



**DISCLOSABLE
CONDENSED
CONSOLIDATED
INTERIM
FINANCIAL
STATEMENTS
(UNAUDITED)**

**FOR THE SIX MONTHS
ENDED 30 JUNE 2023**

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Independent Auditors’ Report on Review of Disclosable Condensed Consolidated Interim Financial Information

To the Shareholders and the Board of Directors
Public Joint Stock Company “Transneft”

Introduction

We have reviewed the accompanying disclosable condensed consolidated interim statement of financial position of Public Joint Stock Company “Transneft” and its subsidiaries (the “Group”) as at 30 June 2023, and the related disclosable condensed consolidated interim statements of profit or loss and other comprehensive income for the three- and six-month periods ended 30 June 2023 and the related disclosable condensed consolidated interim statements of changes in equity and cash flows for six-month periods ended 30 June 2023, and notes to the disclosable condensed consolidated interim financial information (the “disclosable condensed consolidated interim financial information”). Management is responsible for the preparation and presentation of this disclosable condensed consolidated interim financial information on the basis described in Note 3. Our responsibility is to express a conclusion on this disclosable condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the disclosable condensed consolidated interim financial information as at 30 June 2023 and for the three- and six-month periods then ended is not prepared, in all material respects, in accordance with the basis described in Note 3.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 3 to the disclosable condensed consolidated interim financial information, which describes the basis of preparation and presentation of the disclosable condensed consolidated interim financial information. The disclosable condensed consolidated interim financial information is prepared to present the Group's consolidated financial position as at 30 June 2023, its consolidated financial performance for the three- and six-month periods then ended and its consolidated cash flows for six-month periods then ended, which disclosure on publicly available information resources does not cause damage to the Group and (or) its counterparties. As a result, the disclosable condensed consolidated interim financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

The Group has prepared a separate set of Condensed Consolidated Interim Financial Information for the three- and six-month periods ended 30 June 2023 in accordance with IAS 34 Interim Financial Reporting on which we issued a separate auditors' report on review to the shareholders and the Board of Directors of Public Joint Stock Company "Transneft" dated 29 August 2023.

The image shows a handwritten signature in blue ink over a circular official stamp. The stamp is blue and contains the text 'ОБЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ' at the top, 'Кэпт' and 'Kept' in the center, and 'МОСКВА' at the bottom. A registration number '102-7700125628' is also visible on the right side of the stamp.

Astankovich T.N.

JSC "Kept"

Moscow, Russia

29 August 2023



TRANSNEFT
DISCLOSABLE CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
(in millions of Russian rubles, if not stated otherwise)

	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets		55,908	57,461
Property, plant and equipment	5	2,538,695	2,519,682
Right-of-use assets		77,271	78,861
Investments in associates and jointly controlled entities		116,097	93,047
Financial assets measured at fair value through profit or loss		832	982
Receivables and prepayments	7	6,540	9,787
Financial assets measured at amortised cost		15	-
Total non-current assets		2,795,358	2,759,820
Current assets			
Inventories	6	49,783	37,772
Receivables and prepayments	7	59,892	47,947
Tax, fees, insurance contributions assets	9	91,605	50,313
Financial assets measured at fair value through profit or loss		119,649	116,229
Financial assets measured at amortised cost		433,528	345,864
Cash and cash equivalents		69,719	122,752
Total current assets		824,176	720,877
Total assets		3,619,534	3,480,697
EQUITY AND LIABILITIES			
Equity			
Share capital		308	308
Treasury shares		(18,158)	(18,158)
Share premium reserve		93,592	93,592
Merger reserve		(6,072)	(6,072)
Retained earnings	8	2,492,065	2,415,178
Equity attributable to shareholders of Transneft		2,561,735	2,484,848
Non-controlling interests		55,612	54,927
Total equity		2,617,347	2,539,775
Non-current liabilities			
Loans and borrowings		304,597	331,013
Deferred tax liabilities	10	77,061	75,810
Provisions for liabilities and charges	11	132,298	136,036
Trade and other payables	12	79,934	79,370
Total non-current liabilities		593,890	622,229
Current liabilities			
Loans and borrowings		89,530	99,023
Provisions for liabilities and charges	11	35,731	58,456
Trade and other payables	12	229,714	119,166
Tax, fees, insurance contributions obligations	9	53,322	42,048
Total current liabilities		408,297	318,693
Total liabilities		1,002,187	940,922
Total equity and liabilities		3,619,534	3,480,697

