



OGK-2 GROUP

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRS)
FOR THE SIX MONTHS ENDED
30 JUNE 2019 (UNAUDITED)**

Translation from the Russian original

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Translation from the Russian original

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of JSC "OGK-2"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "OGK-2" (OGRN 1052600002180, Solnechnodolsk village, Izobilnensky district, Stavropolsky Region, 356126) and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2019 and interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2019 (interim financial information). Managing Director of JSC "OGK-2" is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

Our responsibility is to express a conclusion on this 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 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.

Translation from the Russian original

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

The translation is true and correct.

The engagement partner on the review



A.B. Balyakin

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Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association)

Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: 11603059593

12 August 2019

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position
as at 30 June 2019 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	173,089,901	176,494,377
Intangible assets		597,135	615,685
Deferred income tax assets		417,267	353,948
Other non-current assets		977,880	975,615
Total non-current assets		175,082,183	178,439,625
Current assets			
Cash and cash equivalents	6	18,858,008	6,577,568
Trade and other receivables	7	11,570,445	13,354,095
Inventories	8	13,955,413	12,004,239
Income tax prepayments		860,652	5,893
Other current assets		3,041,802	3,000,000
Total current assets		48,286,320	34,941,795
TOTAL ASSETS		223,368,503	213,381,420
EQUITY AND LIABILITIES			
Equity			
Share capital	9		
Ordinary shares		40,057,009	40,057,009
Treasury shares		(3,706,973)	(3,706,973)
Share premium		28,378,693	28,378,693
Retained earnings and other reserves		68,167,191	62,586,843
Equity attributable to the shareholders of JSC "OGK-2"		132,895,920	127,315,572
Non-controlling interest		11,603	-
Total equity		132,907,523	127,315,572
Non-current liabilities			
Deferred income tax liabilities		13,232,342	12,987,413
Non-current debt	10	29,342,083	38,460,157
Retirement benefit obligations	11	1,877,940	1,599,543
Restoration provision		999,909	959,157
Other long-term liabilities	13	5,629,832	4,874,049
Total non-current liabilities		51,082,106	58,880,319
Current liabilities			
Current debt and current portion of non-current debt	12	17,700,623	8,611,170
Trade and other payables	13	18,876,488	15,467,251
Other taxes payable		2,726,415	2,907,214
Restoration provision		75,348	72,280
Income tax payable		-	127,614
Total current liabilities		39,378,874	27,185,529
Total liabilities		90,460,980	86,065,848
TOTAL EQUITY AND LIABILITIES		223,368,503	213,381,420

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

12 August 2019

The interim condensed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 9 to 27

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income
for the 6 months ended 30 June 2019 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	3 months ended		6 months ended	
		30 June		30 June	
		2019	2018	2019	2018
Revenues	14	31,765,187	31,479,695	69,303,266	71,129,195
Operating expenses	15	(26,789,109)	(27,281,051)	(55,534,193)	(60,010,402)
Reversal of impairment loss / (impairment loss) on financial assets		60,595	(785,928)	(168,984)	(897,933)
Operating profit		5,036,673	3,412,716	13,600,089	10,220,860
Finance income	16	341,066	136,657	567,549	289,019
Finance costs	17	(949,940)	(1,171,013)	(1,909,200)	(2,448,942)
Profit before income tax		4,427,799	2,378,360	12,258,438	8,060,937
Income tax charge		(1,040,531)	(423,797)	(2,609,511)	(1,497,383)
Profit for the period		3,387,268	1,954,563	9,648,927	6,563,554
Other comprehensive loss:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of retirement benefit obligation, net of tax	11	(151,271)	(9,672)	(151,271)	(9,672)
Total comprehensive income for the period		3,235,997	1,944,891	9,497,656	6,553,882
Profit for the period attributable to:					
Shareholders of JSC "OGK-2"		3,387,268	1,954,563	9,648,927	6,563,554
		3,387,268	1,954,563	9,648,927	6,563,554
Total comprehensive income for the period attributable to:					
Shareholders of JSC "OGK-2"		3,235,997	1,944,891	9,497,656	6,553,882
		3,235,997	1,944,891	9,497,656	6,553,882
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in Russian Roubles)					
	18	0.03	0.02	0.09	0.06

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

12 August 2019

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows
for the 6 months ended 30 June 2019 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	6 months ended 30 June 2019	6 months ended 30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		12,258,438	8,060,937
Adjustments to reconcile profit before income tax:			
Depreciation and amortization of property, plant, equipment, intangible assets and right-of-use assets	15	6,651,848	6,305,405
Impairment loss on financial assets		168,984	897,933
Finance income	16	(567,549)	(289,019)
Finance costs	17	1,909,200	2,448,942
Non-state pensions and other long-term benefits	15	87,580	46,419
Loss on disposal of assets, net	15	85,179	38,065
Other non-cash items		106,502	(46,783)
Operating cash flows before working capital changes and income tax paid		20,700,182	17,461,899
Working capital changes:			
Decrease / (increase) in trade and other receivables		1,419,528	(55,135)
Increase in inventories		(2,441,078)	(1,208,603)
Increase / (decrease) in trade and other payables		1,317,236	(139,754)
(Decrease) / increase in taxes payable, other than income tax		(189,100)	614,590
Decrease in retirement benefit obligations		(42,367)	(41,125)
Income tax paid		(3,381,928)	(1,003,299)
Net cash generated from operating activities		17,382,473	15,628,573
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(3,317,905)	(3,323,773)
Proceeds from sale of property, plant and equipment		5,937	14,488
Purchase of intangible assets		(109,788)	(64,725)
Proceeds from loans issued		-	64,984
Interest received		424,512	292,885
Business acquisition of subsidiaries, net of cash acquired		(63,730)	-
Net cash used in investing activities		(3,060,974)	(3,016,141)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term borrowings		-	14,110,000
Repayment of short-term borrowings		-	(355,510)
Repayment of long-term borrowings		-	(24,426,899)
Interest paid		(1,858,730)	(2,429,033)
Payment of lease liabilities		(82,798)	(5,480)
Net cash used in financing activities		(1,941,528)	(13,106,922)
Net increase / (decrease) in cash and cash equivalents		12,379,971	(494,490)
Effect of exchange rate changes on cash and cash equivalents		(99,531)	46,902
Cash and cash equivalents at the beginning of the period	6	6,577,568	5,140,926
Cash and cash equivalents at the end of the period	6	18,858,008	4,693,338

