

**EURASIA DRILLING COMPANY  
LIMITED**

**Condensed Consolidated Interim  
Financial Statements  
for the six months ended 30 June 2021  
(unaudited)**

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## INDEPENDENT AUDITORS' REPORT

### ON REVIEW OF CONDENSED CONSOLIDATED INTERIM

### FINANCIAL STATEMENTS TO

### **EURASIA DRILLING COMPANY LIMITED**

#### *Introduction*

We have reviewed the condensed consolidated interim financial statements of Eurasia Drilling Company Limited (the “Company”) and its subsidiaries (the “Group”) on pages 5 to 18, which comprise the condensed consolidated interim statement of financial position as at 30 June 2021, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the condensed consolidated interim financial statements. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

#### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim 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.



INDEPENDENT AUDITORS' REPORT

ON REVIEW OF CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS TO

**EURASIA DRILLING COMPANY LIMITED**

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements as at 30 June 2021 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34. This report, including the conclusion, has been prepared for and only for the Company's members as a body. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

*KPMG Limited*

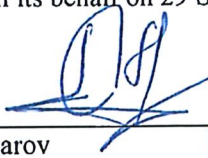
Certified Public Accountants and Registered Auditors  
14 Esperidon Street  
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Cyprus

29 September 2021

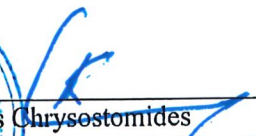
## Interim Consolidated Statement of Financial Position As at 30 June 2021

'mln RUB	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
<b>Assets</b>			
Cash and cash equivalents	9	16,390	40,349
Trade and other receivables	8	18,806	16,047
Contract assets	4	3,265	3,604
Inventories		5,908	6,594
Taxes receivable		75	112
Other current assets		943	1,447
<b>Total current assets</b>		<b>45,387</b>	<b>68,153</b>
Property, plant and equipment	7	87,583	92,795
Advances given for property, plant and equipment		324	301
Goodwill		2,391	2,391
Deferred tax assets		518	227
Other non-current assets		209	101
<b>Total non-current assets</b>		<b>91,025</b>	<b>95,815</b>
<b>Total assets</b>		<b>136,412</b>	<b>163,968</b>
<b>Liabilities</b>			
Trade and other payables	12	10,704	11,918
Loans and borrowings	11	29,842	25,789
Taxes payable		5,958	6,448
<b>Total current liabilities</b>		<b>46,504</b>	<b>44,155</b>
Loans and borrowings	11	11,357	30,127
Employee benefits		619	619
Deferred tax liabilities		6,104	6,561
<b>Total non-current liabilities</b>		<b>18,080</b>	<b>37,307</b>
<b>Total liabilities</b>		<b>64,584</b>	<b>81,462</b>
<b>Equity</b>			
Share capital	10(a)	80	80
Retained earnings		67,239	77,238
Reserves		4,165	4,798
<b>Equity attributable to owners of the Company</b>		<b>71,484</b>	<b>82,116</b>
Non-controlling interests		344	390
<b>Total equity</b>		<b>71,828</b>	<b>82,506</b>
<b>Total equity and liabilities</b>		<b>136,412</b>	<b>163,968</b>

These condensed consolidated interim financial statements were approved by the Board of Directors and were signed on its behalf on 29 September 2021 by:

  
Taleh M. Alasgarov  
Director, CFO of Eurasia Drilling  
Company Limited



  
Kypros Chrysostomides  
Director of Eurasia Drilling  
Company Limited

**Interim Consolidated Statement of Profit or Loss  
and Other Comprehensive Income  
For the six months ended 30 June**

‘mln RUB	Note	2021 (unaudited)	2020 (unaudited)
Revenue	4	38,268	48,861
Cost of services		(32,199)	(38,073)
<b>Gross profit</b>		<b>6,069</b>	<b>10,788</b>
General and administrative expenses		(2,918)	(3,303)
Gain on disposal of property, plant and equipment		278	109
Gain on disposal of materials		103	17
Other expense		-	(4)
<b>Results from operating activities</b>		<b>3,532</b>	<b>7,607</b>
Finance income		440	407
Finance costs		(1,663)	(1,797)
Foreign currency exchange (loss)/gain		(932)	7,185
<b>Net finance (costs)/income</b>		<b>(2,155)</b>	<b>5,795</b>
<b>Profit before income tax</b>		<b>1,377</b>	<b>13,402</b>
Income tax expense	5	(245)	(2,057)
<b>Profit for the period</b>		<b>1,132</b>	<b>11,345</b>
Loss attributable to non-controlling interests		46	18
<b>Profit attributable to Owners of the Company</b>		<b>1,178</b>	<b>11,363</b>
<b>Other comprehensive loss</b>			
<i>Items that will never be reclassified to profit or loss</i>			
Foreign currency translation differences		(633)	(1,484)
<b>Other comprehensive loss, net of income tax</b>		<b>(633)</b>	<b>(1,484)</b>
<b>Total comprehensive income for the period</b>		<b>499</b>	<b>9,861</b>

The interim consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 18.

## Interim Consolidated Statement of Changes in Equity For the six months ended 30 June 2021

‘mln RUB	Equity attributable to owners of the Company				Total	Non- controlling interests	Total equity
	Share capital	Translation reserve	Actuarial gain/(loss)	Retained earnings			
Balance at 1 January 2020	11	(3,427)	59	75,716	72,359	410	72,769
Profit for the period	-	-	-	11,363	11,363	(18)	11,345
<b>Other comprehensive loss:</b>							
Foreign currency translation differences	-	(1,483)	(1)	-	(1,484)	-	(1,484)
<b>Total other comprehensive loss</b>	-	<b>(1,483)</b>	<b>(1)</b>	-	<b>(1,484)</b>	-	<b>(1,484)</b>
<b>Total comprehensive income for the period</b>	-	<b>(1,483)</b>	<b>(1)</b>	<b>11,363</b>	<b>9,879</b>	<b>(18)</b>	<b>9,861</b>
<b>Transactions with owners of the Company</b>							
Dividends (Note 10 (b))	-	-	-	(7,448)	(7,448)	-	(7,448)
<b>Total transactions with owners of the Company</b>	-	-	-	<b>(7,448)</b>	<b>(7,448)</b>	-	<b>(7,448)</b>
<b>Balance at 30 June 2020 (unaudited)</b>	<b>11</b>	<b>(4,910)</b>	<b>58</b>	<b>79,631</b>	<b>74,790</b>	<b>392</b>	<b>75,182</b>
Balance at 1 January 2021	80	4,759	39	77,238	82,116	390	82,506
Profit for the period	-	-	-	1,178	1,178	(46)	1,132
<b>Other comprehensive loss:</b>							
Foreign currency translation differences	-	(633)	-	-	(633)	-	(633)
<b>Total other comprehensive loss</b>	-	<b>(633)</b>	-	-	<b>(633)</b>	-	<b>(633)</b>
<b>Total comprehensive income for the period</b>	-	<b>(633)</b>	-	<b>1,178</b>	<b>545</b>	<b>(46)</b>	<b>499</b>
<b>Transactions with owners of the Company</b>							
Dividends (Note 10 (b))	-	-	-	(11,177)	(11,177)	-	(11,177)
<b>Total transactions with owners of the Company</b>	-	-	-	<b>(11,177)</b>	<b>(11,177)</b>	-	<b>(11,177)</b>
<b>Balance at 30 June 2021 (unaudited)</b>	<b>80</b>	<b>4,126</b>	<b>39</b>	<b>67,239</b>	<b>71,484</b>	<b>344</b>	<b>71,828</b>

