



# **URALKALI GROUP**

**Interim Condensed Consolidated  
Financial Statements for the First Half of 2020  
(Unaudited)**

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To the Shareholders and Board of Directors of Public Joint Stock Company Uralkali:

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company Uralkali and its subsidiaries (the "Group") as of 30 June 2020 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

  
Vladimir Biryukov  
Engagement Partner  
28 August 2020



The Entity: Public Joint Stock Company "Uralkali"

Certificate of state registration № 1128, issued on 14 October 1992 by the Berezniki Administration, Perm region.

Certificate of registration in the Unified State Register of Legal Entities № 1025901702188, issued on 11 September 2002.

Location: 63, Pyatiletki ul., Berezniki, 618426, the Perm region, Russian Federation.

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

**URALKALI GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020 (UNAUDITED)**  
*(in thousands of US dollars, unless otherwise stated)*



	Note	30 June 2020	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,763,081	3,105,468
Prepayments for acquisition of property, plant and equipment and intangible assets		303,254	307,562
Goodwill		843,316	952,918
Intangible assets		2,352,198	2,674,956
Deferred income tax asset		2,428	35,613
Loan receivable	4	519,405	657,555
Investment in associate		2,213	2,399
Derivative financial assets	7	5,833	7,973
Other non-current assets		101,822	112,523
<b>Total non-current assets</b>		<b>6,893,550</b>	<b>7,856,967</b>
<b>Current assets</b>			
Inventories		205,762	336,919
Trade and other receivables		527,993	428,538
Advances to suppliers		38,435	81,187
Income tax prepayments		1,754	1,699
Derivative financial assets	7	18,856	14,318
Loans receivable	4	279,441	-
Cash and cash equivalents	8	531,960	482,678
<b>Total current assets</b>		<b>1,604,201</b>	<b>1,345,339</b>
<b>TOTAL ASSETS</b>		<b>8,497,751</b>	<b>9,202,306</b>
<b>EQUITY</b>			
Share capital	9	21,872	35,762
Preference shares	9	239	239
Treasury shares	9	-	(28,126)
Share premium	9	50,987	399,855
Currency translation reserve		(4,000,753)	(3,774,604)
Retained earnings		5,614,370	5,459,775
<b>Equity attributable to the Company's equity holders</b>		<b>1,686,715</b>	<b>2,092,901</b>
Non-controlling interests		12,377	12,551
<b>TOTAL EQUITY</b>		<b>1,699,092</b>	<b>2,105,452</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	10	4,590,279	3,831,053
Post-employment and other long-term benefit obligations		39,838	46,467
Deferred income tax liability		570,716	671,459
Provisions	11	535,971	618,528
Derivative financial liabilities	7	88,719	9,675
Other non-current liabilities		2,785	3,251
<b>Total non-current liabilities</b>		<b>5,828,308</b>	<b>5,180,433</b>
<b>Current liabilities</b>			
Loans and borrowings	10	575,842	1,489,097
Trade and other payables		285,279	283,805
Advances received		16,981	15,821
Provisions	11	64,062	51,872
Derivative financial liabilities	7	372	21,033
Current income tax payable		27,815	54,793
<b>Total current liabilities</b>		<b>970,351</b>	<b>1,916,421</b>
<b>TOTAL LIABILITIES</b>		<b>6,798,659</b>	<b>7,096,854</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,497,751</b>	<b>9,202,306</b>

The interim condensed consolidated financial statements for the 1st half of 2020 were approved for issue on behalf of the Management of the Group on 28 August 2020:

**Dmitry Osipov**  
Chief Executive Officer

**Anton Vishanenko**  
Chief Financial Officer

*The accompanying notes on pages 8 to 20 are an integral part of these Interim Condensed Consolidated Financial Statements.*

**URALKALI GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE 1ST HALF OF 2020 (UNAUDITED)**  
*(in thousands of US dollars, unless otherwise stated)*



	Note	1st half of	
		2020	2019
Revenues	12	1,323,471	1,542,890
Cost of sales	13	(421,209)	(361,062)
<b>Gross profit</b>		<b>902,262</b>	<b>1,181,828</b>
Distribution costs	14	(381,860)	(297,416)
General and administrative expenses	15	(79,507)	(85,394)
Taxes other than income tax		(7,659)	(9,617)
Other operating expenses, net	16	(20,009)	(46,993)
<b>Operating profit</b>		<b>413,227</b>	<b>742,408</b>
Finance (expenses) / income, net	17	(586,746)	292,942
<b>(Loss) / profit before income tax</b>		<b>(173,519)</b>	<b>1,035,350</b>
Income tax expense		(6,692)	(199,459)
<b>Net (loss) / profit for the period</b>		<b>(180,211)</b>	<b>835,891</b>
<b>(Loss) / profit attributable to:</b>			
Company's equity holders		(180,037)	835,982
Non-controlling interests		(174)	(91)
<b>Net (loss) / profit for the period</b>		<b>(180,211)</b>	<b>835,891</b>
Weighted average number of ordinary shares in issue (million)		1,269	1,271
<b>(Loss) / earnings per share – basic and diluted (in US cents)</b>		<b>(14.19)</b>	<b>65.77</b>

The accompanying notes on pages 8 to 20 are an integral part of these Interim Condensed Consolidated Financial Statements.