Approved on 29 August 2023 by:

President



N.P. Tokarev

The accompanying notes set out on pages 9 to 14 are an integral part of these disclosable condensed consolidated interim financial statements



TRANSNEFT
DISCLOSABLE CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
(in millions of Russian rubles, if not stated otherwise)

	Notes	Three months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022
Revenue		322,505	303,532	636,681	615,981
Operating expenses net of depreciation and amortisation	13	(174,568)	(167,830)	(338,942)	(343,279)
Operating profit before depreciation and amortisation		147,937	135,702	297,739	272,702
Depreciation and amortisation		(53,488)	(49,467)	(107,858)	(96,693)
Operating profit		94,449	86,235	189,881	176,009
Other (expenses)/ income		(3,294)	9,245	(5,675)	15,923
Share of profit/ (loss) from associates and jointly controlled entities		15,097	3,101	24,030	(5,952)
Profit before income tax and finance income/ (costs)		106,252	98,581	208,236	185,980
Finance income	14	24,702	58,704	49,769	101,805
Finance costs	14	(12,072)	(92,854)	(24,877)	(127,345)
Profit before income tax		118,882	64,431	233,128	160,440
Income tax expense	10	(22,699)	(10,678)	(45,533)	(34,075)
Profit for the reporting period		96,183	53,753	187,595	126,365
Other comprehensive income/ (loss) after tax					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences, net of income tax		3,552	(11,971)	5,699	(8,999)
<i>Total items that may be reclassified to profit or loss, net of income tax</i>		<i>3,552</i>	<i>(11,971)</i>	<i>5,699</i>	<i>(8,999)</i>
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of net defined benefit plan obligation, net of income tax		6,340	(9,407)	8,770	(513)
<i>Total items that will not be reclassified to profit or loss, net of income tax</i>		<i>6,340</i>	<i>(9,407)</i>	<i>8,770</i>	<i>(513)</i>
Total other comprehensive income/ (loss) for the reporting period, net of income tax		9,892	(21,378)	14,469	(9,512)
Total comprehensive income for the reporting period		106,075	32,375	202,064	116,853
Profit attributable to					
Shareholders of Transneft		93,018	48,305	181,512	119,126
Non-controlling interests		3,165	5,448	6,083	7,239
Total comprehensive income attributable to					
Shareholders of Transneft		102,772	27,008	195,787	109,683
Non-controlling interests		3,303	5,367	6,277	7,170

The accompanying notes set out on pages 9 to 14 are an integral part of these disclosable condensed consolidated interim financial statements



	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022
Cash flows from operating activities			
Cash receipts from customers		652,145	584,958
Cash paid to suppliers and employees, and taxes other than income tax		(483,597)	(412,201)
Interest paid		(16,842)	(19,371)
Income tax paid	9	(41,240)	(27,114)
Income tax refund	9	1	5,950
Insurance contributions, VAT and other taxes refunded from budget	9	31,184	31,176
Other cash used in operating activities		(2,872)	(5,526)
Net cash flows received from operating activities		138,779	157,872
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(110,028)	(81,139)
Proceeds from sale of property, plant and equipment		4,815	290
Interest received		14,212	11,941
Purchase of debt securities and placement of funds on deposit accounts		(334,928)	(201,252)
Proceeds from sale of debt securities and closure of deposit accounts		267,080	180,982
Dividends received		3,344	2,944
Return and granting of borrowings		285	821
Other cash received from investing activities		1	45
Net cash flows used in investing activities		(155,219)	(85,368)
Cash flows from financing activities			
Repayment of loans and borrowings		(37,267)	(18,950)
Proceeds from loans and borrowings		34	57
Payment of lease liabilities		(744)	(667)
Other cash flows received from financing activities		-	10
Net cash flows used in financing activities		(37,977)	(19,550)
Effects of exchange rate changes on cash and cash equivalents		1,384	(12,811)
Net change in cash and cash equivalents		(53,033)	40,143
Cash and cash equivalents at the beginning of the reporting period		122,752	72,806
Cash and cash equivalents at the end of the reporting period		69,719	112,949

