,581	200,355
EQUITY			
Share capital	16	3,046	3,046
Treasury shares		(16)	(8)
Retained earnings		56,007	73,157
Revaluation reserve		(14,821)	(16,083)
Other reserves		(12,683)	(5,291)
Cumulative currency translation difference		7,431	6,180
Equity attributable to the Company's owners		38,964	61,001
Non-controlling interest		25,992	20,964
TOTAL EQUITY		64,956	81,965
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	96,879	73,253
Long-term lease liabilities		1,988	2,047
Deferred tax liabilities		6,992	8,658
Other long-term liabilities		1,117	743
Total non-current liabilities		106,976	84,701
Current liabilities			
Accounts payable	14	20,402	10,517
Short-term derivative financial instruments	13	720	679
Short-term borrowings	15	18,212	13,288
Advances received		3,840	6,968
Short-term lease liabilities		587	547
Other current liabilities		1,888	1,690
Total current liabilities		45,649	33,689
TOTAL LIABILITIES		152,625	118,390
TOTAL LIABILITIES AND EQUITY		217,581	200,355

The Consolidated Condensed Interim Financial Information was approved on 27 August 2020.


V.Y. Kuritskiy
President




A.V. Milenkov
Finance Director

Public Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive
Income for the six months ended 30 June 2020
(in millions of Russian Roubles, except for per share amounts)



	Note	Six months ended		Three months ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenue	5	56,432	60,472	28,353	30,968
Cost of sales		(31,936)	(30,380)	(14,362)	(14,992)
Gross profit		24,496	30,092	13,991	15,976
Transportation expenses		(10,373)	(9,719)	(5,945)	(4,698)
Selling, general and administrative expenses		(4,665)	(4,517)	(2,482)	(2,538)
Profit on sale of potash leases	11	891	-	891	-
Other operating income / (expense), net	18	83	(834)	(1,733)	(399)
Operating profit		10,432	15,022	4,722	8,341
Finance (costs) / income, net	17	(7,376)	6,740	6,818	1,689
Interest expense		(1,821)	(1,347)	(1,335)	(936)
(Loss) / profit on derivatives, net		(2,442)	941	(1,464)	1,023
(Loss) / profit before taxation		(1,207)	21,356	8,741	10,117
Income tax benefit / (expense)	20	221	(4,160)	399	(1,695)
(Loss) / profit for the period		(986)	17,196	9,140	8,422
<i>Other comprehensive income on items that will never be reclassified to profit or loss:</i>					
<i>Investment in equity instruments measured at fair value through other comprehensive income:</i>					
- Gains arising during the period	12	1,262	2,598	2,971	225
<i>Other comprehensive income / (loss) on items that are or may be reclassified subsequently to profit or loss:</i>					
Currency translation differences		1,309	(1,111)	(1,320)	(176)
Other comprehensive income for the period		2,571	1,487	1,651	49
Total comprehensive income for the period		1,585	18,683	10,791	8,471
(Loss) / profit is attributable to:					
Owners of the Company		(1,295)	16,827	8,955	8,218
Non-controlling interest		309	369	185	204
(Loss) / profit for the period		(986)	17,196	9,140	8,422
Total comprehensive income is attributable to:					
Owners of the Company		1,218	18,354	10,544	8,267
Non-controlling interest		367	329	247	204
Total comprehensive income for the period		1,585	18,683	10,791	8,471
(Loss) / earnings per share					
Basic (expressed in RUB)	19	(33.70)	428.93	237.43	209.48
Diluted (expressed in RUB)	19	(33.70)	427.88	227.53	208.97

The accompanying notes are an integral part of this consolidated condensed interim financial information.