**URALKALI GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 1ST HALF OF 2020 (UNAUDITED)**  
*(in thousands of US dollars, unless otherwise stated)*



	1st half of	
	2020	2019
<b>Net (loss) / profit for the period</b>	<b>(180,211)</b>	<b>835,891</b>
<b>Other comprehensive (loss) / income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of post-employment benefit obligations	-	(8,086)
Effect of translation to presentation currency	(226,149)	103,738
<b>Total other comprehensive (loss) / income for the period</b>	<b>(226,149)</b>	<b>95,652</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>(406,360)</b>	<b>931,543</b>
<b>Total comprehensive (loss) / income for the period attributable to:</b>		
Company's equity holders	(406,186)	931,634
Non-controlling interests	(174)	(91)

*The accompanying notes on pages 8 to 20 are an integral part of these Interim Condensed Consolidated Financial Statements.*

**URALKALI GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 1ST HALF OF 2020 (UNAUDITED)**  
*(in thousands of US dollars, unless otherwise stated)*



		1st half of	
	Note	2020	2019
<b>Cash flows from operating activities</b>			
(Loss) / profit before income tax		(173,519)	1,035,350
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets	13,14,15, 16	150,573	131,472
Loss on disposals of property, plant and equipment and intangible assets	16	1,719	11,859
Impairment of prepayments for acquisition of property, plant and equipment and intangible assets		-	144
Reversal of write-down of inventories to net realisable value		(23)	(1,904)
Impairment of property, plant and equipment and assets under construction	16	-	2,321
Impairment of trade and other receivables and advances to suppliers	16	5,073	91
Change in provisions, net	11	899	4,178
Fair value loss / (gain) on derivative financial instruments, net	17	103,653	(91,411)
Foreign exchange loss / (gain), net	17	395,099	(348,575)
Other finance expenses, net	17	87,994	147,044
<b>Operating cash flows before working capital changes</b>		<b>571,468</b>	<b>890,569</b>
Increase in trade and other receivables and advances to suppliers		(97,822)	(52,835)
Decrease / (increase) in inventories		92,838	(40,006)
Decrease in provisions	11	(20,747)	(34,486)
Increase in trade and other payables and advances received		45,377	23,107
Increase in other taxes payable		7,616	8,708
<b>Cash generated from operations</b>		<b>598,730</b>	<b>795,057</b>
Interest paid		(100,887)	(164,152)
Income taxes paid		(21,887)	(94,252)
<b>Net cash generated from operating activities</b>		<b>475,956</b>	<b>536,653</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(158,347)	(152,739)
Acquisition of intangible assets		(932)	(3,022)
Proceeds from sales of property, plant and equipment		264	182
Loans issued		(424,265)	(109,040)
Proceeds from loan repayments		297,684	12
Purchase of other financial assets		-	(21)
Dividends and interest received		7,126	7,648
<b>Net cash used in investing activities</b>		<b>(278,470)</b>	<b>(256,980)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	10	(965,879)	(1,521,746)
Proceeds from borrowings	10	665,490	1,485,062
Proceeds from issuance of bonds	10	452,302	-
Arrangement fees and other financial charges paid		(14,006)	(41,931)
Redemption of bonds	10	(210,849)	(800,000)
Cash proceeds from derivatives	7	6,301	18,068
Cash paid for derivatives	7	(52,526)	-
Purchase of treasury shares	9	-	(10,012)
Lease payments		(1,643)	(1,459)
<b>Net cash used in financing activities</b>		<b>(120,810)</b>	<b>(872,018)</b>
Effect of changes in foreign exchange rate on cash and cash equivalents		(27,394)	7,646
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>49,282</b>	<b>(584,699)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>482,678</b>	<b>1,013,015</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>531,960</b>	<b>428,316</b>

The accompanying notes on pages 8 to 20 are an integral part of these Interim Condensed Consolidated Financial Statements.



	Note	Attributable to the company's equity holders						Total	Non-controlling interests	Total equity
		Share capital	Preference shares	Treasury shares	Share premium	Retained earnings	Currency translation reserve			
<b>Balance at 1 January 2019</b>		<b>35,762</b>	<b>239</b>	<b>(27,996)</b>	<b>409,814</b>	<b>4,264,935</b>	<b>(3,924,941)</b>	<b>757,813</b>	<b>12,654</b>	<b>770,467</b>
Net profit / (loss) for the period		-	-	-	-	835,982	-	835,982	(91)	835,891
Other comprehensive (loss) / income		-	-	-	-	(8,086)	103,738	95,652	-	95,652
<b>Total comprehensive income / (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>827,896</b>	<b>103,738</b>	<b>931,634</b>	<b>(91)</b>	<b>931,543</b>
<b>Transactions with owners</b>										
Purchase of treasury shares	9	-	-	(130)	(9,882)	-	-	(10,012)	-	(10,012)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>(130)</b>	<b>(9,882)</b>	<b>-</b>	<b>-</b>	<b>(10,012)</b>	<b>-</b>	<b>(10,012)</b>
<b>Balance at 30 June 2019</b>		<b>35,762</b>	<b>239</b>	<b>(28,126)</b>	<b>399,932</b>	<b>5,092,831</b>	<b>(3,821,203)</b>	<b>1,679,435</b>	<b>12,563</b>	<b>1,691,998</b>
<b>Balance at 1 January 2020</b>		<b>35,762</b>	<b>239</b>	<b>(28,126)</b>	<b>399,855</b>	<b>5,459,775</b>	<b>(3,774,604)</b>	<b>2,092,901</b>	<b>12,551</b>	<b>2,105,452</b>
Net loss for the period		-	-	-	-	(180,037)	-	(180,037)	(174)	(180,211)
Other comprehensive loss		-	-	-	-	-	(226,149)	(226,149)	-	(226,149)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,037)</b>	<b>(226,149)</b>	<b>(406,186)</b>	<b>(174)</b>	<b>(406,360)</b>
<b>Transactions with owners</b>										
Cancellation of treasury shares	9	(13,890)	-	28,126	(348,868)	334,632	-	-	-	-
<b>Total transactions with owners</b>		<b>(13,890)</b>	<b>-</b>	<b>28,126</b>	<b>(348,868)</b>	<b>334,632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2020</b>		<b>21,872</b>	<b>239</b>	<b>-</b>	<b>50,987</b>	<b>5,614,370</b>	<b>(4,000,753)</b>	<b>1,686,715</b>	<b>12,377</b>	<b>1,699,092</b>

The accompanying notes on pages 8 to 20 are an integral part of these Interim Condensed Consolidated Financial Statements.

