



RUSHYDRO GROUP

**Condensed Consolidated Interim
Financial Information (Unaudited)
prepared in accordance with IAS 34**

As at and for the three months ended 31 March 2020

CONTENTS

Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2020 (Unaudited)

Condensed Consolidated Interim Statement of Financial Position.....	1
Condensed Consolidated Interim Income Statement.....	2
Condensed Consolidated Interim Statement of Comprehensive Income.....	3
Condensed Consolidated Interim Statement of Cash Flows.....	4
Condensed Consolidated Interim Statement of Changes in Equity.....	6

Notes to the Condensed Consolidated Interim Financial Information

Note 1.	The Group and its operations.....	7
Note 2.	Summary of financial reporting framework and new accounting pronouncements.....	7
Note 3.	Principal subsidiaries.....	8
Note 4.	Segment information.....	10
Note 5.	Related party transactions.....	13
Note 6.	Property, plant and equipment.....	15
Note 7.	Other non-current assets.....	16
Note 8.	Cash and cash equivalents.....	16
Note 9.	Accounts receivable and prepayments.....	16
Note 10.	Inventories.....	16
Note 11.	Other current assets.....	17
Note 12.	Equity.....	17
Note 13.	Income tax.....	17
Note 14.	Current and non-current debt.....	18
Note 15.	Non-deliverable forward contract for shares.....	19
Note 16.	Other non-current liabilities.....	19
Note 17.	Accounts payable and accruals.....	19
Note 18.	Other taxes payable.....	20
Note 19.	Revenue.....	20
Note 20.	Government grants.....	20
Note 21.	Operating expenses (excluding impairment losses).....	21
Note 22.	Finance income, costs.....	21
Note 23.	Capital commitments.....	22
Note 24.	Contingencies.....	22
Note 25.	Financial instruments and financial risk management.....	23
Note 26.	Fair value of assets and liabilities.....	25
Note 27.	Subsequent events.....	26

RusHydro Group
Condensed Consolidated Interim Statement of Financial Position (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	31 March 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	682,391	677,862
Investments in associates and joint ventures		16,268	16,396
Financial assets at fair value through other comprehensive income		406	418
Deferred income tax assets		19,690	19,259
Other non-current assets	7	23,076	19,853
Total non-current assets		741,831	733,788
Current assets			
Cash and cash equivalents	8	40,129	41,047
Income tax receivable		1,403	2,558
Accounts receivable and prepayments	9	67,782	54,251
Inventories	10	31,335	34,386
Other current assets	11	69,675	55,983
		210,324	188,225
Assets of disposal group classified as held for sale		-	3,106
Total current assets		210,324	191,331
TOTAL ASSETS		952,155	925,119
EQUITY AND LIABILITIES			
Equity			
Share capital	12	426,289	426,289
Treasury shares	12	(4,613)	(4,613)
Share premium		39,202	39,202
Retained earnings and other reserves		129,803	104,786
Equity attributable to the shareholders of PJSC RusHydro		590,681	565,664
Non-controlling interest		5,487	4,211
TOTAL EQUITY		596,168	569,875
Non-current liabilities			
Non-current debt	14	143,029	162,528
Non-deliverable forward contract for shares	15	23,374	28,510
Deferred income tax liabilities		16,667	15,255
Other non-current liabilities	16	23,519	22,366
Total non-current liabilities		206,589	228,659
Current liabilities			
Current debt and current portion of non-current debt	14	57,389	39,435
Accounts payable and accruals	17	63,173	59,645
Accounts payable in respect of share issue	12	7,000	7,000
Current income tax payable		852	785
Other taxes payable	18	20,984	16,439
		149,398	123,304
Liabilities of disposal group classified as held for sale		-	3,281
Total current liabilities		149,398	126,585
TOTAL LIABILITIES		355,987	355,244
TOTAL EQUITY AND LIABILITIES		952,155	925,119

Chairman of Management Board – General Director

N.G. Shulginov

Chief Accountant

IU.G. Medvedeva



4 June 2020

RusHydro Group
Condensed Consolidated Interim Income Statement (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2020	Three months ended 31 March 2019
Revenue	19	106,214	99,237
Government grants	20	11,470	10,223
Other operating income		303	278
Operating expenses (excluding impairment losses)	21	(88,302)	(86,354)
Operating profit excluding impairment losses		29,685	23,384
Impairment of financial assets, net		(2,271)	(1,471)
Impairment of property, plant and equipment	6	(382)	(1,474)
Operating profit		27,032	20,439
Finance income	22	9,995	3,704
Finance costs	22	(5,570)	(2,719)
Share of results of associates and joint ventures		38	158
Profit before income tax		31,495	21,582
Income tax expense	13	(5,587)	(5,070)
Profit for the period		25,908	16,512
Attributable to:			
Shareholders of PJSC RusHydro		24,656	15,909
Non-controlling interest		1,252	603
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)		0.0584	0.0377
Weighted average number of shares outstanding – basic and diluted (millions of shares)		422,437	422,437