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Cash Flows for the six months
ended 30 June 2020
(in millions of Russian Roubles)



	Note	Six months ended	
		30 June 2020	30 June 2019
Cash flows from operating activities			
(Loss) / profit before taxation		(986)	17,196
<i>Adjustments for:</i>			
Income tax (benefit) / expense	20	(221)	4,160
Depreciation and amortisation		6,100	5,167
Provision for / (reversal of) impairment of accounts receivable		1	(1)
(Reversal of) / provision for inventory obsolescence		(68)	1
Loss on disposal of property, plant and equipment		47	19
Interest expense		1,821	1,347
Interest income	17	(66)	(66)
Loss / (gain) on derivatives, net		2,442	(941)
Profit on disposal of potash leases		(891)	-
Foreign exchange effect on non-operating balances		5,971	(5,867)
Operating cash flows before working capital changes		14,150	21,015
Increase in gross trade receivables		(2,409)	(1,508)
(Increase) / decrease in advances to suppliers		(960)	919
Decrease / (increase) in other receivables		1,571	(1,694)
Increase in inventories		(678)	(429)
(Decrease) / increase in trade payables		(715)	1,891
Increase / (decrease) in other payables		155	(80)
Decrease in advances from customers		(3,128)	(2,111)
Decrease / (increase) in other current assets		882	(232)
Decrease in other current liabilities		(808)	(971)
Cash generated from operations		8,060	16,800
Income taxes paid		(756)	(2,695)
Interest paid		(2,190)	(2,225)
Net cash generated from operating activities		5,144	11,880
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(7,410)	(8,314)
Proceeds from sale of potash leases		1,067	-
Interest received		15	41
Purchase of investment in equity instruments measured at fair value through other comprehensive income		(40)	(60)
Net change in other non-current assets and liabilities		129	251
Net cash used in investing activities		(6,239)	(8,082)
Cash flows from financing activities			
Acquisition of non-controlling interest		(10)	(13)
Contribution of non-controlling interest		36	-
Extension of options on shares of subsidiary		(381)	-
Proceeds from sale of shares of subsidiary		5,779	-
Acquisition of treasury shares		(8,040)	(684)
Dividend paid to shareholders		(6,378)	(5,573)
Dividend paid to non-controlling interest		(186)	(146)
Proceeds from borrowings	15	26,159	6 991
Repayment of borrowings		(4,288)	(5,366)
Payment of lease liabilities		(291)	(225)
Net cash generated from / (used in) financing activities		12,400	(5,016)
Net increase / (decrease) in cash and cash equivalents		11,275	(1,218)
Effect of exchange rate changes on cash and cash equivalents		1,521	(862)
Cash and cash equivalents at the beginning of the period	7	11,356	10,460
Cash and cash equivalents at the end of the period	7	24,152	8,380

The accompanying notes are an integral part of this consolidated condensed interim financial information.

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Changes in Equity for the six months ended 30 June 2020
(in millions of Russian Roubles)



Capital and reserves attributable to the Company's owners

	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Other reserves	Cumulative currency translation difference	Non-controlling interest	Total equity
Balance at 1 January 2019	3,046	(6)	65,253	(14,137)	(3,963)	7,400	20,572	78,165
Total comprehensive income								
Profit for the period	-	-	16,827	-	-	-	369	17,196
<i>Other comprehensive income</i>								
Profit on investment in equity instruments measured at fair value through other comprehensive income (Note 12)	-	-	-	2,598	-	-	-	2,598
Currency translation differences	-	-	-	-	-	(1,071)	(40)	(1,111)
Total other comprehensive income	-	-	-	2,598	-	(1,071)	(40)	1,487
Total comprehensive income for the period	-	-	16,827	2,598	-	(1,071)	329	18,683
Dividend declared	-	-	(10,394)	-	-	-	(146)	(10,540)
Acquisition of treasury shares	-	(1)	-	-	(683)	-	-	(684)
Acquisition of non-controlling interest	-	-	34	-	-	-	(23)	11
Provision for previous years obligations	-	-	(760)	-	-	-	-	(760)
Other	-	-	(940)	-	-	-	-	(940)
Balance at 30 June 2019	3,046	(7)	70,020	(11,539)	(4,646)	6,329	20,732	83,935
Balance at 1 January 2020	3,046	(8)	73,157	(16,083)	(5,291)	6,180	20,964	81,965
Total comprehensive income								
Profit for the period	-	-	(1,295)	-	-	-	309	(986)
<i>Other comprehensive income</i>								
Profit on investment in equity instruments measured at fair value through other comprehensive income (Note 12)	-	-	-	1,262	-	-	-	1,262
Currency translation differences	-	-	-	-	-	1,251	58	1,309
Total other comprehensive income	-	-	-	1,262	-	1,251	58	2,571
Total comprehensive income for the period	-	-	(1,295)	1,262	-	1,251	367	1,585
Dividend declared	-	-	(16,364)	-	-	-	(186)	(16,550)
Acquisition of treasury shares	-	(8)	-	-	(8,032)	-	-	(8,040)
Changes of non-controlling interest	-	-	958	-	640	-	4,811	6,409
Provision for previous years obligations	-	-	(220)	-	-	-	-	(220)
Other	-	-	(229)	-	-	-	36	(193)
Balance at 30 June 2020	3,046	(16)	56,007	(14,821)	(12,683)	7,431	25,992	64,956

