PUBLIC JOINT STOCK COMPANY TERRITORIAL GENERATING COMPANY NO. 1 AND ITS SUBSIDIARIES

International Financial Reporting Standards Interim Condensed Consolidated Financial Statements (unaudited) for NINE MONTHS ended 30 September 2019

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 (UNAUDITED)

(in thousands of Russian Roubles)

	Notes	30 September 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	147 406 556	138 343 333
Investment property		163 163	174 440
Intangible assets		2 367 652	2 258 148
Investments in associates		432 487	410 718
Deferred income tax assets	7	404 264	499 538
Other non-current assets	8	359 215	255 568
Total non-current assets		**151 133 337**	**141 941 745**
Current assets			
Cash and cash equivalents	9	5 138 519	6 866 953
Short-term investments		3 124	4 370
Trade and other receivables	10	11 864 285	14 950 000
Current income tax prepayments		998 385	17 643
Inventories	11	3 810 279	4 013 641
Total current assets		**21 814 592**	**25 852 607**
Non-current assets held for sale		103 715	117 440
TOTAL ASSETS		**173 051 644**	**167 911 792**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	38 543 414	38 543 414
Share premium		22 913 678	22 913 678
Merger reserve		(6 086 949)	(6 086 949)
Other reserves		(1 209 011)	(1 209 011)
Effect of remeasurements of post-employment benefits obligations		110 379	110 689
Retained earnings		69 868 490	61 638 117
Equity attributable to the Company's owners		**124 140 001**	**115 909 938**
Non-controlling interest		10 621 155	8 932 605
TOTAL EQUITY		**134 761 156**	**124 842 543**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	8 898 000	11 598 000
Deferred income tax liabilities	7	11 422 550	10 777 059
Post-employment benefits obligations		895 250	895 250
Other non-current liabilities	14	6 412 412	130 231
Total non-current liabilities		**27 628 212**	**23 400 540**
Current liabilities			
Short-term borrowings	15	345 195	7 461 589
Trade and other payables	16	9 521 906	10 518 874
Current income tax payable		35 684	626 612
Other taxes payable	17	759 491	1 061 634
Total current liabilities		**10 662 276**	**19 668 709**
TOTAL LIABILITIES		**38 290 488**	**43 069 249**
TOTAL EQUITY AND LIABILITIES		**173 051 644**	**167 911 792**

Approved for issue and signed on 7 November 2019.

Deputy Director General of economics and finance — A. V. Goncharov

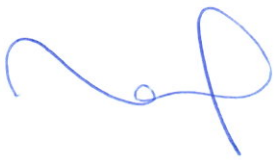
Chief Accountant — R. V. Stanishevskaya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

(in thousands of Russian Roubles)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
Revenue	18	**17 112 268**	**15 643 862**	**69 824 765**	**63 707 885**
Operating expenses	19	(15 015 557)	(14 737 912)	(56 419 893)	(53 866 759)
Reversal of impairment loss on financial assets		609 004	92 733	1 379 634	506 895
Operating profit		**2 705 715**	**998 683**	**14 784 506**	**10 348 021**
Finance income	20	26 998	56 972	176 025	244 936
Finance costs	20	(349 956)	(169 667)	(1 554 419)	(703 087)
Finance costs, net		**(322 958)**	**(112 695)**	**(1 378 394)**	**(458 151)**
Share of profit of associates		**-**	**(12 505)**	**21 769**	**12 110**
Profit before income tax		**2 382 757**	**873 483**	**13 427 881**	**9 901 980**
Income tax expense		(780 854)	(282 609)	(2 524 307)	(1 353 605)
Profit for the period		**1 601 903**	**590 874**	**10 903 574**	**8 548 375**
Other comprehensive expense for the period including tax		**(433)**	**-**	**(433)**	**(446)**
Total comprehensive income for the period		**1 601 470**	**590 874**	**10 903 141**	**8 547 929**
Profit for the period is attributable to:					
Owners of the TGC-1		1 429 309	498 561	10 714 901	8 273 517
Non-controlling interests		172 594	92 313	188 673	274 858
Profit for the period		**1 601 903**	**590 874**	**10 903 574**	**8 548 375**
Total comprehensive income for the period is attributable to:					
Owners of the TGC-1		1 428 999	498 561	10 714 591	8 273 037
Non-controlling interests		172 471	92 313	188 550	274 892
Total comprehensive income for the period		**1 601 470**	**590 874**	**10 903 141**	**8 547 929**
Earnings per ordinary share for profit attributable to owners of the TGC-1, basic and diluted (in Russian Roubles)	21	0.0004	0.0001	0.0028	0.0021

Approved for issue and signed on 7 November 2019.

Deputy Director General of economics and finance  A. V. Goncharov

Chief Accountant R. V. Stanishevskaya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

(in thousands of Russian Roubles)

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Other reserves	Effect of revaluation of post-employment benefits obligations	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2017	**38 543 414**	**22 913 678**	**(6 086 949)**	**(1 209 011)**	**(71 760)**	**53 740 611**	**107 829 983**	**8 629 256**	**116 459 239**
Effect of changes in accounting policies	-	-	-	-	-	**(332 846)**	**(332 846)**	**(1 680)**	**(334 526)**
Balance at 1 January 2018 (changed)	**38 543 414**	**22 913 678**	**(6 086 949)**	**(1 209 011)**	**(71 760)**	**53 407 765**	**107 497 137**	**8 627 576**	**116 124 713**
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	8 273 517	**8 273 517**	**274 858**	**8 548 375**
Other comprehensive income									
Income tax on other comprehensive income	-	-	-	-	(480)	-	**(480)**	**34**	**(446)**
Total other comprehensive income	-	-	-	-	(480)	-	**(480)**	**34**	**(446)**
Total comprehensive income for the year	-	-	-	-	**(480)**	8 273 517	**8 273 037**	**274 892**	**8 547 929**
Transactions with owners									
Dividends	-	-	-	-	-	(1 887 864)	(1 887 864)	-	(1 887 864)
Total transactions with owners	-	-	-	-	-	**(1 887 864)**	**(1 887 864)**	-	**(1 887 864)**
Balance at 30 September 2018	**38 543 414**	**22 913 678**	**(6 086 949)**	**(1 209 011)**	**(72 240)**	**59 793 418**	**113 882 310**	**8 902 468**	**122 784 778**
Balance at 31 December 2018	**38 543 414**	**22 913 678**	**(6 086 949)**	**(1 209 011)**	**110 689**	**61 638 117**	**115 909 938**	**8 932 605**	**124 842 543**
Comprehensive income for the period									
Profit for the period	-	-	-	-	-	10 714 901	10 714 901	188 673	**10 903 574**
Other comprehensive income									
Income tax on other comprehensive income	-	-	-	-	(310)	-	**(310)**	**(123)**	**(433)**
Total other comprehensive income	-	-	-	-	(310)	-	**(310)**	**(123)**	**(433)**
Total comprehensive income for the period	-	-	-	-	**(310)**	10 714 901	**10 714 591**	188 550	**10 903 141**
Transactions with owners									
Change in ownership of subsidiary	-	-	-	-	-	-	-	1 500 000	**1 500 000**
Dividends	-	-	-	-	-	(2 484 528)	**(2 484 528)**	-	**(2 484 528)**
Total transactions with owners	-	-	-	-	-	(2 484 528)	**(2 484 528)**	**1 500 000**	**(984 528)**
Balance at 30 September 2019	**38 543 414**	**22 913 678**	**(6 086 949)**	**(1 209 011)**	**110 379**	**69 868 490**	**124 140 001**	**10 621 155**	**134 761 156**