RusHydro Group
Condensed Consolidated Interim Statement of Comprehensive Income (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2020	Three months ended 31 March 2019
Profit for the period		25,908	16,512
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Loss arising on financial assets at fair value through other comprehensive income		(12)	(1)
Total items that will not be reclassified to profit or loss		(12)	(1)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Accumulated loss on foreign translation reserve recycled to profit or loss	12	348	-
Other comprehensive income / (loss)		49	(34)
Total items that may be reclassified subsequently to profit or loss		397	(34)
Total other comprehensive income / (loss)		385	(35)
Total comprehensive income for the period		26,293	16,477
Attributable to:			
Shareholders of PJSC RusHydro		25,041	15,874
Non-controlling interest		1,252	603

RusHydro Group
Condensed Consolidated Interim Statement of Cash Flows (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2020	Three months ended 31 March 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		31,495	21,582
Depreciation of property, plant and equipment and amortisation of intangible assets	6, 21	7,027	6,384
Loss on disposal of property, plant and equipment, net	21	203	74
Share of results of associates and joint ventures		(38)	(158)
Other operating income		(303)	(278)
Finance income	22	(9,995)	(3,704)
Finance costs	22	5,570	2,719
Impairment of property, plant and equipment	6	382	1,474
Impairment of financial assets, net		2,271	1,471
Other loss		145	18
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		36,757	29,582
Working capital changes:			
Increase in accounts receivable and prepayments		(16,521)	(9,631)
Decrease in other current assets, net of deposits and special funds		473	252
Decrease in inventories		3,052	3,076
Increase in accounts payable and accruals, net of dividends payable		4,539	1,407
Increase in other taxes payable		4,545	3,645
(Increase) / decrease in other non-current assets		(2,653)	984
Increase in other non-current liabilities		3,620	276
Income tax paid		(3,388)	(4,692)
Net cash generated by operating activities		30,424	24,899
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(9,470)	(13,735)
Proceeds from sale of property, plant and equipment		21	7
Investment in bank deposits and purchase of other investments		(15,810)	(25,299)
Redemption of bank deposits and proceeds from sale of other investments		1,896	323
Interest received		1,253	1,091
Proceeds from sale of investment in joint venture		-	450
Proceeds from sale of financial assets at fair value through profit or loss		-	232
Net cash used in investing activities		(22,110)	(36,931)

RusHydro Group
Condensed Consolidated Interim Statement of Cash Flows (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2020	Three months ended 31 March 2019
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	14	9,647	7,912
Proceeds from non-current debt	14	8,677	4,535
Repayment of debt	14	(22,983)	(17,488)
Interest paid		(3,983)	(3,587)
Repayment of lease liabilities		(200)	(181)
Payments for non-deliverable forward for shares	15	(360)	(1,224)
Dividends paid		(4)	(3)
Net cash used in financing activities		(9,206)	(10,036)
Effect of foreign exchange differences on cash and cash equivalents balances		(26)	(65)
Decrease in cash and cash equivalents		(918)	(22,133)
Cash and cash equivalents at the beginning of the period		41,047	65,432
Cash and cash equivalents at the end of the period	8	40,129	43,299

RusHydro Group
Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

(in millions of Russian Rubles unless noted otherwise)