The accompanying notes are an integral part of this consolidated condensed interim financial information.



1 Acron Group and its Operations

This consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” for the six months ended 30 June 2020 for Public Joint Stock Company “Acron” (the “Company” or “Acron”) and its subsidiaries (together referred to as the “Group” or “Acron Group”). The Company’s shares are traded on the Moscow and London Stock Exchange.

The Group’s principal activities include the manufacture, distribution and sale of chemical fertilisers and related mineral primary and by-products. The Group’s manufacturing facilities are primarily based in the Novgorodskaya, Smolenskaya and Murmanskaya regions of Russian Federation.

The Company’s registered office is at Veliky Novgorod, 173012, Russian Federation.

As at 30 June 2020, the Group’s immediate parent company is Redbrick Investments S.a.r.l. (Luxembourg). The Group’s ultimate parent is Terasta Enterprises Limited (The Republic of Cyprus). During the reporting and comparable periods the Group is ultimately controlled by Mr. Viatcheslav Kantor.

2 Basis of Preparation

2.1 Statement of compliance

This consolidated condensed interim financial information has been prepared in accordance with IAS 34, Interim Financial Reporting.

It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

2.2 Use of estimates and judgements

Preparing the consolidated condensed interim financial information requires Management to make judgments, 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 consolidated condensed interim financial information significant estimates and judgments 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. The impact of COVID-19 on the Group’s business is disclosed in Note 21.

3 Significant Accounting Policies

The accounting policies applied in this consolidated condensed interim financial information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2019. The comparative information is restated due to changes in classification of individual cost items.

4 Seasonality

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. However, the effect of seasonality on the Group’s revenue is partially offset by the facts that the Group sells its fertilisers globally and fertiliser application and purchases vary by region. The seasonality does not significantly influence production, and inventory levels are adjusted for movements in demand. Seasonality does not impact the revenue or cost recognition policies of the Group.

5 Segment Information

The Group prepares its segment analysis in accordance with IFRS 8, Operating Segments. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker(s) (“CODM”) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Management Board of the Group.

The development and approval of strategies, market situation analysis, the risk assessment, investment focus, technological process changes, goals and priorities are set and assessed in line with the current segment structure of the Group:

- Acron – representing manufacturing and distribution of chemical fertilisers by PJSC Acron;
- Dorogobuzh – representing manufacturing and distribution of chemical fertilisers by PJSC Dorogobuzh;
- Logistics – representing transportation and logistic services rendered by Estonian ports of the Group and some minor transportation companies in Russian Federation. Constitutes an aggregation of a number of operating segments;



(in millions of Russian Roubles, except for per share amounts)

- Trading – representing overseas and domestic distribution companies of the Group;
- Mining NWPC – representing production of apatite-nepheline ore and subsequent processing in apatite concentrate;
- Mining excluding NWPC - comprises mining entities JSC VPC, JSC Mining Company Partomchorr, North Atlantic Potash Inc., and other assets in Canada being at the stage of development, exploration and evaluation;
- Other – representing certain logistic (other than included in logistic segment), service, agriculture and management operations.

The Group’s segments are strategic business units that focus on different customers. They are managed separately because each business unit has distinctive business and risk profile.

Segment financial information is presented and reviewed by the CODM based on the IFRS and includes revenues from sales and EBITDA.

The CODM evaluates performance of each segment based on measure of operating profit adjusted by depreciation and amortisation, foreign exchange gain or loss, other non-cash and extraordinary items (EBITDA). Since EBITDA and extraordinary items are not standard IFRS measures Acron Group’s definitions of EBITDA and of extraordinary items may differ from those of other companies.