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

12 August 2019

The interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 9 to 27

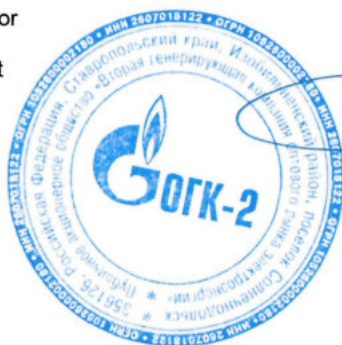
OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity
for the 6 months ended 30 June 2019 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Equity attributable to the shareholders of JSC "OGK-2"	Non-controlling interest	Total equity
At 1 January 2018	40,057,009	(3,821,383)	28,378,693	55,968,010	120,582,329	-	120,582,329
Profit for the period	-	-	-	6,563,554	6,563,554	-	6,563,554
Remeasurements of retirement benefit obligations, net of tax	-	-	-	(9,672)	(9,672)	-	(9,672)
<i>Total comprehensive income for the period</i>	-	-	-	<i>6,553,882</i>	<i>6,553,882</i>	-	<i>6,553,882</i>
Dividends (Note 9)	-	-	-	(1,729,820)	(1,729,820)	-	(1,729,820)
At 30 June 2018	40,057,009	(3,821,383)	28,378,693	60,792,072	125,406,391	-	125,406,391
At 1 January 2019	40,057,009	(3,706,973)	28,378,693	62,586,843	127,315,572	-	127,315,572
Profit for the period	-	-	-	9,648,927	9,648,927	-	9,648,927
Remeasurements of retirement benefit obligations, net of tax	-	-	-	(151,271)	(151,271)	-	(151,271)
<i>Total comprehensive income for the period</i>	-	-	-	<i>9,497,656</i>	<i>9,497,656</i>	-	<i>9,497,656</i>
Dividends (Note 9)	-	-	-	(3,901,638)	(3,901,638)	-	(3,901,638)
Acquisition of businesses under common control (Note 1)	-	-	-	(15,670)	(15,670)	11,603	(4,067)
At 30 June 2019	40,057,009	(3,706,973)	28,378,693	68,167,191	132,895,920	11,603	132,907,523

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

12 August 2019



Note 1. The Group and its operations

Public Joint Stock Company (till 24 June 2015 - Open Joint Stock Company) "The Second Generating Company of the Wholesale Electric Power Market" (JSC "OGK-2", or the "Company") was established on 9 March 2005 within the framework of Russian electricity sector restructuring in accordance with the Resolution No. 1254-r adopted by the Russian Federation Government on 1 September 2003.

The primary activities of the Company are generation and sale of electric and heat power. The Company consists of the following power stations (plants): Troitskaya GRES, Stavropolskaya GRES, Pskovskaya GRES, Serovskaya GRES, Surgutskaya GRES-1, Kirishskaya GRES, Ryazanskaya GRES, Novochebasskaya GRES, Krasnoyarskaya GRES-2, Cherepovetskaya GRES, Groznenskaya TES, Adlerskaya TES.

The Company is registered by the Izobilnensk District Inspectorate of the RF Ministry of Taxation of Stavropol Region.

The Company's office is located at 66-1, lit. A, Peterburgskoye Highway, 196140, Saint Petersburg, Russian Federation.

JSC "OGK-2" and its following subsidiaries form the OGK-2 Group (the "Group"):

	Ownership interest (%)	
	30 June 2019	31 December 2018
LLC "Centr 112"	100%	100%
LLC "OGK-Investproekt"	100%	100%
LLC "OGK-2 Finance"	-	100%
LLC "Novomichurinskoe ATP"	100%	-
OJSC "Novomichurinskoe PPGT"	75%	-

As at 30 June 2019 the Group recognized 100% share in LLC «Novomichurinskoe ATP» and 75% share in OJSC «Novomichurinskoe ATP» for consolidation purposes. This transaction was considered as transfer of businesses from parties under common control. The assets and liabilities of the subsidiaries transferred under common control are accounted for at the predecessor entity's carrying amounts. Difference between the carrying amount of net assets and the nominal value of share capital contributed is accounted for in these financial statements as retained earnings. Value of the net assets of the acquired subsidiaries is RR 89,859 thousand. The Group's share in net assets of subsidiaries at the acquisition date is RR 78,256 thousand.

Operating environment of the Group. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During the 6 months ended 30 June 2019 the Russian economy continued to be negatively impacted by international sanctions against certain Russian companies and individuals.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Relations with the state and current regulation. The Company is part of the GAZPROM Group (www.gazprom.ru), which includes PJSC "GAZPROM" and its subsidiaries. PJSC "Centerenergyholding" owns 73.42% of the shares of the Company as at 30 June 2019 (as at 31 December 2018: 73.42%).

GAZPROM Group, in its turn, is controlled by the Russian Federation, therefore, the Russian Government is the ultimate controlling party of the Group as at 30 June 2019 and 31 December 2018.

The Group's customer base includes a large number of entities controlled by or related to the State. The list of the Group's major fuel suppliers includes subsidiaries of PJSC "GAZPROM".

The government of the Russian Federation directly affects the Group's operations through regulations of wholesale sales of electricity (capacity) and retail sales of heat exercised by the Federal Antimonopoly Service ("FAS") and the tariffs regulation executive authorities. JSC "System Operator of the United Power System" ("SO UPS"), which is controlled by the Russian Federation represented by the Federal executive body for state property management, regulates operations of generating assets of the Group.



The government's economic, social and other policies could have material effects on the operations of the Group.

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 6 months ended 30 June 2019 ("Financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS. In order to improve presentation some comparative information was aligned with present disclosure.

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

Note 3. New accounting developments

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

The Group has adopted all new standards, amendments to standards and interpretations that were effective from 1 January 2019.