Approved for issue and signed on 7 November 2019.

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		Nine months ended 30 September 2019	Nine months ended 30 September 2018
Cash flows from operating activities			
Profit before income tax		13 427 881	9 901 980
Adjustments for:			
Depreciation of property, plant and equipment	6	7 162 673	5 716 547
Amortisation of intangible assets	19	187 545	125 876
Amortisation of investment property	19	11 277	11 202
Finance expense, net	20	1 378 394	458 151
Change in provision for impairment of accounts receivable		(1 379 634)	(506 895)
Loss / (Gain) on disposals of property, plant and equipment		53 674	(103 990)
Other non-cash operating expenses		(193 012)	(160 625)
Operating cash flows before working capital changes		**20 648 798**	**15 442 246**
Decrease in trade and other receivables		3 375 081	3 552 621
(Decrease) / Increase in inventories		203 566	(758 319)
(Decrease) / Increase in trade and other payables		(1 413 938)	499 613
Decrease in other taxes payable		(302 143)	(726 020)
Cash generated from operating activities		**22 511 364**	**18 010 141**
Income taxes paid		(3 355 645)	(2 944 486)
Interest paid		(1 249 070)	(890 316)
Net cash from operating activities		**17 906 649**	**14 175 339**
Cash flows from investment activities			
Proceeds from repayments of borrowings		1 246	-
Purchase of property, plant and equipment		(7 162 561)	(5 240 912)
Proceeds from sale of property, plant and equipment		5 384	13 887
Purchase of intangible assets		(39 318)	(159 569)
Interest received		176 025	95 608
Net cash used in investment activities		**(7 019 224)**	**(5 290 986)**
Cash flows from financial activities			
Proceeds from subsidiary share issue		1 500 000	-
Proceeds from borrowings		2 329 222	9 469 100
Repayments of borrowings		(12 110 059)	(20 240 966)
Repayments of lease liabilities		(1 508 836)	-
Dividends paid to the Company's shareholders		(2 476 319)	(1 887 864)
Net cash from financial activities		**(12 265 992)**	**(12 659 730)**
Net decrease in cash and cash equivalents		**(1 378 567)**	**(3 775 377)**
Effect of exchange rate changes on cash and cash equivalents		(349 867)	199 512
Cash and cash equivalents at the beginning of the period		**6 866 953**	**6 975 598**
Cash and cash equivalents at the end of the period		**5 138 519**	**3 399 733**

Approved for issue and signed on 7 November 2019.

Deputy Director General of economics and finance — A. V. Goncharov

Chief Accountant — R. V. Stanishevskaya

Note 1. The Group and its operations

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) recognized taking into account the requirements of the Russian Federation legislation and explanations of the IFRIC approved by the Committee on International Financial Reporting ("IASB") for nine months ended 30 September 2019 for Public Joint-Stock Company (PJSC) Territorial Generating Company № 1(here in after "TGC-1", or the "Company") and its subsidiaries (the "Group").

The purpose of these interim condensed consolidated financial statements, prepared in accordance with IAS 34 «Interim Financial Reporting» is the compliance with the requirements of the Federal Act No. 208-FZ of 27 July 2010 "Consolidated financial statements" (p. 4 and 7) in presentation, disclosure and revising of the interim condensed consolidated financial statements for six months and assistance in preparing of condensed consolidated financial statements for the year in accordance with IFRS.

The Company was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company with the responsibility of shareholders within the limits of their shares and was established in accordance with the Russian Federation legislation.

"TGC-1" was established on 25 March 2005 as part of the restructuring of Russia's electricity sector in accordance with Board of Directors Resolution No. 181 of RAO UES of Russia (here in after "RAO UES") on 26 November 2004. The structure and founding principles of TGC-1 were adopted by the RAO UES Board of Directors on 23 April 2004 (Resolution No. 168).

The Group consists of the Company and its subsidiaries. All Group companies are registered in the Russian Federation.

	% of ownership		
Subsidiary	As at 30 September 2019	As at 31 December 2018	Parent Company
PJSC Murmanskaya TPP	98.8536	98.6791	PJSC TGC-1
JSC St Petersburg Heating Grid	71.5734	74.9997	PJSC TGC-1
LLC St Petersburg Heating Grid	71.5734	74.9997	JSC St Petersburg Heating Grid (100%)

As at 30 September 2019 the Group includes 53 power plants. The Group's principal business activity is production and sale of electric energy, heat energy and capacity. The Group's generating assets are located in the North-West of Russia, in particular in St. Petersburg, the Leningrad region, the Murmansk region and in Karelia region.

The Company's registered office is located at 16 Dobrolyubova prospect, 2A building, St. Petersburg, Russian Federation, 197198.

Note 2. The economic environment of the Group's operating activity

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 frequent changes and varying interpretations. Ongoing fluctuations in oil prices, political tension in the region and international sanctions against certain Russian companies and individuals had a negative impact on the Russian economy.