Information for the reportable segments for the six months ended 30 June 2020 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	31,131	(28,024)	3,107	9,424
Dorogobuzh	12,211	(11,623)	588	2,203
Logistics	1,485	(1,369)	116	374
Trading	53,939	(1,751)	52,188	2,644
Mining NWPC	5,018	(4,999)	19	554
Mining excluding NWPC	-	-	-	-
Other	860	(446)	414	109
Total	104,644	(48,212)	56,432	15,308

Information for the reportable segments for the six months ended 30 June 2019 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	36,095	(30,466)	5,629	13,618
Dorogobuzh	13,195	(11,854)	1,341	3,174
Logistics	2,380	(1,955)	425	952
Trading	53,939	(1,156)	52,783	2,396
Mining NWPC	5,054	(5,030)	24	780
Mining excluding NWPC	-	-	-	-
Other	769	(499)	270	115
Total	111,432	(50,960)	60,472	21,035

Reconciliation of EBITDA to Profit Before Tax:

	Six months ended	
	30 June 2020	30 June 2019
Operating Profit	10,432	15,022
Depreciation and amortisation	6,100	5,167
Gain on disposal of potash leases	(891)	-
Foreign currency (income) / loss on operating activities, net	(380)	827
Loss on disposal of property, plant and equipment	47	19
Total consolidated EBITDA	15,308	21,035

Information about geographical areas:

The geographic information below analyses the Group’s revenue. In presenting the following information, segment revenue has been based on the geographic location of customers.



	Six months ended	
	30 June 2020	30 June 2019
Revenue		
Latin America	13,882	11,681
Russian Federation	11,870	11,362
USA and Canada	8,456	9,075
Asia (excluding PRC)	7,436	7,440
European Union	7,336	11,944
Other regions	3,651	3,693
PRC	2,938	3,075
Commonwealth of Independent States	863	2,202
Total	56,432	60,472

Revenue from sales of chemical fertilisers accounts for 85% of total revenues (for the six months ended 30 June 2019: 82%).

For the six months ended 30 June 2020, revenues from logistics activities representing a separate performance obligation under IFRS 15 amounted to RUB 3,735 (for the six months ended 30 June 2019: RUB 3,263). Adjustment associated with price changes is not significant.

This revenue was accounted for as part of the Trading in Information for the reportable segments for the six months ended 30 June 2020.

There is none individual customer contributing more than 10% to the total revenues (for the six months ended 30 June 2019: one customer).

6 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, 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.

Balances and transactions with related parties are not significant.

7 Cash and Cash Equivalents

	30 June 2020	31 December 2019
Cash on hand and bank balances denominated in RUB	8,820	2,157
Bank balances denominated in USD	13,319	5,570
Bank balances denominated in EUR	1,628	3,291
Bank balances denominated in CNY	160	143
Bank balances denominated in other currency	225	195
Total cash and cash equivalents	24,152	11,356

Cash and cash equivalents include term deposits of RUB 5,997 (31 December 2019: RUB 3,338).

The fair value of cash, cash equivalents and irrevocable deposits is equal to their carrying amount. All bank balances and term deposits are neither past due nor impaired.

Credit risks across banks have not changed.



(in millions of Russian Roubles, except for per share amounts)

8 Accounts Receivable

	30 June 2020	31 December 2019
Trade accounts receivable	5,560	3,151
Notes receivable	252	262
Other accounts receivable	293	378
Less: impairment provision	(40)	(39)
Total financial assets	6,065	3,752
Advances to suppliers	2,414	1,454
Value-added tax recoverable	3,014	4,194
Income tax prepayment	446	722
Other taxes receivable	542	787
Less: impairment provision	(31)	(31)
Total accounts receivable	12,450	10,878

The fair value of accounts receivable does not differ significantly from their carrying amount.

As at 30 June 2020 and 31 December 2019 the Group hold no collateral as security for trade receivable.

9 Inventories

	30 June 2020	31 December 2019
Raw materials and spare parts	8,430	8,560
Work in progress	1,145	779
Finished products	7,440	7,039
	17,015	16,378

Raw materials are shown net of obsolescence provision in the amount of RUB 212 (31 December 2019: RUB 280).

No inventory was pledged as security at 30 June 2020 and 31 December 2019.