The accompanying notes set out on pages 9 to 14 are an integral part of these disclosable condensed consolidated interim financial statements



TRANSNEFT
DISCLOSABLE CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(in millions of Russian rubles, if not stated otherwise)

	Note	Equity attributable to shareholders of Transneft					Total	Non-controlling interests	Total equity
		Share capital	Treasury shares	Share premium reserve	Merger reserve	Retained earnings			
Balance at 31 December 2021		308	(18,158)	93,592	(6,072)	2,223,562	2,293,232	46,718	2,339,950
Profit for the reporting period		-	-	-	-	119,126	119,126	7,239	126,365
Remeasurement of net defined benefit plan obligation, net of income tax	11	-	-	-	-	(513)	(513)	-	(513)
Currency translation differences, net of income tax		-	-	-	-	(8,930)	(8,930)	(69)	(8,999)
Total comprehensive income for the reporting period		-	-	-	-	109,683	109,683	7,170	116,853
Transactions with owners									
Dividends	8	-	-	-	-	(74,895)	(74,895)	(3,872)	(78,767)
Total transactions with owners		-	-	-	-	(74,895)	(74,895)	(3,872)	(78,767)
Balance at 30 June 2022		308	(18,158)	93,592	(6,072)	2,258,350	2,328,020	50,016	2,378,036
Balance at 31 December 2022		308	(18,158)	93,592	(6,072)	2,415,178	2,484,848	54,927	2,539,775
Profit for the reporting period		-	-	-	-	181,512	181,512	6,083	187,595
Remeasurement of net defined benefit plan obligation, net of income tax	11	-	-	-	-	8,770	8,770	-	8,770
Currency translation differences, net of income tax		-	-	-	-	5,505	5,505	194	5,699
Total comprehensive income for the reporting period		-	-	-	-	195,787	195,787	6,277	202,064
Transactions with owners									
Dividends	8	-	-	-	-	(118,900)	(118,900)	(5,592)	(124,492)
Total transactions with owners		-	-	-	-	(118,900)	(118,900)	(5,592)	(124,492)
Balance at 30 June 2023		308	(18,158)	93,592	(6,072)	2,492,065	2,561,735	55,612	2,617,347

The accompanying notes set out on pages 9 to 14 are an integral part of these disclosable condensed consolidated interim financial statements



1 NATURE OF OPERATIONS

Public Joint Stock Company “Transneft” (hereinafter named the “Company”) was incorporated by the Resolution of the Council of Ministers - Russian Government dated 14 August 1993 № 810. The Company's registered office is located in Moscow, Russian Federation.

The Company and its subsidiaries (hereinafter - the "Group") as at 30 June 2023 operate the trunk oil pipeline system in the Russian Federation and the petroleum products pipeline system in the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan

During the six months ended 30 June 2023, the Group transported most of the crude oil produced in the territory of the Russian Federation during that period, as well as a significant part of the produced petroleum products.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. Because the legal, tax and regulatory frameworks continue to develop and change the risk of ambiguous interpretations of their requirements exists.

Beginning from February 2022, the United States of America, the European Union and some other countries imposed additional sanctions against the Russian Federation, as well as major financial institutions, other businesses (including Company) and individuals in Russia, including restrictions on the supply of oil and petroleum products from Russia to countries of the European Union. Moreover, there is a high risk of further sanctions being imposed on the energy sector, while the longer-term effects of implemented sanctions are difficult to determine.

During the six months ended 30 June 2023, the exchange rates of the Chinese yuan and the US dollar increased by 21% and 24%, respectively, as a result of which the Group's financial assets and liabilities denominated in foreign currency were revalued upwards. After the reporting date, the Central Bank of the Russian Federation raised the key rate from 7.5% to 8.5% in July and to 12% in August 2023.

The official exchange rates of Yuan (“CNY”) and US dollar (“USD”) to Russian ruble as determined by the Central Bank of the Russian Federation were:

	30 June 2023	31 December 2022	Change, %
Yuan	11.9894	9.8949	21
US dollar	87.0341	70.3375	24

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

3 BASIS OF PRESENTATION

These disclosable condensed consolidated interim financial statements have been prepared based on condensed consolidated interim financial statements for the six months ended 30 June 2023 prepared by the Group in accordance with IAS 34 *Interim Financial Reporting* (hereinafter - “IAS 34”), in respect of which a separate audit report on review was issued, by excluding (inter alia, through the aggregation method) information that can cause damage to the Group and/or its counterparties (hereinafter - “sensitive information”), namely: information about financial investments, operating segments, counterparties, related parties, transactions, and accepted risks. Disclosable condensed consolidated interim financial statements do not comprise interim financial report prepared in accordance with IAS 34 since the disclosable condensed consolidated interim financial statements prepared with exclusion of certain information required to be disclosed in accordance with IAS 34.