## 1 The Uralkali Group and its operations

Public Joint Stock Company Uralkali (the “Company”) and its subsidiaries (together the “Group”) produce mineral fertilizers, which are extracted and processed in the vicinity of the cities of Berezniki and Solikamsk, Russia. They are distributed both on foreign and domestic markets. The Group manufactures various types of products, the most significant being a wide range of potassium salts.

The Company holds operating licences, issued by the Department of Subsoil Use of the Privolzhsky Federal district for the extraction of potassium, magnesium and sodium salts from a number of plots of the Verkhnekamskoye field. The licences expire at different periods until 2055. In addition, the Company holds a licence for geological exploration and evaluation of the Izversky plot.

The Company’s significant shareholders and their voting interest were as follows:

	<b>30 June 2020</b>	<b>31 December 2019</b>
Rinsoco Trading Co. Limited <sup>1</sup>	53.71%	23.21%
JSC United Chemical Company Uralchem <sup>2</sup>	46.29%	19.99%
Uralkali-Technology JSC	-	56.79%

<sup>1</sup> The beneficial owner of the company is Mr. D. Lobiak

<sup>2</sup> The beneficial owner of the company is Mr. D. Mazepin

The Company was incorporated in the Russian Federation on 14 October 1992 and has its registered office at 63 Pyatiletki ul., Berezniki, 618426, the Perm region, Russian Federation.

## 2 Basis of preparation and significant accounting policies

### *Principles of preparation of interim condensed consolidated financial statements*

These interim condensed consolidated financial statements for the first half (hereinafter – “1st half”) of 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“IFRS’s”).

The accounting policies, critical accounting judgements and estimates and methods of computation applied in these interim condensed consolidated financial statements are consistent with those of the consolidated financial statements for the year ended 31 December 2019.

### **Going concern**

These interim condensed consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

In making its going concern assessment the Group has taken into account its financial position, expected commercial results, its borrowings and available but not yet used credit lines, as well as planned capital expenditures and capital commitments and other risks to which the Group is exposed. The Group has sufficient available credit lines (including revolving credit lines with Russian and international banks) to cover short-term liquidity gaps, if any. For more detailed information refer to Note 10.

Consequently, the Management of the Group determined that it is appropriate to adopt the going concern basis in the preparation of these interim condensed consolidated financial statements.

## 2 Basis of preparation and significant accounting policies (continued)

### **Functional and presentation currency**

The functional currency of each company of the Group is the national currency of the Russian Federation, Russian Rouble ("RR"). The presentation currency of these interim condensed consolidated financial statements is US dollar ("US\$").

### **Foreign currency exchange rates**

The official rates of exchange, as determined by the Central Bank of the Russian Federation (CBRF):

	30 June 2020		31 December 2019		30 June 2019	
	US\$	Euro	US\$	Euro	US\$	Euro
closing rate	69.95	78.68	61.91	69.34	63.08	71.82
average rate for the 1st half year	69.37	76.44	-	-	65.34	73.84

### **Income tax**

Income tax in the interim periods is accrued using the tax rate that would be the best estimate of the weighted average annual income tax rate. The change in effective tax rate was caused mainly by the factor that some income and expenses are excluded for income tax calculation purposes under Russian tax code and the amounts of such income and expenses may fluctuate from period to period.

## 3 IFRS standards update

The Group has adopted standards that are mandatory for financial periods beginning on or after 1 January 2020.

The following is a list of new or amended IFRS standards and interpretations effective for annual periods beginning on or after 1 January 2020 that have been applied by the Group for the first time in these interim condensed consolidated financial statements:

Title	Subject	Effect on the interim condensed consolidated financial statements
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	No effect
Amendments to Conceptual Framework	Fair value, improved definitions and recommendations	No effect
Amendments to IFRS 3	Definition of a business	No effect
Amendments to IAS 1 and IAS 8	Definition of a materiality	No effect

## 4 Related parties

Related parties include major shareholders with significant influence over the Group, entities under control of the Group's major shareholders, associates and key management personnel. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

Details of outstanding balances between the Group and its related parties are disclosed below:

Outstanding balances with entities with joint control of, or significant influence over the Group	30 June 2020	31 December 2019
Loans receivable	743,277	617,501
Interest receivable	55,569	40,054
Loan payable including interest payable	(41,218)	(40,560)
Trade and other receivables	12,363	10,833
Trade and other payables	(18,526)	(5,279)
Lease liability	(3,191)	(3,746)
Advances to suppliers	5,469	7,929
Prepayments for acquisition of property, plant and equipment and intangible assets	5,182	-
Advances received	(57)	-
<b>Outstanding balances with associate</b>		
Trade and other payables	(307)	(316)
Advances to suppliers	1,135	1,269

#### 4 Related parties (continued)

Loans and interests receivable as at 30 June 2020 include US\$ 519,405 (31 December 2019: US\$ 657,555) and US\$ 101,075 (31 December 2019: nil) due under loans advanced by the Group at market rates maturing in 2023 and 2022, respectively, and US\$ 178,366 (31 December 2019: nil) due under loan maturing in 2020. All loans represent US\$ denominated unsecured revolving facilities provided by the Group to its related parties.

As at 31 December 2019, the Group pledged ordinary shares of PJSC Uralkali, representing 26.98% of the Company's ordinary shares as primary pledge.

As at 31 December 2019, the Group pledged ordinary shares, representing 28.6% of the Company's ordinary shares as secondary pledge, which were also pledged as primary security for credit facilities received by the Group from JSC Sberbank of Russia (Sberbank) in 2016 (Note 10). The pledge was provided as security in favour of Sberbank and its subsidiaries for the loan of one of the Group's related parties effective until March 2023 and the agreements related thereto.

As at 30 June 2020, as a result of the reorganisation through merger of the Company with JSC Uralkali-Technology and the cancellation of the shares of PJSC Uralkali owned by JSC Uralkali-Technology (Note 10), the above mentioned pledges were terminated.