	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve on available-for-sale financial assets	Reserve for remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2019		426,289	(4,613)	39,202	(135,075)	(344)	529	833	249,519	576,340	9,818	586,158
Profit for the period		-	-	-	-	-	-	-	15,909	15,909	603	16,512
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	(1)	-	-	(1)	-	(1)
Other comprehensive loss		-	-	-	-	(34)	-	-	-	(34)	-	(34)
Total other comprehensive loss		-	-	-	-	(34)	(1)	-	-	(35)	-	(35)
Total comprehensive income		-	-	-	-	(34)	(1)	-	15,909	15,874	603	16,477
Other movements		-	-	-	-	-	-	-	-	-	1	1
As at 31 March 2019		426,289	(4,613)	39,202	(135,075)	(378)	528	833	265,428	592,214	10,422	602,636
As at 1 January 2020		426,289	(4,613)	39,202	(135,075)	(382)	358	187	239,698	565,664	4,211	569,875
Profit for the period		-	-	-	-	-	-	-	24,656	24,656	1,252	25,908
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	(12)	-	-	(12)	-	(12)
Accumulated loss on foreign translation reserve recycled to profit or loss	12	-	-	-	-	348	-	-	-	348	-	348
Other comprehensive income		-	-	-	-	34	-	-	15	49	-	49
Total other comprehensive income		-	-	-	-	382	(12)	-	15	385	-	385
Total comprehensive income		-	-	-	-	382	(12)	-	24,671	25,041	1,252	26,293
Changes in non-controlling interest	12	-	-	-	-	-	-	-	(24)	(24)	24	-
As at 31 March 2020		426,289	(4,613)	39,202	(135,075)	-	346	187	264,345	590,681	5,487	596,168

The accompanying notes are an integral part of this Condensed Consolidated Interim Financial Information

Note 1. The Group and its operations

PJSC RusHydro (hereinafter referred to as “the Company”) was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by value of shares and was set up in accordance with Russian regulations.

The primary activities of the Company and its subsidiaries (hereinafter together referred to as “the Group”) are generation and sale of electricity, capacity and heat.

Coronavirus pandemic and worsening of economic situation. The coronavirus pandemic (COVID-19), the outbreak of which occurred in the first quarter of 2020, involves various measures to prevent, control and suppress the spread of the virus including transport restrictions, temporary closure of various companies, quarantine and isolation. The Russian Government is developing various methods of support including a moratorium on the payment of penalties for overdue debts of the population for public utilities until 1 January 2021 and a ban not to provide access to public utilities to debtors. This measure may lead to late payments for energy and heat services. The impact of the future economic situation on the Group’s operations may differ from the management’s current expectations in respect of provisions for impairment of financial assets as well as other estimates of the Group’s management. The management of the Group is in the process of analyzing the impact of changes in the economic environment on the activities of the Group.

Relations with the Government and current regulation. As at 31 March 2020 the Russian Federation owned 61.20 percent of the total voting ordinary shares of the Company inclusive of additional share issue (Note 12) (31 December 2019: 61.20 percent). As at 31 March 2020 PJSC Bank VTB that is controlled by the Russian Federation owned 13.13 percent of the Company’s shares (31 December 2019: 13.13 percent).

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 5).

In addition, the Government influences the Group’s operations through:

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

Seasonality of business. The demand for the Group’s heat and electricity generation and supply depends on weather conditions and the season. In addition to weather conditions, the electricity production by hydro generation plants depends on water flow in the river systems. In spring and in summer (flood period) electricity production by hydro generation plants is significantly higher than in autumn and in winter. Heat and electricity production by the heat generation assets, to the contrary, is significantly higher in autumn and in winter than in spring and in summer. The seasonal nature of heat and electricity generation has a significant influence on the volumes of fuel consumed by heat generation assets and electricity purchased by the Group.

Note 2. Summary of financial reporting framework and new accounting pronouncements

Basis of preparation. This Condensed Consolidated Interim Financial Information has been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited. Certain disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2019 have been omitted or condensed.

Significant accounting policies. The accounting policies followed in the preparation of this Condensed Consolidated Interim Financial Information are consistent with those applied in the annual Consolidated Financial Statements as at and for the year ended 31 December 2019 except for income tax which is accrued in the interim periods using the best estimate of the weighted average annual income tax rate that would be applicable to expected total annual profit or loss and changes resulting from the adoption of new standards and interpretations, effective from 1 January 2020.

Certain reclassifications have been made to prior period data to conform to the current period presentation. These reclassifications are not material.

Critical accounting estimates and judgements. The preparation of Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this Condensed Consolidated Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2019 with the exception of changes in estimates that are required in determining the expected weighted average annual income tax rate (Note 13) and judgements in respect of the non-deliverable forward contract for the shares (Note 15).

New standards and interpretations

The Group has adopted all new standards and interpretations that were effective from 1 January 2020. The impact of the adoption of new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

New standards, amendments and interpretations effective for the annual periods beginning on or after 1 January 2020 and applicable to the Group, were disclosed in Consolidated Financial Statements for the year ended 31 December 2019.