10 Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	2020	2019
Carrying amount at 1 January	102,157	93,532
Acquisitions	7,837	8,771
Disposals	(47)	(19)
Depreciation charge	(5,749)	(4,839)
Currency translation difference	459	(396)
Carrying amount at 30 June	104,657	97,049

Included in the six months ended 30 June 2020 additions to assets under constructions is approximately RUB 573 of capitalised borrowing costs in accordance with IAS 23, Borrowing costs (for the six months ended 30 June 2019: RUB 737) at the average borrowing rate from 3.53% to 8.0% (for the six months 2019: from 5.31% to 10.2%).

As at 30 June 2020 and 31 December 2019, there were no pledges over property, plant and equipment.

11 Subsoil licences and related costs

Subsoil licences and related costs comprise of:

	30 June 2020	31 December 2019
Apatite-nepheline deposits (production / development stage)	794	800
Potash deposits (development stage)	33,275	32,608
Potash leases and exploration permits	4,966	4,657
Licence and expenditure on deposit in exploration and evaluation stage	1,134	1,134
Asset related to the discharge of license obligations	337	303
	40,506	39,502

The Group capitalised borrowing costs for the six months 2020 in the amount of RUB 667 applying average borrowing rate of 8.0% (for the six months ended 30 June 2019: RUB 1,428 applying average borrowing rate of 10.2%).



(in millions of Russian Roubles, except for per share amounts)

In May 2020, the Group sold potash leases in the Canadian province of Saskatchewan with carrying amount of RUB 217 resulting profit on sale in the amount of RUB 891.

12 Investment in Equity Instruments Measured at Fair Value through Other Comprehensive Income

	2020	2019
Carrying amount at 1 January	9,784	11,670
Additions	40	60
Fair value gain recognised directly in OCI	1,262	2,598
Carrying amount at 30 June	11,086	14,328

The Group has investment in the following companies:

Name	Activity	Country of registration	30 June 2020	31 December 2019
Non-current				
Grupa Azoty S.A.	Fertilisers manufacture	Poland	10,638	9,376
Other		Russian Federation	448	408
Total non-current			11,086	9,784
Total			11,086	9,784

Fair value of investment in Grupa Azoty S.A was determined by reference to the current market value at the reporting date. At 30 June 2020, the share price quoted at Warsaw Stock Exchange for Grupa Azoty S.A. amounted to RUB 539.62 per share (31 December 2019: RUB 475.44 per share).

13 Derivative Financial Assets and Liabilities

In June 2020, it was decided to extend the term of Sberbank Investments LLC participation in the potash project. At the same time, the Group compensated the partner for the accumulated profitability. The effect from the extension was recognised in statement of profit or loss.

In June 2020, the Group also sold 10.1% stake in JSC VPC to OTKRITIE Asset Management Ltd. setting up a number of option agreements with conditions similar to existing option agreements. The effect from initial recognition of the options and the effect from the sale of related share were recognised in equity.

Options for the purchase and sale of shares are recognised as part of a transaction to sell shares of JSC VPC to holders of non-controlling interests. The net assets as at 30 June 2020 are represented by two call options, which gives Group the right to purchase from non-controlling shareholders the 19.9% and 10.1% stakes in JSC VPC up to June 2023 and three put options that give non-controlling shareholders the right to sell to the Group their 10.1% and 19.9% stakes of their interest in JSC VPC in June 2023 and 20% - in August 2020.

	At 30 June 2020			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	1,333	-	-	(720)
	1,333	-	-	(720)

	At 31 December 2019			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	-	3,093	-	(679)
	-	3,093	-	(679)



(in millions of Russian Roubles, except for per share amounts)

14 Accounts Payable

	30 June 2020	31 December 2019
Trade accounts payable	6,308	7,023
Dividend payable	10,174	188
Total financial payables	16,482	7,211
Payables to employees	1,487	1,419
Accrued liabilities and other creditors	973	984
Taxes payable	1,460	903
Total accounts payable and accrued expenses	20,402	10,517

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	30 June 2020	31 December 2019
Bonds issued	23,772	23,772
Credit lines	20,711	3,185
Term loans	71,492	59,584
	115,975	86,541

The Group's borrowings mature as follows:

	30 June 2020	31 December 2019
Borrowings due:		
- within 1 year	18,250	13,288
- between 1 and 5 years	97,725	73,037
- after 5 years	-	216
	115,975	86,541

The Group's borrowings are denominated in currencies as follows:

	30 June 2020	31 December 2019
Borrowings denominated in:		
- RUB	39,355	28,510
- EUR	15,414	8,325
- USD	61,206	49,706
	115,975	86,541

At 30 June 2020, unused credit lines available under the loan facilities were RUB 56,967 (31 December 2019: RUB 54,706). Terms and conditions of unused credit lines correspond to the terms and conditions of other borrowings.

The details of the significant short-term loan balances are summarised below:

	30 June 2020	31 December 2019
Short-term borrowings		
RUB		
Bonds with fixed interest rate from 6.5% to 9.55% (2019: from 9.55% to 10.2%) per annum	8,772	8,772
Loans with floating interest rate from 90% of the key rate of the Bank of Russia +1.8% to the key rate of the Bank of Russia +2% (2019: from 90% of the key rate of the Bank of Russia +1.8% to 90% of the key rate of the Bank of Russia +2.275%) per annum	4,445	343
Loans with fixed interest rate of 7.35% per annum	2,950	-
EUR		
Loans with floating interest rate of 6M EURIBOR +0.65% to 6M EURIBOR+1.9% per annum	410	361
Loans with floating interest rate of 3M EURIBOR +1.7% per annum	255	1,026
USD		
Loans with floating interest rate of 1M LIBOR +2% (2019: 1M LIBOR +2.1%) per annum	1,418	2,786
Total short-term borrowings	18,250	13,288
Bank commission	(38)	-
Total short-term liabilities	18,212	13,288



(in millions of Russian Roubles, except for per share amounts)

The details of the significant long-term loan balances are summarised below:

	30 June 2020	31 December 2019
Long-term borrowings		
RUB		
Bonds with fixed interest rate from 7.25% to 8.6% per annum	15,000	15,000
Loans with floating interest rate from the key rate of the Bank of Russia +1.35% to the key rate of the Bank of Russia +2% per annum	2,188	1,445
Loans with fixed interest rate from 8.3% to 8.34% (2019: 7.35%) per annum	6,000	2,950
EUR		
Loans with floating interest rate from 6M EURIBOR +0.65% to 6M EURIBOR +1.9% per annum	901	975
Loans with floating interest rate from 3M EURIBOR +1,25% per annum	6,767	5,963
Loans with fixed interest rate from 0.98% to 0.99% per annum	7,081	-
USD		
Loans with floating interest rate from 1M LIBOR +2% to 1M LIBOR +4.5% per annum	52,793	46,920
Loans with fixed interest rate from 2.51% to 2.6% per annum	6,995	-
Total long-term borrowings	97,725	73,253
Bank commission	(846)	-
Total long-term liabilities	96,879	73,253

In May 2011, the Group placed through an offering to the public under an open subscription RUB non-convertible bonds with a face value of RUB 7,500 to be redeemed in May 2021. In the first quarter of 2012 the Group redeemed bonds in the amount of RUB 3,377. The holders of this bonds issue were granted an option to redeem the bonds in May 2016, which resulted in early redemption of bonds for RUB 1,335. The Group further sold the bonds of this issue for RUB 1,354. At 30 June 2020, the Group's subsidiary PJSC Dorogobuzh held bonds in the amount of RUB 351.

In October 2016, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 5,000 to be redeemed in September 2026. The bonds were placed at 9.55% with the option of early redemption in October 2020.

In June 2017, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 5,000 to be redeemed in May 2027. The bonds were placed at 8.6% with the option of early redemption in December 2021.

In October 2019, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 10,000 to be redeemed in April 2023. The bonds were placed at 7.25% per annum without the option of early redemption.

All of the above bonds have been admitted to the quotation list B and are traded on Moscow Stock Exchange. The fair value of the outstanding bonds balance at 30 June 2020 was RUB 24,500 with reference to Moscow Stock Exchange quotations as of this date (31 December 2019: RUB 24,506).