Details of significant transactions between the Group and its related parties are disclosed below:

Transactions with entities with joint control of, or significant influence over the Group	1st half of	
	2020	2019
Revenue (sales of potassium chloride)	22,778	37,835
Other revenue	649	632
Interest income	17,366	12,163
Other finance income	8,444	5,397
Purchase of inventories and goods for resale	(23,070)	(21,281)
Purchase of property, plant and equipment and assets under construction	-	(28)
Distribution costs	(15,701)	(13,682)
Interest expenses	(1,392)	(1,300)
General and administrative expenses	(22)	(22)
Other finance expenses	(8,665)	-
Other expenses	(145)	(189)
<b>Transactions with associate</b>		
Distribution costs	(3,287)	(2,173)

#### Key management's compensation

Key management personnel compensation consists of remuneration paid to executive directors and other directors for their services in full- or part-time positions. Compensation is made up of annual remuneration and a performance bonus depending on operating results.

Key management's compensation is presented below:

	Expenses		Accrued liabilities	
	1st half of 2020	1st half of 2019	30 June 2020	31 December 2019
Short-term employee benefits	5,278	3,013	2,840	3,394
Termination benefits	-	36	-	-
<b>Total</b>	<b>5,278</b>	<b>3,049</b>	<b>2,840</b>	<b>3,394</b>

## 5 Segment information

The Group evaluates performance and makes investment and strategic decisions based on a review of the profitability of the Group as a whole, and based on operating segments. The Group's operating segment has been determined based on reports reviewed by CEO, assessed to be Group's chief operating decision maker ("CODM"), that are used to make strategic decisions. It was determined, that the Group has one operating segment – the extraction, production and sales of potash fertilizers. The financial information reported on operating segments is based on the management accounts which are based on IFRS.

The CODM performs an analysis of the operating results based on the measurements of:

- Revenues;
- Revenues net of freight, railway tariff, rent of wagons and transshipment costs;
- Operating profit;
- Cash capital expenditures net of VAT ("Cash CAPEX").

Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in this Note.

a) The following is an analysis of the Group's revenue and results for the reportable segment:

	Note	1st half of	
		2020	2019
Revenues	12	1,323,471	1,542,890
Revenues net of freight, railway tariff, rent of wagons and transshipment costs	12,14	1,062,484	1,321,309
Operating profit		413,227	742,408
Cash CAPEX		159,279	155,761

b) Geographical information

The analysis of Group sales by region was:	1st half of	
	2020	2019
Russia	232,830	293,550
China, India, South East Asia	504,435	443,874
Latin America, USA	385,118	619,224
Europe, other countries	201,088	186,242
<b>Total revenues</b>	<b>1,323,471</b>	<b>1,542,890</b>

The sales are allocated by region based on the destination country.

c) Major customers

The Group had no external customers which represented more than 10% of the Group's revenues in the 1st half of 2020.

The amount of revenue from each external customer which contributed more than 10% of the Group's revenue in the 1st half of 2019 is presented below:

	Revenue	%
Major customer 1	182,297	12%
Major customer 2	160,064	10%

## 6 Property, plant and equipment

Movements of the cost of property, plant and equipment and related accumulated depreciation for the period are presented below:

	Note	2020	2019
<b>Cost</b>			
<b>Balance at 1 January</b>		<b>4,886,036</b>	<b>3,776,673</b>
Additions		142,126	175,034
Disposals and write-offs		(8,829)	(30,543)
Changes in estimates of provisions	11	9,362	55,152
Effect of translation to presentation currency		(563,162)	390,130
<b>Balance at 30 June</b>		<b>4,465,533</b>	<b>4,366,446</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance at 1 January</b>		<b>(1,780,568)</b>	<b>(1,394,404)</b>
Depreciation		(134,614)	(114,778)
Disposals		6,875	18,502
Impairment	16	-	(2,321)
Effect of translation to presentation currency		205,855	(144,917)
<b>Balance at 30 June</b>		<b>(1,702,452)</b>	<b>(1,637,918)</b>
<b>Net book value</b>			
<b>As at 1 January</b>		<b>3,105,468</b>	<b>2,382,269</b>
<b>As at 30 June</b>		<b>2,763,081</b>	<b>2,728,528</b>

Allocation of depreciation charge for the period is presented below:

Allocation of depreciation charge for the period	Note	1st half of	
		2020	2019
Cost of sales	13	120,171	91,920
Distribution costs	14	4,950	4,846
General and administrative expenses	15	4,724	4,427
Other operating expenses	16	1,713	8,303
Capitalised within assets under construction		3,056	5,282
<b>Total</b>		<b>134,614</b>	<b>114,778</b>

### **Fully depreciated assets still in use**

As at 30 June 2020 and 31 December 2019, the gross carrying value of fully depreciated property, plant and equipment still in use was US\$ 319,665 and US\$ 353,690, respectively.

Interest expense and foreign exchange losses capitalised in the cost of assets under construction were as follows:

Capitalised borrowing costs	1st half of	
	2020	2019
Capitalised interest expenses	18,726	24,512
Capitalised foreign exchange losses	10,113	-
<b>Total capitalised borrowing costs</b>	<b>28,839</b>	<b>24,512</b>

In the 1st half of 2020, the Group used average interest capitalisation rate of 3.27% (1st half 2019: 4.76%).