Management has created impairment provisions of fixed assets, short-term investments, trade and other receivables and inventories, taking into account the economic situation and prospects at the end of the reporting period.

Note 2. Operating environment of the Group (continued)

Government relations and current regulation

As at 30 September 2019 the Group is controlled by the Gazprom Group (51.79% of shares) via its subsidiary Gazprom Energoholding LLC (as at 31 December 2018 - 51.79% stake). As at 30 September 2019 the Group's other significant shareholder is Fortum Power and Heat Oy - 29.45% of shares (as at 31 December 2018 - 29.45% of shares). The Gazprom Group is controlled by the government of the Russian Federation, and consequently, the government of the Russian Federation is the Group's ultimate controlling party as at 30 September 2019 and 31 December 2018.

The Group's customer base also includes a large number of state-controlled entities. Furthermore, the government also controls a number of the Group's suppliers of fuel and other materials.

The Russian government directly affects the Group's operations through the Federal Tariff Service ("FTS"), which regulates its wholesale energy purchases, and by the St Petersburg Tariff Service, Leningrad Regional Tariff Service, Karelia Tariff Service and Murmansk Regional Tariff Service, which regulate its retail electricity, capacity and heat sales. The operations of all generating facilities are coordinated by OJSC "System Operator of Unified Energy System", a state-controlled company.

Tariffs which the Group may charge for electricity, capacity and heat sales are governed by regulations specific to the electricity, capacity and heat industry and that apply to natural monopolies. Historically, such tariffs have been based on a "cost-plus" system, meaning the cost of service plus a margin.

The government's economic, social and other policies could have a material effect on Group operations.

Going concern

The accompanying Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. Management believes that the Group will have a sufficient liquidity to continue its operations in the foreseeable future.

Note 3. Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting and should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2018, which were prepared in accordance with International Financial Reporting Standards (IFRS). This Interim Condensed Consolidated Financial Statements are unaudited. Certain disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2018 have been omitted or condensed.

In order to improve presentation some comparative information was aligned with present disclosure.

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of the Consolidated Financial Statements as of and for the year ended 31 December 2018, except changes in accounting policies in respect of the application of new standards that became effective on 1 January 2019 (Refer to Note 4).

Seasonality

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

Note 4. Adoption of New or Revised Standards and Interpretations

The significant accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2018, except for the application of new standards that became effective on 1 January 2019.

Adoption of new IFRS standards

IFRS 16 Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019).

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases in financial statements in respect of lease agreements. The standard requires lessees to recognise a right-of-use asset and lease liability for the most lease agreements.

Assets in the form of a right-of-use are initially measured at historical cost and amortized to earlier of the following dates: the useful life expiration date of the asset in the form of a right-of-use or the lease expiration date. The cost of the right-of-use assets comprise the amount of the initial measurement of the lease liability, lease payments at or before the commencement date and initial direct costs incurred by the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date and subsequently measured at amortised cost with interest expenses recognised in finance costs of consolidated statement of comprehensive income.

In accordance to transitional provisions of IFRS 16 the Group applied modified retrospective approach with cumulative effect of initial applying of the standard recognised as at 1 January 2019. The Group used the permitted practical expedient and did not apply IFRS 16 to the lease agreements for which term ended within 12 months of the transition date, and also applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The effect of initial applying of IFRS 16 «Lease» on the Consolidated Statement of Financial Position is presented at the table below:

	31 December 2018	Impact of initial applying of IFRS 9	1 January 2019 (restated)
Property, plant and equipment	138 343 333	8 671 210	147 014 543
Total non-current assets	**138 343 333**	**8 671 210**	**147 014 543**
Total assets	**138 343 333**	**8 671 210**	**147 014 543**
Other non-current liabilities	130 231	6 499 997	6 630 228
Total non-current liabilities	**130 231**	**6 499 997**	**6 630 228**
Trade and other payables	10 518 874	2 171 213	12 690 087
Total current liabilities	**10 518 874**	**2 171 213**	**12 690 087**
Total liabilities	**10 649 105**	**8 671 210**	**19 320 315**
Total equity and liabilities	**10 649 105**	**8 671 210**	**19 320 315**

The Group indicated RUB 817 156 thousand and RUB 550 552 thousand as depreciation of property, plant and equipment and finance costs respectively for the lease agreements in accordance with IFRS 16 "Leases" in the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for nine months ended 30 September 2019.

The total amount of cash decrease in respect of lease agreements was RUB 1 508 836 thousand for repayment of lease agreements and RUB 550 552 thousand for interest paid on lease.

Note 4. Adoption of New or Revised Standards and Interpretations (continued)

Application of new IFRSs (continued)

The reconciliation of operating lease commitments, disclosed in the consolidated financial statements for the year ended 31 December 2018 and the lease liability recognised as at 1 January 2019 is presented below:

Operating lease liability as at 31 December 2018, disclosed applying IAS 17	**3 235 431**
Effect of discounting of lease liability as t at 1 January 2019	4 385 354
Effect of extension and indexation judgments applying to the lease agreements as t at 1 January 2019	9 821 133
Additional liabilities relating to applying of IFRS 16 as at 1 January 2019	**8 671 210**
Previously recognised liability as at 31 December 2018	-
Lease liability as t at 1 January 2019 according to IFRS 16	**8 671 210**

As a discount rate the Group used Government Bond Zero Coupon Yield Rate including risk premium, adjusted to the correction factor.

The weighted average incremental borrowing rate applied by the Group to lease liabilities at the date of initial application was 8,8 %.

Application of Interpretations and Amendments to IFRS Standards

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

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017 and effective for annual periods beginning on or after 1 January 2019) provides requirements in respect of recognising and measuring of a tax liability or a tax asset when there is uncertainty over income tax treatments.

The amendments to IAS 28 Investments in Associates and Joint Ventures (issued in October 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture should be accounted in accordance with IFRS 9 Financial Instruments.

The amendments to IAS 23 Borrowing Costs (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify which borrowing costs are eligible for capitalisation in particular circumstances.

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

Note 5. Related Parties transactions

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.

Related parties include shareholders that have control or significant influence over the Company, and key management personnel, as well as companies that are controlled by the State or Gazprom Group.

As at 30 September 2019 and 31 December 2018 the Government of the Russian Federation was the ultimate controlling party of the Group (Note 1), hence significant transactions with other state-controlled entities were disclosed as related party transactions in accordance with IAS 24 requirements.