The decisions on the disclosable condensed consolidated interim financial statements preparation and sensitive information scope were made by the Group's management based on part 8 article 7 of Federal Law dated 27 July 2010 № 208-FZ “On consolidated financial statements” and Resolutions of the Russian Federation Government dated 5 March 2020 № 232 “On specific aspects of consolidated financial statements disclosure” and dated 4 July 2023 № 1102 “On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law “On Joint Stock Companies” and the Federal Law “On the Securities Market”.

These disclosable condensed consolidated interim financial statements have been prepared to present consolidated financial position and consolidated financial results of the Group, the disclosure of which does not cause damage to the Group and (or) its counterparties. Therefore, these disclosable condensed consolidated interim financial statements may not be suitable for another purpose.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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 2022.

New standards, as well as amendments and interpretations to existing standards, did not have a significant impact on these condensed consolidated interim financial statements.



TRANSNEFT
NOTES TO THE DISCLOSABLE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2023
(In millions of Russian rubles, if not stated otherwise)

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Pipelines and tanks	Machinery and equipment	Linefill	Assets under construction including prepayments	Total
Net book value at 31 December 2022	304,291	996,918	779,117	177,990	261,366	2,519,682
Cost	422,097	1,770,445	2,016,950	180,073	267,796	4,657,361
Accumulated depreciation and impairment provision	(117,806)	(773,527)	(1,237,833)	(2,083)	(6,430)	(2,137,679)
Depreciation	(5,962)	(34,222)	(67,032)	-	-	(107,216)
Additions	-	-	-	2,446	129,707	132,153
Transfers	1,184	9,764	18,890	-	(29,838)	-
Net change in dismantlement provision	-	(715)	-	-	-	(715)
Change in impairment provision	-	-	-	-	(2,126)	(2,126)
Disposals: cost	(295)	(1,281)	(7,199)	(1,415)	-	(10,190)
Disposals: accumulated depreciation and impairment provision	156	1,083	5,868	-	-	7,107
Net book value at 30 June 2023	299,374	971,547	729,644	179,021	359,109	2,538,695
Cost	422,986	1,778,213	2,028,641	181,104	367,665	4,778,609
Accumulated depreciation and impairment provision	(123,612)	(806,666)	(1,298,997)	(2,083)	(8,556)	(2,239,914)

	Land and buildings	Pipelines and tanks	Machinery and equipment	Linefill	Assets under construction including prepayments	Total
Net book value at 31 December 2021	303,107	1,003,303	804,269	165,538	220,775	2,496,992
Cost	410,417	1,752,032	1,923,598	167,590	227,476	4,481,113
Accumulated depreciation and impairment provision	(107,310)	(748,729)	(1,119,329)	(2,052)	(6,701)	(1,984,121)
Depreciation	(5,442)	(40,315)	(49,741)	-	-	(95,498)
Additions	-	-	-	5,510	89,387	94,897
Transfers	733	15,507	13,862	-	(30,102)	-
Net change in dismantlement provision	-	583	-	-	-	583
Change in impairment provision	-	-	(731)	-	(2,803)	(3,534)
Disposals: cost	(371)	(38,567)	(5,087)	(372)	-	(44,397)
Disposals: accumulated depreciation and impairment provision	295	38,343	4,396	-	-	43,034
Net book value at 30 June 2022	298,322	978,854	766,968	170,676	277,257	2,492,077
Cost	410,779	1,729,555	1,932,373	172,728	286,761	4,532,196
Accumulated depreciation and impairment provision	(112,457)	(750,701)	(1,165,405)	(2,052)	(9,504)	(2,040,119)

Property, plant and equipment, linefill, assets under construction are shown net of impairment provision amounting to 56,119 million RUB as at 30 June 2023 (55,833 million RUB as at 31 December 2022).