## 7 Derivative financial instruments

As at 30 June 2020 and 31 December 2019, the derivative financial instruments were represented by:

	The Group pays	The Group receives	Issue	Maturity	Notional amount	
					30 June 2020	31 December 2019
	US\$ at fixed rate	RR at fixed rate	2020	2025	US\$ 454 mln (RR 30,000 mln)	-
					US\$ 239 mln (RR 15,000 mln)	US\$ 239 mln (RR 15,000 mln)
Cross-currency interest rate swap	US\$ at fixed rate	RR at fixed rate	2018	2023	US\$ 149 mln (RR 10,000 mln)	US\$ 149 mln (RR 10,000 mln)
	US\$ at fixed rate	RR at fixed rate	2018	2021	-	US\$ 265 mln (RR 15,000 mln)
	US\$ at fixed rate	RR at fixed rate	2017	2020	-	(RR 15,000 mln)
Interest rate swap	Euro at fixed rate	Euro at floating rate; nil if rate is negative	2019	2024	Euro 650 mln (RR 51,143 mln)	Euro 650 mln (RR 45,071 mln)
	US\$ at fixed rate	US\$ at floating rate	2017	2020	-	US\$ 1,000 mln (RR 61,906 mln)

In these interim condensed consolidated financial statements derivative financial instruments were as follows:

	30 June 2020	31 December 2019
<b>Assets</b>		
Current derivative financial assets	18,856	14,318
Non-current derivative financial assets	5,833	7,973
<b>Total derivative financial assets</b>	<b>24,689</b>	<b>22,291</b>
<b>Liabilities</b>		
Current derivative financial liabilities	(372)	(21,033)
Non-current derivative financial liabilities	(88,719)	(9,675)
<b>Total derivative financial liabilities</b>	<b>(89,091)</b>	<b>(30,708)</b>

Movements of the carrying amounts of derivative financial assets and liabilities, net were as follows:

	Note	2020	2019
<b>Derivative financial liabilities, net as at 1 January</b>		<b>8,417</b>	<b>98,054</b>
Cash proceeds from derivatives		6,301	18,068
Cash paid for derivatives		(52,526)	-
Changes in the fair value	17	103,653	(91,411)
Effect of translation to presentation currency		(1,443)	7,309
<b>Derivative financial liabilities, net as at 30 June</b>		<b>64,402</b>	<b>32,020</b>

Derivatives are carried at their fair value and categorised within Level 2 of the fair value hierarchy. There have not been changes in the valuation techniques as applied in year end and described in the Group's annual consolidated financial statements for the year ended 31 December 2019.

## 8 Cash and cash equivalents

	30 June 2020	31 December 2019
<b>Cash on hand and bank balances</b>		
RR denominated cash on hand and bank balances	98,719	44,265
US\$ denominated bank balances	108,769	100,709
EUR denominated bank balances	64,835	18,957
Other currencies denominated balances	141	241
<b>Term deposits</b>		
US\$ term deposits	209,461	315,430
RR term deposits	50,035	3,076
<b>Total cash and cash equivalents</b>	<b>531,960</b>	<b>482,678</b>

## 9 Equity

	Number of ordinary shares (in millions)	Number of preference shares (in millions)	Number of treasury shares (in millions)	Ordinary shares	Preference shares	Treasury shares	Total
<b>At 1 January 2019</b>	<b>2,936</b>	<b>30</b>	<b>(1,660)</b>	<b>35,762</b>	<b>239</b>	<b>(27,996)</b>	<b>8,005</b>
Treasury shares purchased	-	-	(8)	-	-	(130)	(130)
<b>At 30 June 2019</b>	<b>2,936</b>	<b>30</b>	<b>(1,668)</b>	<b>35,762</b>	<b>239</b>	<b>(28,126)</b>	<b>7,875</b>
<b>At 1 January 2020</b>	<b>2,936</b>	<b>30</b>	<b>(1,668)</b>	<b>35,762</b>	<b>239</b>	<b>(28,126)</b>	<b>7,875</b>
Cancellation of treasury shares	(1,668)	-	1,668	(13,890)	-	28,126	14,236
<b>At 30 June 2020</b>	<b>1,268</b>	<b>30</b>	<b>-</b>	<b>21,872</b>	<b>239</b>	<b>-</b>	<b>22,111</b>

All shares presented in the table above have been issued and fully paid.

The number of unissued authorised ordinary shares is 1,730 million (31 December 2019: 1,730 million) with a nominal value per share of US cents 0.715 (RR 0.5) (31 December 2019: US cents 0.793 (RR 0.5)).

The number of unissued authorised preference shares is 120 million (31 December 2019: 120 million) with a nominal value per share of US cents 0.715 (RR 0.5) (31 December 2019: US cents 0.793 (RR 0.5)) according to the Company's Charter on 27 July 2018.

**Treasury shares.** During the 1st half of 2019, the Company purchased 7,537,670 ordinary shares as a result of a mandatory redemption procedure pursuant to Russian Federal Law On Joint Stock Companies. The difference between the total acquisition cost of US\$ 10,012 and the nominal value of the shares of US\$ 130 was reflected as a decrease in share premium.

### Reorganisation of the Company through the merger of JSC Uralkali-Technology

On 29 June 2020, the reorganisation of the Company through merger with JSC Uralkali-Technology, 100% subsidiary of the Group, with the Company was completed. On 30 June 2020, 1,667,429,892 shares of the Company owned by JSC Uralkali-Technology and reflected as Treasury shares were redeemed in accordance with the decision of the extraordinary general shareholders' meeting ("EGM") of the Company dated 4 December 2019 and Merger Agreement approved by the EGM.

The result of the treasury shares redemption is presented below:

	<b>30 June 2020</b>
Decrease of share capital	(13,890)
Decrease of treasury shares	28,126
Decrease in share premium	(348,868)
<b>Increase of retained earnings</b>	<b>334,632</b>

As at 30 June 2020, as a result of completion of the reorganisation the Group doesn't own any treasury shares (31 December 2019 the Group owned 1,667,429,892 ordinary shares).

According to Russian law amendments to the Company Charter as a result of a decrease in the share capital require a number of corporate approvals and registration steps. On 27 July 2020, subsequently to the reporting date all procedures required by the law were completed, the Company has registered amendments to the Charter reflecting a decrease in the share capital and the number of issued ordinary shares was reduced to 1,268,585,999.

**Delisting.** The Company's ordinary shares are admitted for trading on the Moscow Exchange. On 18 December 2017, the delisting was approved by the EGM. As of the reporting date, the delisting procedure has not been completed yet.