## Interim Consolidated Statement of Cash Flows

### For the six months ended 30 June

‘mln RUB	Note	2021 (unaudited)	2020 (unaudited)
<b>Cash flows from operating activities:</b>			
Profit/(loss) for the period		1,132	11,345
<i>Adjustments for:</i>			
Depreciation and amortisation	7	6,443	6,436
Gain on disposal of property, plant and equipment		(278)	(109)
Net finance costs/(income)		2,155	(5,795)
Income tax expense	5	245	2,057
<i>Changes in:</i>			
Inventories		651	(381)
Trade and other receivables		(2,847)	686
Contract assets		339	(1,641)
Trade and other payables		(1,152)	(619)
Employee benefits		-	26
Other current assets and liabilities		664	68
<b>Cash flows from operations before income taxes and interest paid</b>		<b>7,352</b>	<b>12,073</b>
Income tax paid		(1,156)	(1,938)
Interest paid		(1,702)	(1,797)
Interest received		312	390
<b>Net cash from operating activities</b>		<b>4,806</b>	<b>8,728</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		(2,560)	(5,332)
Proceeds from sale of property, plant and equipment		366	77
Repayment of loans made		-	934
<b>Net cash used in investing activities</b>		<b>(2,194)</b>	<b>(4,321)</b>
<b>Cash flows from financing activities:</b>			
Repayment of long-term borrowings		(3,741)	(7,473)
Proceeds from short-term borrowings (net)		7,305	5,132
Repayment of short-term borrowings		(18,298)	-
Payment of lease liabilities		(65)	(72)
Dividends paid		(11,701)	(8,217)
<b>Net cash used in financing activities</b>		<b>(26,500)</b>	<b>(10,630)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(23,888)</b>	<b>(6,223)</b>
Cash and cash equivalents at 1 January		40,349	26,761
Effect of movements in exchange rates on cash and cash equivalents		(71)	2,564
<b>Cash and cash equivalents at 30 June</b>	<b>9</b>	<b>16,390</b>	<b>23,102</b>



## **Content of Notes to the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2021**

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## **1. Reporting entity**

### **(a) Organisation and operations**

Eurasia Drilling Company Limited (the “Company”) was registered on 25 November 2002 as a private liability company under the Law of the Cayman Islands. The Company was established for the purpose of acquiring OOO LUKOIL Burenie (now OOO Burovaya Kompaniya Eurasia) and its subsidiaries. In 2016, Eurasia Drilling Company Limited became a tax resident in the Republic of Cyprus and in 2018 it was registered as a company continuing in the Republic of Cyprus. In September 2020, the Company established a branch in Moscow and became a tax resident in the Russian Federation.

The Company’s registered office is 73 Metochiou, 2407 Nicosia, Cyprus.

From formation, the Company has expanded substantially through acquisition of new companies and establishment of new businesses.

The primary activities of the Company and its subsidiaries (together referred to as the “Group”) include providing exploratory and developmental drilling and oil and gas field services to companies operating within the Russian Federation, Iraq and the Caspian Sea region.

As at 30 June 2021 and 31 December 2020, the Group had on-shore operating branches in Kogalym, Nefteyugansk, Urai, Perm and Usinsk in the Russian Federation and in Kurdistan and off-shore operating branches in Astrakhan in the Russian Federation and Ashgabad in Turkmenistan.

### **(b) Business environment**

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

#### ***COVID-19***

In 2021, the negative impact of COVID-19 on the global economy and energy demand continued. Management has considered the impact of COVID-19 pandemic, oil price volatility and related risks and uncertainties on these condensed consolidated interim financial statements. Revenue and profit for the six months ended 30 June 2021 decrease, comparing to the six months ended 30 June 2020, is in line with the management’s expectations.

Management believes that the Group is in a solid financial condition as at 30 June 2021. This represents an incremental support for continuous operations and meeting all of the Group’s obligations. Management will continue monitoring the situation closely to ensure prompt reaction to the rapidly changing environment.

The accompanying condensed consolidated interim financial statements reflect management’s assessment of the impact of the business environment in the countries in which the Group operates on the operations and the financial position of the Group. The future business environments may differ from management’s assessment.

## 2. Basis of accounting

### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020 (“last annual consolidated financial statements”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements. These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”).