During the six months ended 30 June 2023, borrowing costs (Note 14) in the amount of 11,923 million RUB were capitalised as part of cost of assets under construction (for the six months ended 30 June 2022 – 9,253 million RUB).



6 INVENTORIES

	30 June 2023	31 December 2022
Materials and supplies	36,657	29,679
Sundry goods for resale	13,126	8,093
	49,783	37,772

Materials and supplies are presented net of allowance for impairment to net realizable value amounting to 437 million RUB as at 30 June 2023 (as at 31 December 2022 – 735 million RUB). Materials are primarily used for repair and maintenance of pipeline equipment.

7 RECEIVABLES AND PREPAYMENTS

	30 June 2023	31 December 2022
Long-term receivables		
<i>Financial assets</i>		
Other receivables	6,495	9,645
Contract assets	45	142
Total long-term receivables	6,540	9,787
Short-term receivables		
<i>Financial assets</i>		
Trade receivables	39,827	35,920
Other receivables	61,407	53,150
Less provision for impairment	(57,545)	(56,019)
Total financial assets in short-term receivables	43,689	33,051
<i>Non-financial assets</i>		
Prepayments, advances and other non-financial receivables	16,203	14,896
Total short-term receivables	59,892	47,947

8 SHARE CAPITAL AND DIVIDENDS

In June 2023 the following dividends for 2022 were approved at the annual general shareholders meeting of the Company (order of Rosimushchestvo):

	Number of shares	RUB per share	Total, million RUB ¹
Ordinary shares	5,694,468	16,665.20	94,899
Preferred shares*	1,554,875	16,665.20	25,912
	7,249,343		120,812

* Including treasury shares

Dividends on ordinary shares paid in August 2023, funds for the payment of dividends on preferred shares were transferred in August 2023.

In June 2022 the following dividends for 2021 were approved at the annual general shareholders meeting of the Company (order of Rosimushchestvo):

	Number of shares	RUB per share	Total, million RUB
Ordinary shares	5,694,468	10,497.36	59,777
Preferred shares*	1,554,875	10,497.36	16,322
	7,249,343		76,099

* Including treasury shares

Dividends on ordinary shares paid in July 2022, funds for the payment of dividends on preferred shares were transferred in July and August 2022.

¹ Amounts are presented with rounding to mln rubles, and therefore the sum of rounded figures differs from the actual rounded amount.



9 TAX, FEES, INSURANCE CONTRIBUTIONS SETTLEMENTS

In connection with an amendment to the Tax Code of the Russian Federation beginning from 1 January 2023 most of taxes and other payments established by tax legislation (including advance payments, penalties, fines and interest) are paid to the budget by making a unified tax payment. An aggregate obligation to pay such taxes, fees, insurance contributions is reflected in the unified tax account.

Tax, fees, insurance contributions assets	30 June 2023	31 December 2022
Unified tax account	32,525	-
Value added tax assets	55,750	47,065
Income tax	1,995	2,198
Other taxes, fees, insurance contributions	1,335	1,050
Total tax, fees, insurance contributions assets	91,605	50,313

Unified tax account asset as at 30 June 2023 was mainly formed by VAT recoverable.

Tax, fees, insurance contributions obligations	30 June 2023	31 December 2022
Value added tax	28,037	24,779
Income tax	5,898	2,264
Other taxes, fees, insurance contributions	19,387	15,005
Total tax, fees, insurance contributions obligations	53,322	42,048

10 DEFERRED TAX LIABILITIES AND INCOME TAX EXPENSE

Differences between the recognition criteria of assets and liabilities recognised in the consolidated financial statements in accordance with IFRS and for taxation purposes give rise to temporary differences. In these disclosable condensed consolidated interim financial statements income tax expense was recognised to the best estimation of average annual income tax rate expected for a financial year. The income tax expense recognised in one interim period is adjusted in the following interim period of the same financial year in case the estimation of the effective annual income tax rate changes.