In October 2019, Rinsoco Trading Co. Limited, the shareholder of the Company, completed a buy-out of ordinary shares of the Company owned by minority shareholders. The buy-out procedure resulted in a suspension of trading in the Company's ordinary shares at Moscow Exchange with effect from 20 September 2019 (however, such trading could be resumed upon request from the Company).



## 10 Loans and borrowings

The table below shows the split of loans and borrowings into short-term and long-term as at 30 June 2020 and 31 December 2019.

	30 June 2020	31 December 2019
<b>Short-term loans and borrowings</b>		
Bank loans in US\$: floating interest	552,078	478,440
Bank loans in US\$: fixed interest	713	752,700
Bank loans in RR: fixed interest	487	-
Bank loans in EUR: floating interest	2,054	1,920
Short-term part of long-term bonds quoted on Irish Stock Exchange	3,778	3,833
Short-term part of long-term bonds quoted on Moscow Exchange	12,178	247,118
Short-term lease payable	4,554	5,086
<b>Total short-term loans and borrowings and current portion of long-term loans and borrowings</b>	<b>575,842</b>	<b>1,489,097</b>
<b>Long-term loans and borrowings</b>		
Bank loans in US\$: floating interest	2,311,493	1,938,179
Bank loans and other borrowings in US\$: fixed interest	241,179	240,501
Bank loans in EUR: floating interest	731,280	726,680
Long-term bonds quoted on Irish Stock Exchange	496,632	495,755
Long-term bonds quoted on Moscow Exchange	785,601	403,028
Long-term lease payable	24,094	26,910
<b>Total long-term loans and borrowings</b>	<b>4,590,279</b>	<b>3,831,053</b>
<b>Total loans and borrowings</b>	<b>5,166,121</b>	<b>5,320,150</b>

### Bank loans and other borrowings

	2020	2019
<b>Balance at 1 January</b>	<b>4,138,420</b>	<b>4,496,415</b>
Bank loans and other borrowings received, denominated in US\$	665,000	800,000
Bank loans received, denominated in RR	490	-
Bank loans received, denominated in EUR	-	685,062
Bank loans repaid, denominated in US\$	(965,074)	(1,351,544)
Bank loans repaid, denominated in EUR	(805)	(170,202)
Interest accrued	63,523	108,981
Interest paid	(64,453)	(107,914)
Recognition of syndication fees and other financial charges	(10,351)	(21,198)
Amortisation of syndication fees and other financial charges	5,032	12,845
Foreign exchange loss / (gain), net	494,966	(450,083)
Effect of translation to presentation currency	(487,464)	457,496
<b>Balance at 30 June</b>	<b>3,839,284</b>	<b>4,459,858</b>

As at 30 June 2020 and 31 December 2019, no equipment or inventories were pledged as security for loans and borrowings.

As at 30 June 2020, bank loans in the amount of US\$ 3,501,675 (31 December 2019: US\$ 2,977,226) were collateralised by future sales proceeds of the Group under export contracts with certain customers.

In March 2016, credit line agreements with Sberbank were signed in the total amount of up to US\$ 3.9 billion for the purpose of refinancing of other loans received from the bank as well as for other general corporate purposes. As at 31 December 2019, credit line agreements were secured by way of pledge to Sberbank of the Company's shares constituting 28.6% of the Company's issued ordinary shares. In November 2019, the Company terminated the US\$ 1.9 billion credit line, and in March 2020, the Company terminated the US\$ 2 billion credit line due to the absence of utilisation needs. As at 30 June 2020, pledge agreements were terminated as a result of cancellation of treasury shares (Note 9).

In March 2019, the Company signed an uncommitted credit facility in the amount of up to EUR 50 million with ING BANK N.V., which is available for 12 months. In July 2019, the amount of facility was reduced to EUR 25 million. In April 2020, the amount of facility was increased to EUR 50 million and the availability period was extended to April 2021. As at 30 June 2020, the Company had no outstanding amount under this facility.

In March 2019, the Company signed an uncommitted credit facility in the amount of up to EUR 105 million with Commerzbank, which is available for 36 months. In September 2019 the amount of facility was reduced to EUR 5.2 million. As at 30 June 2020, the Company had no outstanding amount under this facility.

In May 2019, the Company signed a US\$ 725 million and EUR 650 million 5-year pre-export facility with 13 international banks. The interest rate is 1 month LIBOR + 1.9% for US\$ tranche and 1 month EURIBOR + 1.7% for EUR tranche. The loan was used for refinancing of the Company's existing loans and for general corporate purposes. As at 30 June 2020, the credit line was fully utilised.

## 10 Loans and borrowings (continued)

In March 2020, the Company signed a credit facility in the amount of up to US\$ 1.6 billion with Sberbank for the purpose of refinancing of other loans received from the bank as well as for other general corporate purposes. The availability period of credit facility is until December 2021. As at 30 June 2020, the Company has not yet used the facility.

In May 2020, the Company signed an up to US\$ 1 billion 5-year pre-export facility with 11 international banks. The interest rate is 1 month LIBOR + 2.2%. The loan was used for refinancing of the Company's existing loans and for general corporate purposes. As at 30 June 2020, US\$ 665 million were drawn down.

### Bonds

	2020	2019
<b>Balance at 1 January</b>	<b>1,149,734</b>	<b>1,395,870</b>
Issuance of bonds	452,302	-
Repurchase of bonds	(210,849)	(800,000)
Interest accrued	42,443	38,744
Interest paid	(35,133)	(55,113)
Recognition of syndication fees and other financial charges	(89)	(436)
Amortisation of syndication fees	637	231
Foreign exchange loss / (gain), net	58,954	(64,684)
Effect of translation to presentation currency	(159,810)	122,866
<b>Balance at 30 June</b>	<b>1,298,189</b>	<b>637,478</b>

In March 2019, US\$ denominated bonds at the nominal value of US\$ 800 million which were previously sold to VTB were fully redeemed.