Application of new IFRSs

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

The new standard defines the principles of recognition, measurement, presentation and disclosure of information in the financial statements in respect of lease agreements. The standard requires lessees to recognize right-of-use assets and lease liabilities for most lease agreements.

Right-of-use assets are initially measured at cost and depreciated by the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The cost of right-of-use assets comprises of initial measurement of the lease liability, any lease payments made before or at the commencement date and initial direct costs.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently measured at amortized cost with the interest expense recognized within finance expense in the consolidated statement of comprehensive income.

In accordance with IFRS 16, the Group elected not to apply the standard to short-term leases and leases with underlying assets of low value.

In accordance to transitional provisions of IFRS 16 the Group applied modified retrospective approach with cumulative effect of initial applying of the standard recognised as at 1 January 2019. The Group followed allowed practical expedients and did not apply the new standard to leases for which the lease term ends within twelve months of the date of transition, and also applied one discount rate for a portfolio of contracts with relatively similar characteristics.

The table below shows the effect of the initial application of IFRS 16 Leases on the interim condensed consolidated statement of financial position as at 1 January 2019:

	Balance as at 31 December 2018	Effect of initial application of IFRS 16	Balance as at 1 January 2019 (restated)
Property, plant and equipment	176,494,377	1,208,919	177,703,296
Other non-current assets	975,615	(14,012)	961,603
Total non-current assets	178,439,625	1,194,907	179,634,532
Trade and other receivables	13,354,095	(211,989)	13,142,106
Total current assets	34,941,795	(211,989)	34,729,806
TOTAL ASSETS	213,381,420	982,918	214,364,338
Non-current debt	38,460,157	(8,074)	38,452,083
Other long-term liabilities	4,874,049	831,043	5,705,092
Total non-current liabilities	58,880,319	822,969	59,703,288
Current debt and current portion of non-current debt	8,611,170	(14,787)	8,596,383
Trade and other payables	15,467,251	174,736	15,641,987
Total current liabilities	27,185,529	159,949	27,345,478
Total liabilities	86,065,848	982,918	87,048,766
TOTAL EQUITY AND LIABILITIES	213,381,420	982,918	214,364,338

In the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2019 the Group has recorded RR 105,051 thousand in depreciation and amortisation of property, plant, equipment, intangible assets and right-of-use assets (Note 15) and RR 54,092 thousand (Note 17) in finance costs in relation to leases accounted for under IFRS 16 "Leases".

Explanation of differences between operation lease commitments as at 31 December 2018 with recognized lease liabilities as at 1 January 2019 is presented below:

Operating lease commitments as at 31 December 2018 disclosed applying IAS 17	5,405,557
Recognition exemptions:	
For short-term leases	(2,013)
For leases with variable payments	(2,459,593)
Effect of applying judgment regarding terms / variable lease payments based on index or rate as at 1 January 2019	(850,830)
Effect of discounting of lease liabilities as at 1 January 2019	(1,099,275)
Lease liabilities recognized in accordance with IFRS 16 as at 1 January 2019	993,846
Finance lease liability as at 31 December 2018	22,861
Lease liabilities in accordance with IFRS 16 as at 1 January 2019	1,016,707

The zero-coupon yield rate of government bonds, taking into account the risk premium adjusted by the correction factor, was used as the discount rate. The weighted average rate applied was 10.59%.

In June 2017, the IASB issued *IFRIC 23 Interpretation* entitled Uncertainty over Income Tax Treatments. The IFRIC clarifies that for the purposes of calculating current and deferred tax, companies should use a tax treatment of uncertainties, which will probably be accepted by the tax authorities. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019.

In October 2017, the IASB issued amendments to *IFRS 9 Financial instruments* named Prepayment Features with Negative Compensation. The amendments relate to financial assets with an option of early prepayment, the conditions of which allow early prepayment in a variable amount, which in turn may exceed as well as may be lower than remaining outstanding cash flows. The amendments allow to measure such prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met – instead of at fair value through profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2019.

In October 2017, the IASB issued an amendment to *IAS 28 Investments in Associates and Joint Ventures*. The amendment clarifies that long-term interests in associates and joint ventures that form part of the entity's net investment in an associate or joint venture should be accounted for in accordance with *IFRS 9 Financial Instruments*.

In December 2017, the IASB issued amendments to *IAS 3 Business Combinations* and *IFRS 11 Joint Arrangements*. This amendment clarifies the accounting for the acquisition of control (or joint control) over a business, which is a joint operation if the organization previously held interests in the business.

In December 2017, the IASB issued an amendment to *IAS 23 Borrowing Costs*. The amendment clarifies which borrowing costs are eligible for capitalisation in particular circumstances.

In December 2017, the IASB issued an amendment to *IAS 12 Income Taxes*. The amendment clarifies income tax consequences of payments on financial instruments classified as equity.

In February 2018, the IASB issued amendments to *IAS 19 Employee benefits* named Plan Amendment, Curtailment or Settlement. The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments are effective for annual periods beginning on or after 1 January 2019.

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

Standards, Interpretations and Amendments to existing Standards that are not yet effective and have not been early adopted by the Group

Certain new standards, interpretations and amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2020. In particular, the Group has not early adopted the standards and amendments:

In May 2017, the IASB issued *IFRS 17 Insurance Contracts*. IFRS 17 establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures. The new standard replaces IFRS 4 Insurance Contracts. The standard is effective for annual periods beginning on or after 1 January 2021.

In March 2018, the IASB issued a revised version of *Conceptual Framework for Financial Reporting*. In particular, the revised version introduces new definitions of assets and liabilities, as well as amended definitions of income and expenses. The new version is effective for annual periods beginning on or after 1 January 2020.

In October 2018, the IASB issued amendments to *IFRS 3 Business Combinations*. The amendments enhance definition of a business set out by the standard. The amendments are effective for acquisitions to occur on or after 1 January 2020; earlier application is permitted.

In October 2018, the IASB issued amendments to *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting policies, Changes in Accounting Estimates and Errors*. The amendments to IAS 1 and IAS 8 introduce new definition of material. The amendments are effective on or after 1 January 2020; earlier application is permitted.

The Group is currently assessing how these changes will affect its financial position and results of operations.