11 PROVISIONS FOR LIABILITIES AND CHARGES

	30 June 2023	31 December 2022
Pension provision	117,117	121,870
Dismantlement provision	6,632	6,422
Other provisions	8,549	7,744
Total long-term provisions for liabilities and charges	132,298	136,036
Pension provision	4,311	4,144
Dismantlement provision	2,515	2,619
Provision for benefits	26,474	49,243
Other provisions	2,431	2,450
Total short-term provisions for liabilities and charges	35,731	58,456

12 TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
Long-term payables		
Lease liabilities	8,725	8,908
Other payables	370	411
Total financial payables	9,095	9,319
Contract liabilities	70,839	70,051
Total long-term payables	79,934	79,370
Short-term payables		
Trade payables	42,974	43,380
Lease liabilities	834	1,206
Dividends payable to shareholders of Transneft (Note 8)	118,900	-
Dividends payable to non-controlling interests	5,570	-
Other payables	12,132	7,662
Total financial payables	180,410	52,248
Contract liabilities	49,304	66,918
Total short-term payables	229,714	119,166

Trade payables include payables for purchases of property, plant and equipment in the amount of 10,637 million RUB as at 30 June 2023 and 13,113 million RUB as at 31 December 2022.



TRANSNEFT
NOTES TO THE DISCLOSABLE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2023
(In millions of Russian rubles, if not stated otherwise)

13 OPERATING EXPENSES NET OF DEPRECIATION AND AMORTISATION

	Three months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022
Salaries, insurance contributions, social expenses, pension and personal insurance expenses	64,118	55,763	122,144	104,400
Materials	23,259	19,674	47,589	39,493
Cost of goods sold	65,692	69,872	125,307	153,384
Other expenses	21,499	22,521	43,902	46,002
Operating expenses net of depreciation and amortisation	174,568	167,830	338,942	343,279

Other expenses comprise of expenses for the repair and maintenance of relevant technical condition of pipeline services, communication services, insurance expenses, taxes, rent expenses, transportation expenses, business trip expenses, received and paid fines and penalties, as well as, other operating income and expenses.

14 FINANCE INCOME AND FINANCE COSTS

	Three months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022
Interest income from:				
Financial assets measured at FVTPL	2,165	1,815	4,215	3,372
Financial assets measured at amortised cost	8,726	5,286	15,674	11,044
Cash and cash equivalents	1,686	2,580	3,343	4,094
Total interest income recognised in the disclosable condensed consolidated interim statement of profit or loss and other comprehensive income	12,577	9,681	23,232	18,510
Foreign exchange gain	11,322	41,656	25,624	75,928
Gain from changes in fair value of financial instruments measured at FVTPL	385	7,367	495	7,367
Gain from changes in expected credit loss for financial instruments	418	-	418	-
Total finance income	24,702	58,704	49,769	101,805
Interest expense on loans and borrowings	(8,195)	(9,538)	(16,443)	(19,150)
Interest expense under contract liabilities	(2,137)	(2,103)	(4,264)	(4,201)
Interest expense from lease liabilities	(212)	(215)	(433)	(431)
Other interest expense	(3,216)	(5,766)	(6,480)	(7,142)
Less capitalised interest expense (Note 5)	6,389	4,861	11,910	9,071
Total interest expense recognised in the disclosable condensed consolidated interim statement of profit or loss and other comprehensive income	(7,371)	(12,761)	(15,710)	(21,853)
Foreign exchange loss	(4,706)	(76,483)	(8,873)	(95,912)
Loss from changes in fair value of financial instruments measured at FVTPL	-	-	-	(5,442)
Loss from changes in expected credit loss for financial instruments	-	(3,610)	(307)	(4,320)
Less foreign exchange differences to be capitalized (Note 5)	5	-	13	182
Total finance costs	(12,072)	(92,854)	(24,877)	(127,345)
Net finance income/ (costs)	12,630	(34,150)	24,892	(25,540)



15 CONTINGENT LIABILITIES AND OTHER RISKS

Legal proceedings

During the six months ended 30 June 2023 the Group was involved in a number of court proceedings arising in the ordinary course of business. In the opinion of the Group's management, there were no current legal proceedings or claims outstanding at 30 June 2023, which could have a material adverse effect on the results of operations or financial position of the Group.

16 EVENTS AFTER REPORTING DATE

In August 2023, Law No. 414-FZ "On Excess Profit Tax" on the collection of excess profit tax, which is a one-time tax, was adopted. Individual entities of the Group are taxpayers of the excess profit tax.

In August 2023 the scheduled redemption of bonds with a nominal value of 15,000 million RUB was carried out by the Company in accordance with the terms of the bond issue.