In March 2020, the Company issued RR bonds in the amount of RR 30 billion (US\$ 452,302) at par under its exchange bond programme. The coupon rate was 6.85% p.a., and the coupon period is 182 days. Nominal value of the bond is RR 1,000. The bonds mature in 5 years.

In May 2020, RR denominated bonds with nominal value of RR 15 billion issued in 2017 under the Company's exchange bond programme were redeemed.

The Group was in compliance with all financial and non-financial covenants as at 30 June 2020.

## 11 Provisions

	Note	Filling cavities	Asset retirement obligations	Resettle-ment	Mine flooding	Restruc-turing	Legal	Total
<b>Balance at 1 January 2019</b>		<b>267,086</b>	<b>113,664</b>	<b>5,622</b>	<b>9,989</b>	<b>6,686</b>	<b>270</b>	<b>403,317</b>
Changes in estimates added to property, plant and equipment	6	35,864	19,288	-	-	-	-	55,152
Changes in estimates charged to profit or loss		-	-	105	768	147	-	1,020
Accrual / (reversal) of provision		-	169	3,054	-	-	(65)	3,158
Utilisation of provision		(29,845)	(348)	(3,452)	(608)	(79)	(154)	(34,486)
Unwinding of the present value discount		11,893	4,748	129	456	292	-	17,518
Effect of translation to presentation currency		27,721	12,380	562	1,035	691	21	42,410
<b>Current liabilities</b>		<b>66,165</b>	<b>-</b>	<b>3,723</b>	<b>2,045</b>	<b>952</b>	<b>72</b>	<b>72,957</b>
<b>Non-current liabilities</b>		<b>246,554</b>	<b>149,901</b>	<b>2,297</b>	<b>9,595</b>	<b>6,785</b>	<b>-</b>	<b>415,132</b>
<b>Balance at 30 June 2019</b>		<b>312,719</b>	<b>149,901</b>	<b>6,020</b>	<b>11,640</b>	<b>7,737</b>	<b>72</b>	<b>488,089</b>
<b>Balance at 1 January 2020</b>		<b>447,799</b>	<b>198,246</b>	<b>5,650</b>	<b>11,044</b>	<b>7,607</b>	<b>54</b>	<b>670,400</b>
Changes in estimates added to property, plant and equipment	6	(50,288)	59,650	-	-	-	-	9,362
Changes in estimates charged to profit or loss		-	-	-	123	464	-	587
Accrual of provision		-	263	-	-	-	49	312
Utilisation of provision		(18,572)	(372)	(1,442)	(355)	-	(6)	(20,747)
Unwinding of the present value discount		11,424	5,182	160	310	207	-	17,283
Effect of translation to presentation currency		(51,028)	(23,339)	(639)	(1,271)	(881)	(6)	(77,164)
<b>Current liabilities</b>		<b>57,900</b>	<b>629</b>	<b>3,729</b>	<b>1,584</b>	<b>129</b>	<b>91</b>	<b>64,062</b>
<b>Non-current liabilities</b>		<b>281,435</b>	<b>239,001</b>	<b>-</b>	<b>8,267</b>	<b>7,268</b>	<b>-</b>	<b>535,971</b>
<b>Balance at 30 June 2020</b>		<b>339,335</b>	<b>239,630</b>	<b>3,729</b>	<b>9,851</b>	<b>7,397</b>	<b>91</b>	<b>600,033</b>

## 11 Provisions (continued)

Key assumptions used in estimation of provisions were as follows:

	30 June 2020	31 December 2019
Risk-free rates	4.2%-6.9%	5.2%-6.6%
Expected date of settlement	2020-2059	2020-2066
Expected inflation in Russia within 3 years from the reporting date	4.8%-5.2%	4.0%-4.6%
Expected inflation in Russia starting from the 4th year after the reporting date	4.3%	4.0%

## 12 Revenues

	1st half of	
	2020	2019
Potassium chloride	759,795	838,687
Potassium chloride (granular)	435,354	546,486
Revenue from rendering transportation services	78,658	84,264
Other revenues	49,664	73,453
<b>Total revenues</b>	<b>1,323,471</b>	<b>1,542,890</b>

## 13 Cost of sales

		1st half of	
	Note	2020	2019
<b>Cost of finished goods sold</b>			
Depreciation of property, plant and equipment	6	120,171	91,920
Employee benefits		75,866	77,697
Materials and components		48,809	52,433
Fuel and energy		43,973	49,906
Repairs and maintenance		25,782	30,972
Amortisation of licences		15,739	18,309
Transportation between mines by railway		4,632	6,053
Other costs		16,721	15,348
Change in work in progress, finished goods and goods in transit		58,513	(1,754)
<b>Total cost of finished goods</b>		<b>410,206</b>	<b>340,884</b>
Goods for resale		11,003	20,178
<b>Total cost of sales</b>		<b>421,209</b>	<b>361,062</b>

## 14 Distribution costs

		1st half of	
	Note	2020	2019
Railway tariff and rent of wagons		140,123	121,594
Freight		102,179	89,586
Transshipment		18,685	10,401
Transport repairs and maintenance		17,435	13,353
Commissions and marketing expenses		11,831	21,471
Employee benefits		7,021	8,434
Depreciation of property, plant and equipment	6	3,831	3,720
Depreciation of right-of-use assets		341	351
Other costs		80,414	28,506
<b>Total distribution costs</b>		<b>381,860</b>	<b>297,416</b>

Depreciation of property, plant and equipment in the amount of US\$ 1,119 is included into Transport repairs and maintenance and Transshipment costs (Note 6) (1st half of 2019: US\$ 1,126). Depreciation of right-of-use assets in the amount of US\$ 246 is included into Transshipment costs (1st half of 2019: US\$ 187).