Note 4. Related Parties

Information on transactions and balances with related parties is presented below. Transactions with related parties have been made mostly on the same terms and conditions as similar operations with the parties external to the Group. Prices for natural gas and heat are based on tariffs set by FAS, prices for electricity and capacity are based on tariffs set by FAS and also based on competitive take-off on the wholesale electricity (capacity) market. Loans and borrowings are granted at market rates. Bank deposits are invested at market rates.

Transactions with GAZPROM Group and its associates

Transactions with GAZPROM Group and its associates were as follows:

Revenues

	6 months ended 30 June 2019	6 months ended 30 June 2018
Electricity and capacity	2,047,660	1,743,767
Heating	2,708	2,647
Other	416,351	95,254
Total	2,466,719	1,841,668

Operating expenses

	6 months ended 30 June 2019	6 months ended 30 June 2018
Fuel	17,721,591	18,668,917
Rent	2,281,943	1,515,604
Repairs and maintenance	1,326,189	1,499,266
Transport	421,769	321,112
Insurance	107,011	108,885
Consulting, legal and audit services	31,817	15,875
Purchased electricity, capacity and heat	28,716	102,710
Penalties and fines	6	73,742
Gain on disposal of assets	(582)	(395)
Other expenses	348,293	607,392
Total operating expenses	22,266,753	22,913,108

Rent expense for the 6 months ended 30 June 2019 includes expense relating to variable rental payments in the amount of RR 2,281,663 thousand and expense relating to short-term leases in the amount of RR 280 thousand.

Finance income

	6 months ended 30 June 2019	6 months ended 30 June 2018
Interest income on loans issued	1,532	3,704
Interest income on bank deposits and current bank account balances	152	37,993
Total finance income	1,684	41,697

Finance costs

	6 months ended 30 June 2019	6 months ended 30 June 2018
Interest expense on debt	970,970	1,493,721
Effect of discounting of long-term payables	75,722	18,247
Interest expenses on lease liabilities	26,309	3,886
Total finance costs	1,073,001	1,515,854



Purchase of non-current and current assets

	6 months ended 30 June 2019	6 months ended 30 June 2018
Acquisition of property, plant and equipment including capitalized borrowing costs from related parties	1,219,385	519,030
Purchases of materials	127,768	71,401
Purchases of intangible assets	326,273	165,553
	-	109
Total purchase of non-current and current assets	1,545,658	684,692

Other transactions

	6 months ended 30 June 2019	6 months ended 30 June 2018
Impairment loss on financial assets	8,170	562
Repayment of borrowings (excluding interest)	-	2,360,990
Repayment of loans issued (excluding interest)	-	64,984

Balances

	30 June 2019	31 December 2018
Loan issued	41,802	40,270
Cash and cash equivalents	5,508	4,331
Trade and other receivables	1,756,182	1,665,604
Advances for property, plant and equipment (net of VAT)	141,667	126,588
Debt (Note 10, 12)	22,849,530	22,874,485
Trade and other payables	15,421,208	13,549,763

As at 30 June 2019 the Group has capital commitments to GAZPROM Group and its associates (including VAT) of RR 11,615,824 thousand (as at 31 December 2018: RR 10,941,834 thousand).

Transactions with state-controlled entities and its associates other than GAZPROM Group

In the normal course of business the Group enters into transactions with other entities under Government control (in addition to transactions with GAZPROM Group), including sales of electricity and capacity, heat, purchases of electricity and capacity resources, services and other transactions.

Transactions with the state-controlled entities were as follows:

Revenues

	6 months ended 30 June 2019	6 months ended 30 June 2018
Electricity and capacity	14,513,473	12,341,284
Heating	555,623	584,551
Other	207,296	1,315,691
Total	15,276,392	14,241,526

Operating expenses

	6 months ended 30 June 2019	6 months ended 30 June 2018
Dispatcher's fees (Note 15)	1,054,288	1,004,414
Purchased electricity, capacity and heat	205,485	319,536
Electricity transit (Note 15)	24,378	1,054,692
Ecological payments	17,889	33,322
Consulting, legal and audit services	5,268	921
Transport	1,868	3,253
Rent	54	39,191
Repairs and maintenance	-	1,541
Penalties and fines	(43,660)	356,433
Other expenses	500,253	424,245
Total operating expenses	1,765,823	3,237,548

Rent expense for the 6 months ended 30 June 2019 includes expense relating to short-term leases.

Finance income

	6 months ended 30 June 2019	6 months ended 30 June 2018
Interest income on bank deposits and current bank account balances	357,368	190,920
Total finance income	357,368	190,920

Finance costs

	6 months ended 30 June 2019	6 months ended 30 June 2018
Interest expense on debt	519,078	189,673
Interest expenses on lease liabilities	24,322	-
Total finance costs	543,400	189,673

Purchase of non-current and current assets

	6 months ended 30 June 2019	6 months ended 30 June 2018
Acquisition of property, plant and equipment including capitalized borrowing costs from related parties	335,825	265,964
Purchases of materials	157,694	263,035
Purchases of intangible assets	589,235	46,193
	1,250	106
Total purchase of non-current and current assets	926,310	312,263

Other transactions

	6 months ended 30 June 2019	6 months ended 30 June 2018
Impairment loss on financial assets	570,890	496,352
Proceeds from borrowings	-	9,110,000
Repayment of borrowings (excluding interest)	-	14,110,000



Balances

	30 June 2019	31 December 2018
Trade and other receivables	3,352,448	4,353,231
Advances for property, plant and equipment (net of VAT)	-	1,085
Cash and cash equivalents	8,899,248	2,560,189
Trade and other payables	1,018,465	920,964
Debt (Note 10, 12)	17,421,217	17,424,956

As at 30 June 2019 the Group has capital commitments to state-controlled entities (including VAT) of RR 12 704 thousand (as at 31 December 2018: RR 1,148,849 thousand).

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with Joint-stock company "Financial Settling Center" (JSC "FSC"). Current financial settlement system of JSC "FSC" does not provide the final counterparty with automated information about transactions and settlement balances with end consumers. Government-related entities, GAZPROM Group and its subsidiaries may also act as counterparties.