Significant loan agreements contain certain covenants including those which require the Group and its entities to maintain a minimum level of net assets, net debt/EBITDA ratio, and EBITDA/interest expense ratio. The loan agreements provide for the borrower's obligation to maintain the required level of inflows through the accounts opened with the lending banks. The loan agreements also contains a number of covenants and acceleration clause in case of the borrower's failure to fulfil its obligations under the loan agreements which include restrictions on significant transactions with assets. Also, these covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the loans. The Group is in compliance with the covenants.

16 Share Capital

The total authorised number of ordinary shares is 40,534,000 (31 December 2019: 40,534,000) with a par value of RUB 5 per shares. All authorised shares have been issued and fully paid.

Total number of outstanding shares comprises (par value is expressed in roubles per one share):

	Number of outstanding ordinary shares	Number of treasury shares	Total share capital	Treasury share capital	Outstanding share capital
1 January 2019	40,534,000	(1,285,800)	3,046	(6)	3,040
Acquisition of treasury shares	-	(149,500)	-	(1)	(1)
30 June 2019	40,534,000	(1,435,300)	3,046	(7)	3,039
1 January 2020	40,534,000	(1,576,930)	3,046	(8)	3,038
Acquisition of treasury shares	-	(1,502,230)	-	(8)	(8)
30 June 2020	40,534,000	(3,079,160)	3,046	(16)	3,030



(in millions of Russian Roubles, except for per share amounts)

In April 2020, the Group declared and paid dividend for previous years in the amount of RUB 157 per ordinary share.

In May 2020, the Group declared and paid, subsequent to the reporting period, dividend for 2019 in the amount of RUB 275 per ordinary share.

Shares issue to non-controlling interest

In accordance with the agreements with the banks the Group has unconditional right to discharge obligations by transferring to option holders Company's own shares (ordinary shares of PJSC Acron) in amount, calculated based on the total amount of obligation and own shares fair value to be transferred at a future date. As at 30 June 2020, related financing received by the Group was recorded in the Group's equity as non-controlling interest in amount of RUB 23,871 (31 December 2019: RUB 18,873).

Derivative financial instruments related to above share issues are disclosed in Note 13.

17 Finance (Costs) / Income, net

	Six months ended		Three months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Interest income from loans provided and term deposits	66	66	51	24
Other finance income / (costs), net	50	(62)	(3)	139
Foreign exchange (loss) / gain on financial transactions, net	(7,492)	6,736	6,770	1,526
	(7,376)	6,740	6,818	1,689

18 Other Operating Income / (Expense), net

	Six months ended		Three months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Charity expenses	(347)	(200)	(185)	(132)
Other operating income / (expenses), net	50	193	33	(15)
Foreign exchange gain / (loss) on operating activities, net	380	(827)	(1,581)	(252)
	83	(834)	(1,733)	(399)

19 (Loss) / Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares. Ordinary shares of the Company have a potential dilutive effect associated with the right to exercise obligations under the redemption put-options on JSC VPC shares by transferring its own ordinary shares. At 30 June 2020 ordinary shares of the Company do not have a potential dilutive effect associated with the right to exercise obligations under the redemption put-options by transferring its own ordinary shares, because their inclusion in the calculation would not decrease earnings per share, or increase the loss per share, from continuing operations.

	Six months ended	
	30 June 2020	30 June 2019
Weighted average number of shares outstanding	40,534,000	40,534,000
Adjusted for weighted average number of treasury shares	(2,102,799)	(1,304,003)
Weighted average number of shares outstanding (basic)	38,431,201	39,229,997
Effect of settlement in own equity instruments	111,223	96,021
Weighted average number of shares outstanding (diluted)	38,542,424	39,326,018
(Loss) / profit attributable to the equity holders of the Company	(1,295)	16,827
Basic (loss) / earnings per share (in Russian Roubles)	(33.70)	428.93
Diluted (loss) / earnings per share (in Russian Roubles)	(33.70)	427.88



(in millions of Russian Roubles, except for per share amounts)

20 Income Taxes

	Six months ended		Three months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Income tax expense – current	1,491	3,190	1,106	1,232
Deferred tax charge – origination and reversal of temporary differences	(1,712)	970	(1,505)	463
Income tax (benefit) / expense	(221)	4,160	(399)	1,695

21 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

As at 30 June 2020, the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 10,276 (31 December 2019: RUB 11,220).