Note 5. Related Parties transactions (continued)

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

PJSC Gazprom and its subsidiaries and affiliates

Transactions with PJSC Gazprom and its subsidiaries were as follows:

	Nine months ended 30 September 2019	Nine months ended 30 September 2018
Revenue		
Sales of electricity	628 522	718 543
Sales of heat	269 024	288 447
Other sales	20 198	21 062
Total sales	**917 744**	**1 028 052**
Purchases		
Purchases of fuel	(20 782 175)	(19 672 693)
Purchases of property, plant and equipment, construction in progress, intangible assets	(3 800 345)	(3 306 522)
Including capitalised expenses of the borrowings	*(1 430)*	*(2 266)*
Purchases of supplies	(761 991)	(548 314)
Purchases of electricity	(72 285)	(102 746)
Interest expense on loans and borrowings	(166 104)	(264 605)
Interest expense on lease	(390 264)	-
Other	(872 829)	(2 570 431)
Total purchases	**(26 845 993)**	**(26 465 311)**
Income		
Interest income	4 087	13 275
Other income	81 726	3 419
Total income	**85 813**	**16 694**

LLC Gazprom Mezhregiongaz St. Petersburg is a major supplier of fuel (gas) for the Group.

Balances with Gazprom group subsidiaries at the end of the period were as follows:

	30 September 2019	31 December 2018
Borrowings	1 934 202	3 047 827
Long-term receivables	221 590	-
Advances for capital construction, included in property, plant and equipment	2 397 451	1 057 807
Trade and other receivables	762 041	1 461 749
Long-term payables	136 671	112 920
Long-term lease liabilities	4 588 763	-
Short-term lease liabilities	1 247 387	-
Trade and other payables	2 369 414	3 468 650
Cash and cash equivalents	221 158	669

Note 5. Related Parties transactions (continued)

State-controlled entities (excluding companies of Gazprom Group)

In the normal course of business the Group enters into transactions with other entities under Government control. Prices for natural gas and heat are based on tariffs set by FTS, prices for electricity and capacity based on tariffs set by FTS and also based on competitive take-off on the wholesale electricity (capacity) market. Bank loans are obtained at market rates. Taxes are charged and paid under the Russian tax law.

The Group had the following significant transactions with State-controlled entities:

	Nine months ended 30 September 2019	Nine months ended 30 September 2018
Sales		
Sales of heat	14 927 870	12 077 722
Sales of electricity	7 753 140	4 707 312
Other sales	2 704	6 169
Total sales	**22 683 714**	**16 791 203**
Expenses		
Purchases of supplies	(2 730 771)	(2 661 948)
Water usage expenses	(2 293 604)	(2 187 792)
Heat distribution	(594 730)	(584 711)
Electricity purchases	(244 218)	(193 811)
Interest expense on debt	(309 672)	(183 791)
Interest expense on lease	(128 253)	-
Lease expense	-	(97 169)
Purchases of property, plant and equipment, construction in progress, intangible assets	(72 023)	(73 974)
Including capitalised expenses of borrowings	(17 488)	(47 134)
Interest income on bank deposits and cash in bank	58 230	2 275
Other operating expenses	(1 019 343)	(1 061 691)
Total purchases	**(7 334 384)**	**(7 042 612)**

The Group had the following significant balances with State-controlled entities:

	30 September 2019	31 December 2018
Trade and other receivables	7 983 273	9 723 512
Cash and cash equivalents	4 093 497	4 207 890
Long-term lease liability	1 408 759	-
Trade and other payables	1 255 521	1 235 520
Borrowings	-	8 512 596
Short-term lease liability	35 603	-

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

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

	Nine months ended 30 September 2019	Nine months ended 30 September 2018
Sales of electricity	21 489 707	20 170 236
Electricity purchases	4 186 863	3 939 262

Note 5. Related Parties transactions (continued)

State-controlled entities (excluding companies of Gazprom Group) (continued)

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

	30 September 2019	31 December 2018
Trade and other receivables	791 266	1 211 340
Trade and other payables	232 783	253 282

Transactions with other related parties

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

The Group had the following significant income/expenses and balances with other related parties:

	Nine months ended 30 September 2019	Nine months ended 30 September 2018
Sales of electricity	780 329	836 736
Sales of heat	61 370	66 047
Other income	4 388	3 842
Purchases of property, plant and equipment, construction in progress, intangible assets	(428 102)	(537 085)
Repairs and maintenance	(1 062 073)	(731 023)
Heat distribution	(469 879)	(483 629)
Purchases of materials	(18 110)	(348)
Other expenses	(19 585)	(19 342)

The Group had the following significant balances with other related parties:

	30 September 2019	31 December 2018
Trade and other receivables	140 511	488 690
Advances for capital construction, included in property, plant and equipment	32 146	147 551
Accounts payable	713 860	752 348
Short-term lease liability	27	-

As at 30 September 2019, the Group had outstanding contractual commitments relating to the construction of property, plant and equipment in respect of related parties in the amount of RUB 16 042 830 thousand (as at 31 December 2018: RUB 8 592 067 thousand).

The Group has already allocated the necessary resources to meet these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

	30 September 2019	31 December 2018
PJSC Gazprom and its subsidiaries	15 308 991	8 122 367
State-controlled entities	87 137	63 009
Other related parties	646 702	406 691
Total	**16 042 830**	**8 592 067**

Note 5. Related Parties transactions (continued)

Transactions with the key management personnel

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

Key management compensation in types is presented below:

	Nine months ended 30 September 2019	Nine months ended 30 September 2018
Salaries	94 838	95 296
Short-term bonuses	45 450	65 546
Benefits to the Board of Directors	25 446	28 572
Termination benefits	19 351	-
Total	**185 085**	**189 414**

Main compensation for key management personnel of the Group generally is short-term excluding future payments under pension plans with defined benefits.

Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

As at 30 September 2019 the payables to key management amounted to RUB 2 249 thousand (as at 31 December 2018: RUB 3 617 thousand).