The Group had the following significant transactions with JSC "FSC":

	6 months ended 30 June 2019	6 months ended 30 June 2018
Sales of electricity and capacity	29,053,852	29,446,547
Purchases of electricity and capacity	4,860,669	5,409,531
Other income	1,404	1,238
Other expenses	9,615	10,391

The Group had the following significant balances with JSC "FSC":

	30 June 2019	31 December 2018
Trade and other receivables	2,109,589	2,464,732
Trade and other payables	411,560	693,328

Transactions of key management personnel services

Short-term remuneration includes remuneration to members of the Board of Directors for the performance of their duties in these positions and participation in meetings of the Board of Directors, as well as members of the Company's Management Board before the transfer of the powers of the sole executive body to the management organization Gazprom Energoholding LLC on 4 July 2018 for performing their duties for positions held on an ongoing basis and consisted of a monthly salary, bonuses, taxes charged on them and other obligatory payments to relevant budgets, medical insurance costs. After the transfer of the powers of the sole executive body the remuneration of the management entity is included in the amount of short-term remuneration for the key management personnel services.

Total short-term remuneration for the key management personnel services for the 6 months ended 30 June 2019 was RR 118,782 thousand (for the 6 months ended 30 June 2018 was RR 88,220 thousand).

Note 5. Property, plant and equipment

	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost							
Opening balance as at 1 January 2019 (Restated)	61,982,341	37,902,401	108,825,474	52,526,932	3,978,556	14,325,235	279,540,939
Additions	5,521	13,214	-	40,579	42,099	2,083,342	2,184,755
Transfer	3,607,291	2,419,252	1,035,376	5,053,901	64,053	(12,179,873)	-
Disposals	(19,066)	(160,535)	(401,827)	(624,419)	(12,843)	(4,873)	(1,223,563)
Closing balance as at 30 June 2019	65,576,087	40,174,332	109,459,023	56,996,993	4,071,865	4,223,831	280,502,131
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2019 (Restated)	(24,477,983)	(16,279,993)	(38,729,716)	(20,294,743)	(1,964,196)	(91,012)	(101,837,643)
Charge for the period	(791,540)	(715,555)	(2,760,683)	(2,094,081)	(219,557)	-	(6,581,416)
Disposals	9,215	53,671	372,305	559,180	12,458	-	1,006,829
Closing balance as at 30 June 2019	(25,260,308)	(16,941,877)	(41,118,094)	(21,829,644)	(2,171,295)	(91,012)	(107,412,230)
Net book value as at 30 June 2019	40,315,779	23,232,455	68,340,929	35,167,349	1,900,570	4,132,819	173,089,901
Net book value as at 31 December 2018	36,914,462	21,621,890	70,095,758	32,232,189	1,607,719	14,022,359	176,494,377
Net book value as at 1 January 2019 (Restated)	37,504,358	21,622,408	70,095,758	32,232,189	2,014,360	14,234,223	177,703,296
Cost							
Opening balance as at 1 January 2018	60,495,050	36,937,220	106,502,387	40,963,438	3,144,039	23,334,899	271,377,033
Additions	-	-	-	14,167	56,029	3,589,192	3,659,388
Transfer	1,003,882	1,000,663	773,445	10,351,546	1,004	(13,130,540)	-
Disposals	(97,229)	(815,690)	(411,944)	(217,898)	(19,252)	(12,758)	(1,574,771)
Closing balance as at 30 June 2018	61,401,703	37,122,193	106,863,888	51,111,253	3,181,820	13,780,793	273,461,650
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2018	(22,100,635)	(15,294,091)	(31,786,790)	(16,091,069)	(1,513,473)	(323,693)	(87,109,751)
Charge for the period	(716,540)	(678,451)	(2,728,719)	(1,857,388)	(205,755)	-	(6,186,853)
Disposals	77,775	676,747	400,136	203,391	18,989	-	1,377,038
Transfer	-	-	(751)	(6,875)	-	7,626	-
Closing balance as at 30 June 2018	(22,739,400)	(15,295,795)	(34,116,124)	(17,751,941)	(1,700,239)	(316,067)	(91,919,566)
Net book value as at 30 June 2018	38,662,303	21,826,398	72,747,764	33,359,312	1,481,581	13,464,726	181,542,084
Net book value as at 31 December 2017	38,394,415	21,643,129	74,715,597	24,872,369	1,630,566	23,011,206	184,267,282

The impairment provision balance in relation to property, plant and equipment and assets under construction is included in accumulated depreciation as at 30 June 2019 in the amount of RR 7,320,050 thousand (as at 31 December 2018: RR 7,321,224 thousand).

The right-of-use assets are included in property, plant and equipment at 30 June 2019 with carrying value of RR 1,282,145 thousand (cost RR 1,395,697 thousand, accumulated depreciation RR 113,552 thousand), comprising mostly of land plots and office buildings.

Note 6. Cash and cash equivalents

	Currency	30 June 2019	31 December 2018
Bank deposits with maturity three months or less	RR	16,991,500	5,488,500
Bank deposits with maturity three months or less	EUR	-	1,034,530
Current bank accounts	EUR	935,783	-
Current bank accounts	RR	930,614	54,538
Cash on hand	RR	111	-
Total		18,858,008	6,577,568

Note 7. Trade and other receivables

	30 June 2019	31 December 2018
Trade receivables (net of provision for impairment of RR 10,766,881 thousand as at 30 June 2019 and RR 10,590,673 thousand as at 31 December 2018)	9,769,073	10,859,532
Other receivables (net of provision for impairment of RR 6,852,643 thousand as at 30 June 2019 and RR 6,862,723 thousand as at 31 December 2018)	382,793	877,001
Promissory notes (nominal value of promissory notes is RR 460,210 thousand as at 30 June 2019 and RR 461,427 thousand as at 31 December 2018)	272,956	262,487
Interest receivable	157,712	28,367
Loans issued	41,802	40,270
Financial assets	10,624,336	12,067,657
Advances to suppliers (net of provision for impairment of RR 5,034 thousand as at 30 June 2019 and RR 5,023 thousand as at 31 December 2018)	1,379,195	1,598,739
Input VAT	74,888	142,013
Prepaid other taxes and social funds contribution	16,981	20,322
Total	12,095,400	13,828,731
Less: Long-term promissory notes (nominal value of promissory notes is RR 458,993 thousand as at 30 June 2019 and RR 458,993 thousand as at 31 December 2018)	(271,814)	(260,197)
Long-term advances to suppliers	(136,630)	(153,491)
Long-term trade and other receivables (net of provision for impairment of RR 21,476 thousand as at 30 June 2019 and RR 21,476 thousand as at 31 December 2018)	(71,699)	(20,483)
Loans issued	(41,802)	(40,270)
Long-term input VAT from advances paid	(3,010)	(195)
Total	11,570,445	13,354,095

As at 30 June 2019 and 31 December 2018 the effective interest rate on the loans issued was 12.10%.