### (b) Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s last annual consolidated financial statements. A number of new standards are effective from 1 January 2021 but they do not have a material effect on the Group’s condensed consolidated interim financial statements.

### (c) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

## 3. Use of estimates and judgements

Preparing the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounted policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

## 4. Revenue

### (a) Revenue streams and disaggregation of revenue

The Group generates revenue primarily from oil well drilling and related services. In the following table, revenue is disaggregated by primary geographical market.

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<b>‘mln RUB</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
On-shore drilling services (Russia)	33,626	43,405
On-shore drilling services (Kurdistan)	325	133
Off-shore drilling services (Caspian Sea)	4,317	5,323
	<b>38,268</b>	<b>48,861</b>

#### 4. Revenue (continued)

Based on the definition of a lease under IFRS 16 *Leases*, drilling services provided by the Group contain an operating lease component in relation to drilling equipment used. The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component. Considering that stand-alone selling price for lease of drilling equipment is not directly observable, the Company has applied the expected cost plus a margin approach to determine the stand-alone selling price of the non-lease component and the residual approach for the lease component. As a result of this assessment, the consideration for the lease component in on-shore drilling services and other leases in six-month period ended 30 June 2021 amounts to RUB 7.0 bln (30 June 2020: RUB 7.0 bln) and in off-shore drilling services amounts to RUB 1.6 bln in six-month period ended 30 June 2021 (30 June 2020: RUB 1.9 bln). The remaining revenue relates to revenue from contracts with customers.

##### (b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

‘mln RUB	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
Receivables, which are included in ‘trade and other receivables’	8	18,185	15,166
Contract assets		3,265	3,604
ECL		(2)	(2)

The contract assets primarily relate to the Group’s rights to consideration for work completed, but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

No information is provided about remaining performance obligations at 30 June 2021 or at 31 December 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

#### 5. Income tax expense

The Group is taxable in a number of jurisdictions within and outside of the Russian Federation and, as a result, is subject to a variety of taxes as established under the statutory provisions of each jurisdiction.

Operations in the Russian Federation are subject to a Federal income tax rate of 3% and a regional income tax rate of 17%. The Group’s foreign operations are subject to taxes at the tax rates applicable to the jurisdictions in which they operate.

The majority of the Group’s earnings in six-month period ended 30 June 2021 and 2020 were taxed in the Russian Federation.

## 5. Income tax expense (continued)

### Reconciliation of effective tax rate:

	For the six months ended 30 June			
	2021		2020	
	(unaudited)		(unaudited)	
	‘mln RUB	%	‘mln RUB	%
<b>Profit before income tax</b>	<b>1,377</b>		<b>13,402</b>	
Tax using the Group’s domestic tax rate	275	20	2,680	20
Effect of tax rates in non-Russian jurisdictions	(108)	(8)	(597)	(4)
Non-deductible expenses/(non-taxable income)	10	1	(134)	(1)
Current-year losses for which no deferred tax asset is recognised	71	5	-	-
Change in recognised deductible temporary differences (due to write-down or reversal of deferred tax assets)	1	-	-	-
Overprovided in prior years	(5)	-	-	-
Withholding tax	1	-	108	1
	<b>245</b>	<b>18</b>	<b>2,057</b>	<b>16</b>

## 6. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

The Management of the Group has presented the performance measure adjusted EBITDA as they monitor this performance measure at a consolidation level and they believe this measure is relevant to an understanding of the Group’s financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment. Adjusted EBITDA is not a defined performance measure in IFRS. The Group’s definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

### Reconciliation of adjusted EBITDA to profit from continuing operations

	Note	For the six months ended 30 June	
		2021	2020
		(unaudited)	(unaudited)
<b>‘mln RUB</b>			
<b>Profit for the period</b>		<b>1,132</b>	<b>11,345</b>
Income tax expense	5	245	2,057
<b>Profit before tax</b>		<b>1,377</b>	<b>13,402</b>
Adjustments for:			
- Net finance costs/(income)		2,155	(5,795)
- Depreciation and amortisation	7	6,443	6,436
- Gain on disposal of property, plant and equipment		(278)	(109)
- Other expense		-	4
<b>Adjusted EBITDA</b>		<b>9,697</b>	<b>13,938</b>

## 7. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired property plant and equipment with a cost of RUB 2.3 bln (six months ended 30 June 2020: RUB 5.2 bln).