Note 6. Property, Plant and Equipment

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

Cost	Right-of-use assets	Production buildings	Hydrotechnical buildings	Generating equipment	Heating networks	Electricity transmission equipment	Other	Construction in progress	Total
Balance as at 31 December 2018	**-**	**29 724 877**	**15 934 500**	**55 936 128**	**56 192 957**	**18 377 437**	**43 536 731**	**15 225 184**	**234 927 814**
Effect of initial applying of IFRS 16	8 671 210	-	-	-	-	-	-	-	8 671 210
Balance as at 1 January 2019	**8 671 210**	**29 724 877**	**15 934 500**	**55 936 128**	**56 192 957**	**18 377 437**	**43 536 731**	**15 225 184**	**243 599 024**
Additions	286 157	-	-	-	117 962	-	45 084	7 264 972	7 714 175
Transfers	-	284 900	57 184	217 981	207 584	130 969	1 987 540	(2 886 158)	-
Disposals	-	(14 616)	(111)	(32 201)	(61 740)	(9 937)	(83 417)	(37 674)	(239 696)
Balance as at 30 September 2019	**8 957 367**	**29 995 161**	**15 991 573**	**56 121 908**	**56 456 763**	**18 498 469**	**45 485 938**	**19 566 324**	**251 073 503**
Accumulated depreciation (including impairment)									
Balance as at 31 December 2018	**-**	**(10 336 406)**	**(8 690 736)**	**(24 794 735)**	**(26 790 198)**	**(5 762 402)**	**(20 203 205)**	**(6 799)**	**(96 584 481)**
Charge for the period	(817 156)	(384 861)	(183 368)	(1 585 822)	(1 286 194)	(410 927)	(2 494 345)	-	(7 162 673)
Disposals	-	1 852	1	18 376	14 243	633	45 069	-	80 174
Impairment loss reversed during the period	-	-	-	-	-	-	-	33	33
Balance as at 30 September 2019	**(817 156)**	**(10 719 415)**	**(8 874 103)**	**(26 362 181)**	**(28 062 149)**	**(6 172 696)**	**(22 652 481)**	**(6 766)**	**(103 666 947)**
Net book value as at 31 December 2018	**8 671 210**	**19 388 471**	**7 243 764**	**31 141 393**	**29 402 759**	**12 615 035**	**23 333 526**	**15 218 385**	**138 343 333**
Effect of initial applying of IFRS 16	8 671 210	-	-	-	-	-	-	-	8 671 210
Balance as at 1 January 2019	**8 671 210**	**19 388 471**	**7 243 764**	**31 141 393**	**29 402 759**	**12 615 035**	**23 333 526**	**15 218 385**	**147 014 543**
Net book value as at 30 September 2019	**8 140 211**	**19 275 746**	**7 117 470**	**29 759 727**	**28 394 614**	**12 325 773**	**22 833 457**	**19 559 558**	**147 406 556**

Note 6. Property, Plant and Equipment (continued)

Cost	Production buildings	Hydrotechnical buildings	Generating equipment	Heating networks	Electricity transmission equipment	Other	Construction in progress	Total
Balance as at 31 December 2017	**29 354 892**	**15 932 707**	**54 375 971**	**53 035 075**	**18 076 424**	**40 291 936**	**11 567 496**	**222 634 501**
Additions	-	-	1 002	910 033	-	82 659	5 557 151	6 550 845
Transfers	55 148	1 682	338 454	1 215 748	48 345	1 584 120	(3 243 497)	-
Disposals	-	-	(9 763)	(32 417)	(5 803)	(51 513)	(117 537)	(217 033)
Balance as at 30 September 2018	**29 410 040**	**15 934 389**	**54 705 664**	**55 128 439**	**18 118 966**	**41 907 202**	**13 763 613**	**228 968 313**
Accumulated depreciation (including impairment)								
Balance as at 31 December 2017	**(9 940 373)**	**(8 436 542)**	**(22 929 782)**	**(25 290 724)**	**(5 252 402)**	**(17 366 014)**	**(6 858)**	**(89 222 695)**
Charge for the year	(372 618)	(190 638)	(1 339 816)	(1 228 932)	(385 105)	(2 199 438)	-	(5 716 547)
Disposals	-	-	9 390	30 770	3 171	40 284	-	83 615
Balance as at 30 September 2018	**(10 312 991)**	**(8 627 180)**	**(24 260 208)**	**(26 488 886)**	**(5 634 336)**	**(19 525 168)**	**(6 858)**	**(94 855 627)**
Net book value as at 31 December 2017	**19 414 519**	**7 496 165**	**31 446 189**	**27 744 351**	**12 824 022**	**22 925 922**	**11 560 638**	**133 411 806**
Net book value as at 30 September 2018	**19 097 049**	**7 307 209**	**30 445 456**	**28 639 553**	**12 484 630**	**22 382 034**	**13 756 755**	**134 112 686**

Note 6. Property, Plant and Equipment (continued)

As at 30 September 2019 the property, plant and equipment include the right-of-use assets in the amount of RUB 8 140 211 thousand, primarily related to the land plots, generating equipment and office buildings.

As at 1 January 2019 the Group performed the FA's impairment test at the base of cash-generating units including the right-of-use assets. As a result of the impairment test, impairment loss was not recognised as at 1 January 2019.

Construction in progress represents the carrying amount of property, plant and equipment that has not yet been made available for use in production, including generating stations under construction.

Other property, plant and equipment include electricity transmission equipment, motor vehicles, computer equipment, office fixtures and other equipment.

As at 30 September 2019 the advances given to contractors, which amounted to RUB 2 800 683 thousand, net of VAT (as at 31 December 2018: RUB 1 305 922 thousand), are recognised within the construction in progress balance.

As at 30 September 2019 and 31 December 2018 the Group had no property, plant and equipment pledged as collateral according to loan agreements.

The total amount of capitalised interests that were calculated using 7.35% capitalization rate for nine months ended 30 September 2019 is RUB 114 109 thousand (7.27% capitalization rate for the nine months ended 30 September 2018: RUB 158 609 thousand). The payment of capitalised interests is recorded in Consolidated Statement of Cash Flow in respect of operating activities.