In accordance with the conditions of the exploration licenses the Group has to commence the extraction of certain mineral resources by certain dates as stipulated by license agreements. To the extent necessary, the Group has already allocated the resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 30 June 2020 and 31 December 2019, the Group had no issued guarantees.

ii Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice the Management is of the opinion that no material losses will be incurred in respect of claims.

iii Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

The legal, tax and regulatory frameworks in the Russian Federation continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

In the current period the global market has experienced significant turmoil triggered by the outbreak of coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil prices, the stock market indices, foreign exchange rates of Russian Rubble and overall decrease of prices on mineral fertilizers. These developments are further increasing the level of uncertainty in the Russian business environment and may have a potential negative effect on the availability and cost of borrowed funds, as well as on the volatility of assets and liabilities measured at fair value. The situation with the spread of coronavirus and quarantine measures taken by countries does not yet have a significant impact on fertilizer demand. Management believes that if the situation worsens, the need for food security will support the demand for mineral fertilisers worldwide. According to the management estimate, current situation does not have significant impact on the Group's ability to continue as a going concern and meet its obligations in the foreseeable future. At the moment the impact on accounts receivable and its turnover also have not been revealed. The Group does not expect further deterioration triggered by the outbreak of coronavirus.

The consolidated condensed interim financial information reflects management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

iv Taxation contingencies in Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the



three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

Current Russian transfer pricing legislation requires transfer pricing analysis for the majority of cross-border intercompany and major domestic intercompany transactions. Starting from 2019, transfer pricing control, as a general rule, is applied to domestic transactions only if both criteria are met: the parties apply different tax rates, and the annual turnover of transactions between them exceeds RUB 1 billion.

The Russian transfer pricing rules are close to OECD guidelines, but have certain differences that create uncertainty in practical application of tax legislation in specific circumstances. A very limited number of publicly available transfer pricing court cases in Russia does not provide enough certainty as to the approach to applying transfer pricing rules in Russia. The impact of any transfer pricing assessment may be material to financial statements of the Group, however, the probability of such impact cannot be reliably assessed.

Russian tax authorities may review prices used in intra-group transactions, in addition to transfer pricing audits. They may assess additional taxes if they conclude that taxpayers have received unjustified tax benefits as a result of those transactions.

Russian tax authorities continue to exchange transfer pricing as well as other tax related information with tax authorities of other countries. This information may be used by the tax authorities to identify transactions for additional in-depth analysis.

In addition, changes aimed at regulating tax consequences of transactions with foreign companies have been introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for the tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts could differ and the effect on this consolidated condensed interim financial information, if the tax authorities are successful in enforcing their interpretations, could be significant.

v Environmental matters

The environmental regulation in the Russian Federation continues to evolve. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

22 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. 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 not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Investment in equity instruments measured at fair value through other comprehensive income, and derivatives are carried in the consolidated statement of financial position at their fair value.

This Group discloses the value of financial instruments that are measured in the consolidated statement of financial position at fair value by three levels in accordance with IFRS 13, Fair values.

The level in the fair value hierarchy into which the fair values are categorised as one of the three categories:

- Level 1: quoted price in an active market;
- Level 2: valuation technique with inputs observable in markets;
- Level 3: valuation technique with significant non-observable inputs.

Investment in equity instruments was included in Level 1 category in the amount of RUB 10,638 (31 December 2019: RUB 9,376). Other investment included in Level 3.

All liabilities on bonds issued were included in Level 1 category in the amount of RUB 23,772 (31 December 2019: RUB 23,772).

The fair value of the call/put options on shares of JSC VPC was determined based on the Black–Scholes Option Pricing Model with the adjustments and included in level 3 (31 December 2019: Level 3). Determination method is equal to applied in 2019.



Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and loans receivable approximate fair values.

Liabilities carried at amortised cost. The fair value of floating rate liabilities is normally their carrying amount. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. At 30 June 2020, the fair value of borrowings was RUB 145 higher than their carrying amounts. At 31 December 2019, the fair value of borrowings was RUB 136 higher than their carrying amounts.

The fair value of payables does not differ significantly from their carrying amounts.

23 Subsequent Events

No subsequent events except as disclosed in Note 16.