Note 8. Inventories

	30 June 2019	31 December 2018
Spare parts	6,490,820	5,978,064
Fuel supplies	5,336,670	4,384,625
Materials and supplies	2,127,923	1,641,550
Total	13,955,413	12,004,239

Inventories are presented net of provision for obsolescence of RR 232,989 thousand and RR 197,953 thousand as at 30 June 2019 and 31 December 2018, respectively.

Note 9. Equity

Share capital

	Number of ordinary shares 30 June 2019	Number of ordinary shares 31 December 2018
Issued shares	110,441,160,870	110,441,160,870
Treasury shares	(4,373,963,548)	(4,373,963,548)
Total outstanding shares	106,067,197,322	106,067,197,322

Each ordinary share carries one vote. The nominal value of one share is RR 0.3627.

As at 30 June 2019 and 31 December 2018 the number of authorised for issue but not issued ordinary shares is 58,886,766,090 shares.

Dividends

The Company's annual statutory accounts form the basis for the annual profit distribution and other appropriations. The specific Russian legislation identifies the basis of distribution as net profit. However, this legislation and other statutory laws and regulations dealing with the distribution rights are open to legal interpretation and, accordingly, management believes at present it would not be appropriate to disclose an amount of the distributable reserves in these financial statements.

In June 2019 the Company declared final dividends for the year ended 31 December 2018 of RR 0.036784587 per ordinary share for RR 3,901,638 thousand. These dividends were recognized as liability and deducted from equity.

In June 2018 the Company declared final dividends for the year ended 31 December 2017 of RR 0.016319020075 per ordinary share for RR 1,729,820 thousand. These dividends were recognized as liability and deducted from equity.

Note 10. Non-current debt

	Currency	Effective interest rate as at 30 June 2019	Due	30 June 2019	31 December 2018
Loans	RR	7.64% - 8.83%	2021-2025	22,658,982	31,768,982
Bonds	RR	7.11% - 7.12%	2020-2021	6,683,101	6,683,101
Finance lease liability	RR	-	-	-	8,074
Total				29,342,083	38,460,157

The above debt is obtained at fixed interest rates. The effective interest rate is the market interest rate applicable to the loan at the date of origination for fixed rate loans.

Breakdown of loans is presented below:

Company	30 June 2019	31 December 2018
PJSC "GAZPROM"	13,500,000	13,500,000
MOSENERGO	9,158,982	9,158,982
Sberbank	-	9,110,000
Total	22,658,982	31,768,982

Maturity table

	30 June 2019	31 December 2018
Due for repayment		
Between one and two years	9,007,931	10,801,175
Between two and three years	13,500,000	20,824,830
Between four and five years	4,503,475	2,600,000
More than five years	2,330,677	4,234,152
Total	29,342,083	38,460,157

Note 11. Retirement benefit obligations

The post-employment and post retirement program of the Company consists of the occupational pension plan and various post-employment, long-term and jubilee benefits. This is a defined benefit plan. The occupational pension program comprises the main part of the program. According to the pension formula, the pension benefit is dependent on the past service of participants and their final salary. Employees older than 25 with experience achievement in the industry more than 5 years are entitled to the occupational pension benefits.

The defined benefit pension plan provides old age retirement pension and disability pension. The plan's old age retirement pension is conditional on the member qualifying for the State old age pension.

The Company also provides benefits in case of death, retirement of employees and jubilee benefits.

Additionally the Company provides financial support payments of a defined benefit nature to its former employees, who have reached the retirement age. Such benefits are paid either to those who qualify for the occupational pension plan and those who do not.

Due to the post employment program the Company pays contributions to non-state pension funds (NPF), which are accumulated on pension accounts, which were opened under NPF contracts. In accordance with the terms of the treaty there is a possibility to abrogate a contract and receive the redemption amount of the depositor. In that way NPF funds do not meet the plan assets criteria. So they are recognized as a separate asset of the Group. The amount of that asset equals RR 494,284 thousand as at 30 June 2019 (as at 31 December 2017: 500,536 thousand).

As at 30 June 2019, there were 8,417 active employees eligible to participate in the post retirement defined benefit program of the Company and 6,827 recipients of the financial support benefits (as at 31 December 2018: 8,464 and 6,873 respectively).

The last independent actuarial valuation of pension and other post-employment and long-term benefits in accordance with the provisions of IAS 19 Employee Benefits was performed as at 30 June 2019.

Amounts recognised in the interim condensed consolidated statement of financial position are as follows:

	30 June 2019	31 December 2018
Present value of defined benefit obligation	1,435,448	1,223,605
Present value of other long-term employee benefit obligation	442,492	375,938
Total defined benefit liability	1,877,940	1,599,543

The movement in the defined benefit obligation over the period is as follows:

	Present value of defined benefit obligation	Present value of other long- term employee benefit obligation	Total
At 1 January 2018	1,499,735	320,669	1,820,404
Current service cost	31,035	11,581	42,616
Interest expense	56,312	11,929	68,241
Remeasurements:			
Experience losses	42,691	10,417	53,108
Gain from change in financial assumptions	(31,028)	(6,614)	(37,642)
Benefits paid	(35,673)	(13,479)	(49,152)
At 30 June 2018	1,563,072	334,503	1,897,575
At 1 January 2019	1,223,605	375,938	1,599,543
Current service cost	22,594	12,987	35,581
Interest expense	53,082	16,219	69,301
Remeasurements:			
Experience gains	(5,647)	(2,391)	(8,038)
Loss from change in financial assumptions	176,183	54,390	230,573
Benefits paid	(34,369)	(14,651)	(49,020)
At 30 June 2019	1,435,448	442,492	1,877,940