Note 7. Income Tax

Income tax expense comprises the following:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Current income tax charge	30 914	(3 861)	(1 783 975)	(1 197 657)
Deferred income tax charge	(686 441)	(278 946)	(615 005)	(510 788)
Effect of change in income tax rate, recorded in profit and losses	(125 327)	198	(125 327)	354 840
Total expense tax charge, recorded in profit and losses	**(780 854)**	**(282 609)**	**(2 524 307)**	**(1 353 605)**
Movement during the year, recorded in other comprehensive income	(433)	-	(433)	(446)
Total income tax expense, recorded in other comprehensive income	**(433)**	-	**(433)**	**(446)**
Total income tax expense	**(781 287)**	**(282 609)**	**(2 524 740)**	**(1 354 051)**

The Group's companies applied the following tax rates for the nine months, ended 30 September 2019: PJSC "TGC-1" - 17.2%, PJSC "Murmanskaya TPP" - 20%, JSC "St Petersburg Heating Grid" - 17.6% (for the nine months, ended 30 September 2018: PJSC "TGC-1" - 17.2%, PJSC "Murmanskaya TPP" - 20%, JSC "St Petersburg Heating Grid" - 15.6%).

Deferred income tax assets and liabilities

Differences between IFRS and Russian statutory tax legislation cause temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax assets and liabilities were measured at the following tax rates as at 30 September 2019: PJSC «TGC-1» - 17.2%, PJSC «Murmanskaya TPP» - 20%, JSC «St Petersburg Heating Grid» - 17.6% (as at 31 December 2018: JSC «TGC-1» - 17.2%, PJSC «Murmanskaya TPP» - 20%, JSC «St Petersburg Heating Grid» - 15.6%). Management considers the rates to be applied to the period when the assets are realised and liabilities are settled. The Group applies income tax exemption in accordance to law of Saint-Petersburg from 14.07.1995 № 81-11.

Note 7. Income Taxes (continued)

Deferred income tax assets and liabilities (continued)

In the context of the Group's current structure, the tax losses and current tax assets of different consolidated entities may not be offset against the current tax liabilities and taxable profits of other consolidated entities and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity.

Deferred income tax liabilities

	30 September 2019	Movement during the period, recognised in profit or losses	Effect of change in income tax rate, recorded in profit and losses	Effect of change in income tax rate, recorded in other comprehensive income	31 December 2018
Property, plant and equipment	(11 422 557)	(30 260)	(125 370)	-	(11 266 927)
Trade and other receivables	(99 451)	(354 196)	29	-	254 716
Trade and other payables	25 215	(24 203)	1 221	-	48 197
Pension liabilities	144 443	-	1 704	(433)	143 172
Tax loss carried forward	30 331	30 331	-		-
Other	(100 531)	(141 403)	(2 911)	-	43 783
Total deferred income tax liability	**(11 422 550)**	**(519 731)**	**(125 327)**	**(433)**	**(10 777 059)**

Deferred income tax liabilities

	30 September 2018	Movement during the period, recognised in profit or losses	Effect of change in income tax rate, recorded in profit and losses	Effect of change in income tax rate, recorded in other comprehensive income	Effect of initial applying of IFRS 9 recognized in the opening balance	31 December 2017
Property, plant and equipment	(11 192 684)	(194 539)	363 535	-	-	(11 361 680)
Trade and other receivables	(242 048)	(234 340)	1 776	-	43 024	(52 508)
Trade and other payables	32 583	(18 650)	(1 847)	-	-	53 080
Pension liabilities	180 297	-	(6 040)	(446)	-	186 783
Other	63 450	(26 359)	(2 584)	-		92 393
Total deferred income tax liability	**(11 158 402)**	**(473 888)**	**354 840**	**(446)**	**43 024**	**(11 081 932)**

Deferred income tax assets

	30 September 2019	Movement during the period, recognised in profit or losses	31 December 2018
Property, plant and equipment	(50 529)	(23 256)	(27 273)
Trade and other receivables	434 931	(72 008)	506 939
Trade and other payables	8 391	(10)	8 401
Pension liabilities	11 471	-	11 471
Total deferred income tax assets	**404 264**	**(95 274)**	**499 538**

Note 7. Income Taxes (continued)

Deferred income tax assets and liabilities (continued)

	Deferred income tax assets			
	30 September 2018	Movement during the year, recognised in profit or losses	Effect of initial applying of IFRS 9 recognized in the opening balance	31 December 2017
Property, plant and equipment	(20 957)	(1 933)	-	(19 024)
Tax loss carried forward	-	(13 495)	-	13 495
Trade and other receivables	451 773	(21 856)	31 816	441 813
Trade and other payables	8 755	384	-	8 371
Pension liabilities	16 895	-	-	16 895
Total deferred income tax assets	**456 466**	**(36 900)**	**31 816**	**461 550**

Note 8. Other Non-Current Assets

	30 September 2019	31 December 2018
Long-term receivables net of provision for impairment of RUB 372 068 thousand (as at 31 December 2018: RUB 728 751 thousand)	358 310	255 101
Total financial receivables	**358 310**	**255 101**
VAT in prepayments on capital construction	905	467
Total other non-current assets	**359 215**	**255 568**

Note 9. Cash and Cash Equivalents

	30 September 2019	31 December 2018
Cash in bank and in hand in RUB	2 422 913	4 191 977
Foreign currency accounts in EUR	2 715 606	2 674 976
Total cash and cash equivalents	**5 138 519**	**6 866 953**

Note 10. Trade and other receivables

	30 September 2019	31 December 2018
Trade receivables, net of provision for impairment of RUB 8 932 566 thousand (as at 31 December 2018: RUB 10 123 997 thousand)	10 151 514	12 953 961
Other receivables, net of provision for impairment of RUB 108 935 thousand (31 December 2018: RUB 113 936 thousand)	243 037	288 094
Total financial receivables	**10 394 551**	**13 242 055**
Value-added tax receivables	59 662	198 471
Advances to suppliers	1 354 469	1 501 061
Other taxes receivable	55 603	8 413
Total trade and other receivables	**11 864 285**	**14 950 000**

Note 11. Inventories

	30 September 2019	31 December 2018
Fuel	2 898 352	3 296 301
Spare parts	286 009	176 545
Raw materials and other supplies	625 918	540 795
Total inventories	**3 810 279**	**4 013 641**

Raw materials and other supplies are recorded net of provision for impairment in the amount of RUB 1 771 thousand (as at 31 December 2018: RUB 1 771 thousand).