During the six months ended 30 June 2021 depreciation expense of RUB 6.3 bln (six months ended 30 June 2020: RUB 6.3 bln) has been charged to cost of services and RUB 0.1 bln (2020: RUB 0.1 bln) to administrative expenses.

## 8. Trade and other receivables

‘mln RUB	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade receivables due from third parties	18,213	15,619
Advances receivables	531	386
Other receivables	159	133
<b>Trade and other receivables included in loans and receivables category</b>	<b>18,903</b>	<b>16,138</b>
Allowance for impairment	(79)	(86)
	<b>18,824</b>	<b>16,052</b>
Non-current	18	5
Current	18,806	16,047

## 9. Cash and cash equivalents

‘mln RUB	30 June 2021 (unaudited)	31 December 2020 (audited)
Cash held in banks - Russian rubles	7,821	33,486
Cash held in banks – USD	5,141	3,293
Short-term deposit - Russian rubles	3,419	892
Short-term deposit - US dollars	9	2,678
	<b>16,390</b>	<b>40,349</b>

## 10. Capital and reserves

### (a) Share capital

	30 June 2021 Number of shares	31 December 2020 Number of shares
Authorised:		
Ordinary shares of USD 0.01 each	250,000,000	250,000,000
Issued and fully paid:		
Balance at 1 January	104,210,589	104,210,589
<b>Balance at the end of the period</b>	<b>104,210,589</b>	<b>104,210,589</b>

## 10. Capital and reserves (continued)

### (b) Dividends

Profits available for distribution from the Company's Russian subsidiaries to the Company in respect of any reporting period are primarily determined by reference to the statutory financial statements of these subsidiaries prepared in accordance with the laws of the Russian Federation. Under Russian Law, dividends are limited to the retained earnings as set out in the statutory financial statements of the Company's Russian subsidiaries. These laws and other legislative acts governing the rights of stockholders to receive dividends are subject to various interpretations.

In March 2021 the dividends of USD 1.47 per share amounting to USD 153.2 mln (equals to RUB 11.2 bln at the exchange rate as of the date of declaration) were declared and paid during the six months ended 30 June 2021.

In March 2020 the dividends of USD 104 mln (equals to RUB 7.4 bln at the exchange rate as of the date of declaration) were declared and paid.

## 11. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

‘mln RUB	Currency	Nominal interest rate	Year of maturity	30 June 2021 (unaudited)	31 December 2020 (audited)
<i>Non-current liabilities</i>					
<b>Unsecured bank loans:</b>				<b>8,454</b>	<b>12,222</b>
AlfaBank	Russian rubles	6.12%	2022	3,611	5,056
Rosbank	USD	2.93%	2022	2,412	3,694
AlfaBank	Russian rubles	6%	2022	2,431	3,472
<b>Unsecured bond issues</b>				<b>25,000</b>	<b>25,000</b>
Russian ruble bonds	Russian rubles	8.55%	2022	15,000	15,000
Russian ruble bonds	Russian rubles	8.4%	2023	10,000	10,000
Schlumberger Investment Services B.V.	USD	10%	2022	83	85
Lease liabilities			2024	307	369
<b>Total long-term debt</b>				<b>33,844</b>	<b>37,676</b>
<i>Current portion of long-term debt</i>					
Current portion of unsecured bank loans				(7,385)	(7,435)
Unsecured bond issues				(15,000)	-
Current portion of lease liabilities				(102)	(114)
<b>Total current portion of long-term debt</b>				<b>(22,487)</b>	<b>(7,549)</b>
<b>Total non-current long-term debt</b>				<b>11,357</b>	<b>30,127</b>
Unsecured short-term bank loans	Russian rubles	2%-7.25%	2021	7,355	13,069
Unsecured short-term bank loans	USD	2.6%	2021	-	5,171
<b>Total short-term debt and current portion of long-term debt</b>				<b>29,842</b>	<b>25,789</b>

## 11. Loans and borrowings (continued)

In April 2020, the Company entered into a short-term loan with Rosbank of USD 70 mln maturing in 2021, which on the date of the transaction equalled to RUB 5.1 bln. As at 30 June 2021 the loan was fully paid back.