Amounts of profit for the period recognized in interim condensed consolidated statement of comprehensive income are as follows:

	6 months ended 30 June 2019	6 months ended 30 June 2018
Service cost	35,581	42,616
Remeasurements on present value of other long-term employee benefit obligation	51,999	3,803
Interest expense (Note 17)	69,301	68,241
Total	156,881	114,660

Amounts recognised in other comprehensive income in consolidated statement of comprehensive income are as follows:

	6 months ended 30 June 2019	6 months ended 30 June 2018
Experience (gains) / losses	(5,647)	42,691
Loss / (gain) from change in financial assumptions	176,183	(31,028)
Total	170,536	11,663

The movement of remeasurements in other comprehensive income in interim condensed consolidated statement of comprehensive income are as follows:

	6 months ended 30 June 2019	6 months ended 30 June 2018
At the beginning of period	382,844	513,380
Movement of remeasurements	170,536	11,663
Tax effect	(19,265)	(1,991)
At the end of period	534,115	523,052

The key actuarial assumptions used were as follows:

	30 June 2019	31 December 2018
Discount rate	7.50%	8.80%
Future salary increases	6.10%	6.10%
Future financial support benefits increases	4.50%	4.50%
Social fund contribution rate	30.00%	30.00%
Staff turnover	3.60%	3.60%
Expected retirement age*:		
Male	64	62
Female	58	57
Mortality (employees)	Russia, 2013 adjusted 60% (to level 40%)	Russia, 2013 adjusted 60% (to level 40%)
Mortality (pensioners)	Russia, 2013 adjusted 30% (to level 70%)	Russia, 2013 adjusted 30% (to level 70%)

* The probability curve depending on age, based on empirical data for men and women

Financial actuarial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled. The average period over which the Group obligations are to be settled is 11 years.

Note 12. Current debt and current portion of non-current debt

	Currency	Effective interest rate as at 30 June 2019	30 June 2019	31 December 2018
Current portion of long-term loans	RR	7.10% - 8.83%	17,611,765	8,507,598
Current portion of bonds	RR	7.11% - 7.12%	88,858	88,785
Current portion of finance lease liability	RR	-	-	14,787
Total			17,700,623	8,611,170

The above debt is obtained at fixed interest rates. The effective interest rate is the market interest rate applicable to the loan at the date of obtaining of fixed rate loans.

Breakdown of loans is presented below:

Company	30 June 2019	31 December 2018
Sberbank	17,421,217	8,314,956
MOSENERGO	190,548	192,642
Total	17,611,765	8,507,598

Note 13. Other long-term liabilities, trade and other payables

	30 June 2019	31 December 2018
Trade payables (net of effect of discounting RR 224,733 thousand as at 30 June 2019 and RR 301,528 thousand as at 31 December 2018)	11,043,411	11,935,982
Other payables	7,887,055	7,654,968
Dividends payable	3,912,964	11,559
Lease liabilities	922,221	-
Financial liabilities	23,765,651	19,602,509
Salaries and wages payable	727,064	726,456
Advances from customers	13,605	12,335
Total	24,506,320	20,341,300
Less: Long-term trade payables (net of effect of discounting RR 224,733 thousand as at 30 June 2019 and RR 301,528 thousand as at 31 December 2018)	(1,334,977)	(1,420,782)
Long-term other payables	(3,556,589)	(3,453,267)
Long-term lease liabilities	(738,266)	-
Total short-term trade and other payables	18,876,488	15,467,251
Total other long-term liabilities	5,629,832	4,874,049

Note 14. Revenues

	6 months ended 30 June 2019	6 months ended 30 June 2018
Electricity and capacity	65,561,273	66,414,280
Heating	2,820,404	2,912,877
Other	921,589	1,802,038
Total	69,303,266	71,129,195

Note 15. Operating expenses

	6 months ended 30 June 2019	6 months ended 30 June 2018
Fuel	29,594,409	31,267,387
Depreciation and amortisation of property, plant, equipment, intangible assets and right-of-use assets	6,651,848	6,305,405
Purchased electricity, capacity and heat	5,203,350	6,049,349
Employee benefits	4,643,512	4,183,298
Rent	2,284,922	1,591,732
Repairs and maintenance	1,508,319	1,637,165
Taxes other than income tax	1,480,810	2,024,240
Raw materials and supplies	1,083,015	1,156,165
Dispatcher's fees	1,054,288	1,004,414
Transport	496,356	393,278
Consulting, legal and audit services	192,509	101,921
Insurance	107,269	109,201
Loss on disposal of assets	85,179	38,065
Ecological payments	66,401	110,123
Electricity transit	24,378	1,054,692
Penalties and fines	(80,174)	1,272,967
Other expenses	1,137,802	1,711,000
Total operating expenses	55,534,193	60,010,402

Rent expense for the 6 months ended 30 June 2019 includes expense relating to variable rental payments in the amount of RR 2,281,663 thousand and expense relating to short-term leases in the amount of RR 3,259 thousand.

Employee benefits expenses comprise the following:

	6 months ended 30 June 2019	6 months ended 30 June 2018
Salaries and wages	3,382,206	3,042,179
Social funds contribution	1,041,855	948,073
Financial aid to employees and pensioners	131,871	146,627
Non-state pensions and other long-term benefits	87,580	46,419
Employee benefits	4,643,512	4,183,298
Average number of personnel for the period	8,962	8,913

Included in social funds contribution are statutory pension contributions of RR 794,930 thousand for the 6 months ended 30 June 2019 (for the 6 months ended 30 June 2018: RR 763,090 thousand).