## 15 General and administrative expenses

	Note	1st half of	
		2020	2019
Employee benefits		43,788	48,778
Depreciation of property, plant and equipment	6	4,724	4,427
Consulting, audit and legal services		3,243	2,298
Security		2,992	2,952
Mine rescue crew		2,980	3,010
Communication and information system services		2,837	2,811
Materials and fuel		2,017	2,027
Repairs and maintenance		1,748	1,278
Amortisation of intangible assets		1,403	2,041
Depreciation of right-of-use assets		1,286	1,088
Other expenses		12,489	14,684
<b>Total general and administrative expenses</b>		<b>79,507</b>	<b>85,394</b>

## 16 Other operating expenses

	Note	1st half of	
		2020	2019
Impairment of trade and other receivables and advances to suppliers		5,073	91
Social cost and charity		4,429	24,356
Loss on disposals of property, plant and equipment and intangible assets		1,719	11,859
Depreciation of property, plant and equipment	6	1,713	8,303
Resettlement provision	11	-	3,159
Impairment loss on property, plant and equipment and assets under construction	6	-	2,321
Other expenses / (income), net		7,075	(3,096)
<b>Total other operating expenses, net</b>		<b>20,009</b>	<b>46,993</b>

## 17 Finance income and expenses

	Note	1st half of			
		2020		2019	
		Income	Expenses	Income	Expenses
Foreign exchange (loss) / gain		-	(395,099)	348,575	-
Fair value (loss) / gain on derivative financial instruments, net	7	-	(103,653)	91,411	-
Interest income / (expenses)		22,911	(88,371)	18,943	(123,262)
Loss from unwinding and effect of changes in effective interest rate, net		-	(21,875)	-	(19,753)
Syndication fees and other financial charges		-	(6,907)	-	(14,816)
Letters of credit fees		-	(2,329)	-	(7,479)
Fair value gains / (losses) on investments		6,314	-	-	(2,955)
Other finance income / (expenses)		2,273	(10)	2,285	(7)
<b>Total finance income / (expenses)</b>		<b>31,498</b>	<b>(618,244)</b>	<b>461,214</b>	<b>(168,272)</b>
<b>Total finance (expenses) / income, net</b>		<b>-</b>	<b>(586,746)</b>	<b>292,942</b>	<b>-</b>

## **18 Contingencies, commitments and operating risks**

### **18.1 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 there are no current legal proceedings or other claims outstanding that could have a material effect on the results of operations or financial position of the Group which have not been disclosed in these interim condensed consolidated financial statements.

### **18.2 Insurance**

The Company generally enters into insurance agreements when it is required by statutory legislation. The insurance agreements do not cover the risks of damage to third parties' property resulting from the Group's underground activities.

### **18.3 Environmental matters**

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. In the current enforcement climate under existing legislation, the Management believes that there are no significant liabilities for environmental damage due to legal requirements. The Group's mining activities may cause subsidence that may affect the Group's facilities, and those of the cities of Berezniki and Solikamsk, State organisations and others.

### **18.4 Operating environment of the Group**

The Group operates in the fertilizer industry with production assets in Russia and sales networks in the E.U., the U.S., Asia and Latin America. The highly competitive nature of the market makes prices of the Group's key products relatively volatile.

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political, and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. This led to reduced access of the Russian businesses to international capital markets.

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 disease caused by a novel strain of coronavirus a global pandemic and recommended containment and mitigation measures worldwide. Since 30 March 2020, in Russia as in many countries where an outbreak of the virus has been detected, a lockdown has started; most businesses have been closed, except for life-supporting or continuous production, most office employees have been transferred to remote working.

COVID-19 is having a significant impact on countries, which are the main consumers of potash (China, Europe and the USA) and other producers of potash around the world. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have essential impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing.

During the 1st half 2020, COVID-19 has not caused any material adverse impact on functioning of the Group's operating facilities, personnel, as well as supply chain and sales, since agricultural sector is a defensive industry which addresses the basic needs of food security and stability for countries globally. Health and safety of employees remains the Group's utmost focus. In response to the adverse epidemiological situation, the Company quickly introduced a number of preventative measures to stop the coronavirus from spreading and took preventative steps to minimise risk to the health and safety of all personnel at both our industrial and office premises, as well as the residents of the regions in which we operate. During the 1st half 2020, impact of coronavirus on financial results of the Group was mainly limited to expenses related to abovementioned measures.

## 18 Contingencies, commitments and operating risks (continued)

Significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy. The Management is unable to predict all developments which could have an impact on the industry and the wider economy and consequently what effect, if any, they could have on the future financial position of the Group. The Management believes all necessary measures are being taken to support the sustainability and growth of the Group's business in the current circumstances.

### 18.5 Capital expenditure commitments

As at 30 June 2020, the Group had contractual commitments for the purchase of property, plant and equipment and intangible assets for US\$ 366,827 (31 December 2019: US\$ 405,565).

The Management has already allocated the necessary resources in respect of these commitments. The Management believes that future net income and funding will be sufficient to cover these and any similar commitments.

## 19 Fair value of financial instruments

The table below discloses the Group's financial assets and financial liabilities stated at amortised cost within levels of the fair value hierarchy:

	Level	30 June 2020		31 December 2019	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
Loan issued (including interests receivable)	3	519,405	543,864	657,555	662,208
<b>Total</b>		<b>519,405</b>	<b>543,864</b>	<b>657,555</b>	<b>662,208</b>
<b>Financial liabilities</b>					
Bank loans and other borrowings	3	3,867,932	3,824,192	4,170,416	4,297,877
Bonds	1	1,298,189	1,324,218	1,149,734	1,167,669
<b>Total</b>		<b>5,166,121</b>	<b>5,148,410</b>	<b>5,320,150</b>	<b>5,465,546</b>

As at 30 June 2020 and 31 December 2019, the carrying amount of cash and cash equivalents, short-term loans issued, trade and other financial receivables and payables approximated its fair value.

## 20 Events after reporting date

There were no events subsequent to the reporting date that should be disclosed in these interim condensed consolidated financial statements.