Note 12. Share capital

Share capital

The Group's share capital as at 30 September 2019 and as at 31 December 2018 was RUB 38 543 414 thousand comprising 3 854 341 416 571 ordinary shares with a par value of RUB 0.01. All shares authorised are issued and fully paid.

Note 13. Long-term Borrowings

	Currency	Contractual interest rate	Maturity	30 September 2019		31 December2018	
				Carriyng amounts	Fair values	Carriyng amounts	Fair values
Long-term bonds (03)	RUB	CPI+1.5%	2021	2 033 080	1 864 146	2 002 860	1 832 110
Long-term bonds (04)	RUB	CPI+1.5%	2022	2 013 360	1 864 146	2 029 180	1 810 525
Bank Rossiya		8.25%	2020	3 098 000	3 094 300	3 098 000	3 091 025
Bank VTB (PJSC)	RUB	8.75-9.0%	2019	-	-	2 306 163	2 310 255
PJSC Gazprom	RUB	7.76%	2022	1 800 000	1 747 752	1 800 000	1 748 044
PJSC Sberbank RF	RUB	8.15%	2020	-	-	901 409	896 626
NORDIC Investment Bank	RUB	EURIBOR + 3%	2019	164 553	164 553	369 126	369 126
				9 108 993	**8 734 897**	**12 506 738**	**12 057 711**
Less: current portion							
Long-term bonds (03)	RUB	CPI+1.5%	2021	(33 080)	(33 080)	(2 860)	(2 860)
Long-term bonds (04)	RUB	CPI+1.5%	2022	(13 360)	(13 360)	(29 180)	(29 180)
PJSC Sberbank RF	RUB	8.15%	2020	-	-	(501 409)	(501 409)
NORDIC Investment Bank VTB (PJSC)	EUR	EURIBOR + 3%	2019	(164 553)	(164 553)	(369 126)	(369 126)
VTB	RUB	8.75-9.0%	2019	-	-	(6 163)	(6 163)
Total long-term bank borrowings and bonds issued				**8 898 000**	**8 523 904**	**11 598 000**	**11 148 973**

Compliance with covenants

Under long-term borrowings facility agreements, the Group is required to comply with certain financial and non-financial covenants. The most significant and most important of these being:

- to maintain particular ratios, i.e. the EBITDA to Finance Charges, the total debt to equity and the Current Ratio;
- to maintain certain liquidity and debt-to-assets ratio.

If any of these covenants are breached, the repayment can be altered by the respective lender, up to immediate repayment.

Note 14. Other Non-Current Liabilities

	30 September 2019	31 December 2018
Long-term accounts payable	268 616	130 231
Long-term lease liability	6 143 796	-
Total other non-current liabilities	**6 412 412**	**130 231**

Note 15. Short-Term Borrowings

Name of lender	Currency	Contractual interest rate	30 September 2019		31 December 2018	
			Carrying amounts	Fair values	Carrying amounts	Fair values
PJSC Sberbank RF	RUB	8.65%	-	-	5 305 024	5 305 024
Gazprombank JSC	RUB	9.5-9.75%	134 202	134 202	1 247 827	1 247 827
Current portion of long-term borrowings:						
Long-term bonds (03)	RUB	CPI+1.5%	33 080	33 080	2 860	2 860
Long-term bonds (04)	RUB	CPI+1.5%	13 360	13 360	29 180	29 180
PJSC Sberbank RF	RUB	8.15%	-	-	501 409	501 409
NORDIC Investment Bank	EUR	EURIBOR+3%	164 553	164 553	369 126	369 126
Bank VTB (PJSC)	RUB	8.75-9.0%	-	-	6 163	6 163
Total short-term bank borrowings and bonds issued			**345 195**	**345 195**	**7 461 589**	**7 461 589**

Note 16. Trade and other payables

	30 September 2019	31 December 2018
Trade accounts payable	3 810 243	5 065 792
Accounts payable for capital construction	1 773 861	2 286 021
Accrued liabilities and other payables	156 785	437 315
Short-term lease liability	1 304 735	-
Total financial payables	**7 045 624**	**7 789 128**
Advances from customers	2 065 446	2 189 453
Current employee benefits	410 836	540 293
Total trade and other payables	**9 521 906**	**10 518 874**

Note 17. Other Taxes Payable

	30 September 2019	31 December 2018
Property tax	299 209	419 513
Contributions to the compulsory social insurance scheme	199 330	243 905
VAT payable	181 256	308 343
Personal Income Tax	58 258	70 356
Other taxes	21 438	19 517
Total taxes payable	**759 491**	**1 061 634**

As at 30 September 2019 and as at 31 December 2018 the Group had no past due tax liabilities.

Note 18. Revenue

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Sales of electricity and capacity	10 734 901	11 645 629	39 777 833	38 402 866
Sales of heat	5 533 397	3 617 365	28 898 391	24 403 387
Other sales	843 970	380 868	1 148 541	901 632
Total sales	**17 112 268**	**15 643 862**	**69 824 765**	**63 707 885**

Other sales are generally presented by connection of customers to heating network and operating lease income.

During nine months of 2019 Group received a grant for the compensation of income in relation to providing heating services (sales to consummers of heat) per tariffs that don't cover expenses from Saint-Petersburg budget and Murmansk regional budget for a total amount of RUB 3 614 623 thousand (during nine months of 2018 - RUB 93 195 thousand).

Note 19. Operating Expenses

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Fuel	4 512 103	4 369 634	25 223 626	23 183 375
Depreciation of property, plant and equipment	2 428 183	1 931 210	7 162 673	5 716 547
Employee benefits	2 103 632	1 836 555	6 702 155	6 060 890
Electricity, capacity and heat purchases	1 430 900	1 778 060	5 617 122	5 453 019
Repairs and maintenance	1 123 514	1 263 787	2 342 694	2 557 676
Water usage expenses	750 747	715 122	2 293 604	2 190 738
Lease expenses	-	681 718	-	2 077 413
Heat and electricity distribution	416 990	326 618	1 630 317	1 626 977
Taxes other than income tax	367 999	506 617	1 175 050	1 526 025
Other materials	470 607	321 304	1 115 669	652 199
Amortisation of intangible assets	67 400	47 905	187 545	125 876
Amortisation of investment property	3 758	3 734	11 277	11 202
Other operating expenses	1 339 724	955 648	2 958 161	2 684 822
Total operating expenses	**15 015 557**	**14 737 912**	**56 419 893**	**53 866 759**