In December 2020, the Company entered into a short-term loan with AlfaBank for RUB 13 bln maturing in 2021. As at 30 June 2021 the loan was fully paid back.

In May 2021, the Company entered into a short-term loan with AlfaBank for RUB 7 bln maturing in 2021.

During the six months ended 30 June 2021, the Group entered into a number of short-term loans with Rosbank maturing in 2021. As at 30 June 2021 the outstanding balances of these loans equal to RUB 355 mln.

## 12. Trade and other payables

### Trade payables

‘mln RUB	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade accounts payable to third parties	6,741	7,890
Advances received	198	185
Wages payable	2,715	2,787
Interests payable	360	420
Other accounts payable	686	636
	<b>10,704</b>	<b>11,918</b>

## 13. Fair values and risk management

### (a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

‘mln RUB	Carrying amount		Fair value	
	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2021	31 December 2020
<b>Financial liabilities at amortised cost:</b>				
<i>Unsecured bank loans (Level 3)</i>	15,809	30,462	15,871	30,549
<i>Unsecured bond issues (Level 1)</i>	25,000	25,000	25,465	26,193
<i>Other loans payable (Level 3)</i>	83	85	80	83
	<b>40,892</b>	<b>55,547</b>	<b>41,415</b>	<b>56,825</b>

When measuring the fair value of an asset or a liability, when market observable data is not available (Level 3), the Group uses discounted cash flows valuation techniques. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

### (b) Concentration of credit risk

A significant proportion of the Group’s operations (which exceeded 10 % of the Group’s revenue) is with LUKOIL Group companies, Rosneft Group companies and Gazprom Neft Group companies. As such, the Company has significant concentrations of credit risk with these groups.



### 13. Fair values and risk management (continued)

Included in the Group's accounts receivable and contract assets are the following balances with the major customers:

<b>'mln RUB</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Accounts receivable:</b>		
LUKOIL Group	10,609	7,754
ROSNEFT Group	2,163	2,856
GAZPROMNEFT Group	4,374	3,690
	<b>17,146</b>	<b>14,300</b>
<b>Contract assets:</b>		
LUKOIL Group	2,120	1,763
ROSNEFT Group	410	1,127
GAZPROMNEFT Group	154	170
	<b>2,684</b>	<b>3,060</b>

Included in the Group's revenue are the following transactions with the major customers:

<b>'mln RUB</b>	<b>For the six months</b>	<b>For the six months</b>
	<b>ended 30 June 2021</b>	<b>ended 30 June 2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
LUKOIL Group	29,174	38,877
ROSNEFT Group	2,410	3,220
GAZPROMNEFT Group	3,846	4,809
	<b>35,430</b>	<b>46,906</b>

### 14. Related parties

In the rapidly developing business environment in the Russian Federation, companies and individuals have frequently used nominees and other forms of intermediary companies in transactions. The senior management of the Company believes that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties in this environment and has disclosed all of the relationships identified which it deemed to be significant. During the six months ended 30 June 2021 the Group had no significant transactions with related parties other than dividends.

**(a) Parent and ultimate controlling party**

None of the ultimate beneficial owners maintain a controlling shareholding interest on the Company.

**(b) Transactions with key management personnel**

Remuneration of key management personnel, including basic salary, bonuses and other payments, for the six months ended 30 June 2021 amounts to RUB 0.5 bln (2020: RUB 0.7 bln).

**15. Subsequent events**

The Company has evaluated subsequent events from the reporting date through 29 September 2021, the date of approval of the condensed consolidated interim financial statements, and determined there were no items to disclose.