Note 16. Finance income

	6 months ended 30 June 2019	6 months ended 30 June 2018
Interest income on bank deposits and current bank account balances	553,865	273,025
Effect of discounting of promissory notes received	11,747	10,813
Interest income on loans issued	1,536	3,704
Effect of discounting of long-term trade and other receivables	-	863
Foreign currency exchange gain	-	16
Other	401	598
Total finance income	567,549	289,019

Note 17. Finance costs

	6 months ended 30 June 2019	6 months ended 30 June 2018
Interest expense on debt	1,665,184	2,184,931
Effect of discounting of long-term payables	76,795	152,018
Interest on employee benefit obligations	69,301	68,241
Interest expense on lease liabilities	54,092	3,886
Unwinding of the present value discount - provision for ash dump	43,820	39,863
Foreign currency exchange loss	8	3
Total finance costs	1,909,200	2,448,942

Note 18. Earnings per share

	6 months ended 30 June 2019	6 months ended 30 June 2018
Weighted average number of ordinary shares issued, pcs	106,067,197,322	106,000,247,752
Profit attributable to the shareholders of JSC "OGK-2" (thousands of RR)	9,648,927	6,563,554
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in RR)	0.09	0.06

The diluted earnings per share are equal to the basic earnings per share as the Company has no dilutive ordinary shares.

Note 19. Capital commitments

As at 30 June 2019 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 14,008,646 thousand (as at 31 December 2018: RR 14,006,510 thousand).

Note 20. Financial instruments and financial risks factors

Compliance with covenants. The Group is subject to certain covenants related primarily to its loans and borrowings. The Group was in compliance with covenants at 30 June 2019 and at 31 December 2018.

Fair values. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(i) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

(ii) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows (except those financial assets which carrying value is equal to fair value):

	Notes	Level 1	Level 2	Level 3	Fair value	Carrying value
30 June 2019						
Financial assets						
Promissory notes	7	-	299,514	-	299,514	272,956
Loans issued	7	-	40,714	-	40,714	41,802
Total financial assets		-	340,228	-	340,228	314,758
Financial liabilities						
Debt	10,12	(6,803,754)	(40,591,522)	-	(47,395,276)	(47,042,706)
Trade and other payables	13	-	(23,836,622)	-	(23,836,622)	(23,765,651)
Total financial liabilities		(6,803,754)	(64,428,144)	-	(71,231,898)	(70,808,357)
31 December 2018						
Financial assets						
Promissory notes	7	-	275,188	-	275,188	262,487
Loans issued	7	-	38,659	-	38,659	40,270
Total financial assets		-	313,847	-	313,847	302,757
Financial liabilities						
Debt	10,12	(6,588,237)	(40,300,977)	-	(46,889,214)	(47,071,327)
Trade and other payables	13	-	(19,477,770)	-	(19,477,770)	(19,602,509)
Total financial liabilities		(6,588,237)	(59,778,747)	-	(66,366,984)	(66,673,836)

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. The carrying amounts of trade and other receivables approximates their fair values. Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Liabilities carried at amortised cost. Fair values of financial liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Note 21. Segment information

The Management of the Company controls and allocates economic resources of the Group between segments and evaluates segments' operating efficiency. Primary activity of the Group is production of electric and heat power and capacity which covers 98.7% of the Group revenue for the 6 months ended 30 June 2019 (for the 6 months ended 30 June 2018: 97.5%). The Group operates in Russian Federation.

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and distances between them, as a result the Group discloses seven reporting segments: Kirishskaya GRES, Surgutskaya GRES-1, Novocherkasskaya GRES, Troitskaya GRES, Stavropolskaya GRES, Ryazanskaya GRES, Serovskaya GRES. All reporting segments are located on the territory of Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of the value of property, plant and equipment. The Group does not have inter-segment revenue. The main contractor of the Group is JSC "FSC" which generates 41.9% of the Group revenue for the 6 months ended 30 June 2019 (for the 6 months ended 30 June 2018: 41.4%).

6 months ended 30 June 2019	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Troitskaya GRES	Stavropolskaya GRES
Revenue	11,898,061	11,696,298	9,769,790	6,835,152	5,763,119
Segment operating profit*	3,253,432	2,113,814	1,368,439	2,308,200	32,720

6 months ended 30 June 2019	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
Revenue	5,302,126	3,787,523	14,251,197	69,303,266
Segment operating profit*	1,863,628	1,336,389	2,880,373	15,156,995

6 months ended 30 June 2018	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Troitskaya GRES	Stavropolskaya GRES
Revenue	12,795,735	11,176,304	9,860,189	6,748,776	8,510,695
Segment operating profit*	4,018,896	1,426,280	350,110	1,688,480	217,344

6 months ended 30 June 2018	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
Revenue	5,099,087	3,468,767	13,469,642	71,129,195
Segment operating profit*	1,533,972	764,054	1,734,618	11,733,754

* Segment operating profit represents segment operating profit under RAR.

The main items of reconciliation of management financial information prepared in accordance with RAR to consolidated financial statements prepared in accordance with IFRS are provided in consolidated financial statements for the year ended 31 December 2018.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2019 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



Segment's assets are disclosed below:

	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Troitskaya GRES	Stavropolskaya GRES
30 June 2019	19,821,693	5,759,543	35,754,913	55,573,149	3,587,023

	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
30 June 2019	13,514,776	20,853,518	28,375,350	183,239,965

	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Troitskaya GRES	Stavropolskaya GRES
31 December 2018	20,391,910	5,667,904	36,189,308	57,491,989	2,893,530

	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
31 December 2018	14,463,601	21,409,651	27,603,069	186 110 962

The main items of reconciliation of management financial information to consolidated financial statements prepared in accordance with IFRS are provided in consolidated financial statements for the year ended 31 December 2018.

Management of the Group does not review the information in respect of operating segment's liabilities in order to make a decision about allocation of resources, because of centralisation of significant part of payment transactions.

Note 22. Events after the reporting date

On 8 July 2019, the Board of Directors of JSC "OGK-2" approved the sale of 4,295,819,438 ordinary treasury shares of the Company previously repurchased by JSC OGK-2 at the request of its shareholders in accordance with the laws of the Russian Federation and the Charter of JSC «OGK-2».

On 8 July 2019, the Board of Directors of «JSC OGK-2» approved participation in the equity of Public Joint-Stock Company Mosenergo through the acquisition of 140,229,451 ordinary registered uncertified shares of PJSC Mosenergo.

Managing Director



A.V. Semikolenov

Chief Accountant

L.V. Klishch

12 August 2019