Note 20. Finance Income and Finance Costs

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Interest income	26 998	12 315	176 025	95 608
Exchange differences (net)	-	46 159	-	143 917
Effect of discounting of financial instruments	-	(1 502)	-	5 411
Total finance income	**26 998**	**56 972**	**176 025**	**244 936**
Interest expense on loans and borrowings	(329 653)	(169 667)	(585 280)	(703 087)
Interest expense on lease			(550 552)	-
Exchange differences (net)	(59 712)	-	(313 439)	-
Effect of discounting of financial instruments	39 409	-	(105 148)	-
Total finance costs	**(349 956)**	**(169 667)**	**(1 554 419)**	**(703 087)**

Note 21. Earnings per Share

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Profit attributable to owners of TGC-1	1 429 309	498 561	10 714 901	8 273 517
Weighted average number of ordinary shares issued (thousands)	3 854 341 417	3 854 341 417	3 854 341 417	3 854 341 417
Earnings per ordinary share attributable to the owners of the Company after tax - basic and diluted - in Russian Roubles	**0.0004**	**0.0001**	**0.0028**	**0.0021**

Note 22. Commitments

As at 30 September 2019, the Group had outstanding contractual commitments relating to the construction of property, plant and equipment in the amount of RUB 19 064 783 thousand (as at 31 December 2018: RUB 11 677 847 thousand).

The Group has already allocated the necessary resources to meet these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Note 23. Segment Information

The Group generates its revenues from electricity and heat power generation in one geographical segment: the Russian Federation (Note 3). The Group's major customers are regional electricity wholesalers. The Group has no single customer that accounts for 10% or more of its total revenue.

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 (CODM) and for which discrete financial information is available. The functions of the CODM are performed by Company's Management Board.

The Group's primary activity is producing electricity and heatpower and capacity. The technology of electricity and heatpower production does not allow the segregation of electricity and heatpower segments.

The Group's segments are strategic business units that focus on different customers. They are managed separately due to significant decentralisation and the distances that separate Company branches. The Group uses six primary reportable segments: TPP of Nevsky branch, HPS of Nevsky branch, St. Petersburg Heating Grid, Kolsky branch, Karelsky branch, Murmanskaya TPP. All reportable segments are located within the Russian Federation. In evaluating segment results and allocating the Group's economic resources the Management Board uses the financial information provided below prepared in accordance with Russian Accounting Standards (RAS). Differences between the above-mentioned financial indicators analysed by the Management Board and IFRS financial information are caused by different approaches applied in IFRS and RAS. The main differences relate to the respective carrying values of property, plant and equipment.

Note 23. Segment Information (continued)

The Group's management does not review the information relating to the operating segment's liabilities in order to make decisions about resource allocation since a significant proportion of the payment transactions are centralised.

Segment's assets in respect of property, plant and equipment are disclosed below:

	30 September 2019	31 December 2018
TPP of Nevsky branch	40 858 902	44 114 333
HPS of Nevsky branch	7 898 659	8 081 875
St. Petersburg Heating Grid	34 997 960	36 424 818
Kolsky branch	7 926 150	8 265 631
Karelsky branch	4 804 426	4 335 014
Murmanskaya TPP	968 872	940 512
Unallocated segments	2 478 741	2 544 956
Total segments	**99 933 170**	**104 707 140**

Note 23. Segment Information (continued)

Nine months ended 30 September 2019	TPP of Nevsky branch	HPS of Nevsky branch	St. Petersburg Heating Grid	Kolsky branch	Karelsky branch	Murmanskaya TPP	Unallocated segments	Total
Revenue:	44 295 821	3 902 694	7 097 847	8 576 753	5 828 474	6 239 263	313 073	**76 253 925**
including export	-	780 330	-	696 122	-	-	-	**1 476 452**
Reportable segment profit / (loss)	1 194 010	2 148 366	860 433	2 591 778	985 978	1 728 113	(77 316)	**9 431 362**

Nine months ended 30 September 2018	TPP of Nevsky branch	HPS of Nevsky branch	St Petersburg Heating Grid	Kolsky branch	Karelsky branch	Murmanskaya TPP	Unallocated segments	Total
Revenue:	41 451 788	4 346 440	6 257 474	8 711 569	5 605 615	4 191 793	55 707	**70 620 386**
including export	-	836 736	-	1 132 336	-	-	-	**1 969 072**
Reportable segment profit / (loss)	1 225 469	2 727 482	511 057	3 156 952	1 024 977	555 574	(1 838 780)	**7 362 731**

Three months ended 30 September 2019	TPP of Nevsky branch	HPS of Nevsky branch	St. Petersburg Heating Grid	Kolsky branch	Karelsky branch	Murmanskaya TPP	Unallocated segments	Total
Revenue:	8 940 350	1 393 276	3 096 142	2 458 743	1 429 969	2 197 526	52 993	**19 568 999**
including export	-	374 301	-	123 033	-	-	-	**497 334**
Reportable segment profit / (loss)	(2 747 258)	652 766	1 043 867	854 617	90 008	1 430 049	(76 713)	**1 247 336**

Three months ended 30 September 2018	TPP of Nevsky branch	HPS of Nevsky branch	St Petersburg Heating Grid	Kolsky branch	Karelsky branch	Murmanskaya TPP	Unallocated segments	Total
Revenue:	8 659 230	1 650 367	2 160 512	2 843 526	1 376 853	1 166 920	10 613	**17 868 021**
including export	-	602 259	-	487 542	-	-	-	**1 089 801**
Reportable segment profit / (loss)	(2 431 667)	877 618	218 272	1 276 219	181 214	598 486	(512 201)	**207 941**

Note 24. Events after the Reporting Period

Borrowings

During the period between reporting date and signing date, the Group received short-term borrowings of RUB 289 000 thousand.

During the period between reporting date and signing date, the Group repaid borrowings a total of RUB 1 298 538 thousand.

Government grants

During the period between reporting date and signing date Group PJSC received a grant from Saint-Petersburg regional budget for a total amount of RUB 93 171 thousand.

Approved for issue and signed on 7 November 2019.

Deputy Director General of economics and finance A. V. Goncharov

Chief Accountant R. V. Stanishevskaya