Note 3. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or shares of limited liability companies (LLC).

The Group operates in the three main reportable segments – RusHydro generation, Supply companies, Far East energy companies (Note 4). Starting from 1 January 2020 the composition of subsidiaries in the reporting segments was revised in accordance with changes made to improve management efficiency. Thus, the organization of operation of individual subsidiaries of the Group is carried out with the direct participation of new segment managers. Comparative data have been revised accordingly.

The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 March 2020 and 31 December 2019.

RusHydro generation segment

RusHydro generation segment is represented by the Group's parent company – PJSC RusHydro and its subsidiaries that produce and sell electricity and capacity, as well as hydroelectric power plants under construction.

The main subsidiaries included in RusHydro generation segment are presented below:

		31 March 2020		31 December 2019	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC	Zaramag HS	99.75%	99.75%	99.75%	99.75%
JSC	Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%

Supply companies segment

Supply companies segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of JSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

		31 March 2020		31 December 2019	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Chuvashskaya Electricity Sales Company	100.00%	100.00%	100.00%	100.00%
JSC	ESC RusHydro	100.00%	100.00%	100.00%	100.00%
PJSC	DEK	52.11%	52.17%	52.11%	52.17%
PJSC	Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
PJSC	Ryazanenergosbyt	90.52%	90.52%	90.52%	90.52%

Far East energy companies segment

Far East energy companies segment consists of the Group's subsidiaries that generate and distribute electricity and generate, distribute and sell heat in the Far East region of the Russian Federation and render transportation, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

		31 March 2020		31 December 2019	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Blagoveschensk TPP	100.00%	100.00%	100.00%	100.00%
JSC	DGK	52.11%	100.00%	52.11%	100.00%
JSC	DRSK	52.11%	100.00%	52.11%	100.00%
JSC	RAO ES East	99.98%	99.98%	99.98%	99.98%
JSC	Sakhalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC	TPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekanskaya HPP named after A. F. Dyakov	99.63%	100.00%	99.63%	100.00%
JSC	Yakutskaya GRES-2	100.00%	100.00%	100.00%	100.00%
PJSC	Kamchatskenergo	98.74%	98.75%	98.74%	98.75%
PJSC	Kolimaenergo	98.76%	98.76%	98.76%	98.76%
PJSC	Magadanenergo*	48.99%	49.00%	48.99%	49.00%
PJSC	Sakhalinenergo	76.59%	76.60%	76.59%	76.60%
PJSC	Yakutskenergo	79.15%	79.16%	79.15%	79.16%

* Control over PJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting because the remaining part of the shares not owned by the Group are distributed among a large number of shareholders the individual stakes of which are insignificant.

Other segments

Other segments include:

- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in other segments are presented below:

		31 March 2020		31 December 2019	
		% of ownership	% of voting	% of ownership	% of voting
JSC	VNIIG named after B. E. Vedeneev	100.00%	100.00%	100.00%	100.00%
JSC	Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC	Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
JSC	Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC	Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%

Note 4. Segment information

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the operating segments, which based on the same principles as the present consolidated financial statements, is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated to the segments and the performance of the segments' operating activities.

The CODM analyses the information concerning the Group by the groups of operations which are aggregated in operating segments presented by the following separate reportable segments: RusHydro generation, Supply companies, Far East energy companies and other segments (Note 3). Transactions of other segments are not disclosed as reportable segments based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.

The segments' operational results are assessed on the basis of EBITDA, which is calculated as operating profit / loss excluding depreciation of property, plant and equipment and amortisation of intangible assets, gains on changes in the carrying value of financial assets at fair value through profit or loss, impairment of property, plant and equipment, impairment of financial assets, gain / loss on disposal of property, plant and equipment and other non-monetary items of operating income and expenses. This definition of EBITDA may differ from the methods applied by other companies. Management believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Group's operating segments, as it reflects the earnings trends excluding the impact of the above charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt balances are eliminated from these disclosures.

Other information provided to the CODM is consistent with the information presented in the Group's consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the three months ended 31 March 2020 and 31 March 2019 and as at 31 March 2020 and 31 December 2019 is presented below.

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2020 (unaudited)

(in millions of Russian Rubles unless noted otherwise)



Three months ended 31 March 2020	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	35,160	44,553	54,787	8,006	142,506	(36,292)	106,214
<i>including:</i>							
<i>from third parties</i>	31,202	41,058	32,525	1,429	106,214	-	106,214
<i>sales of electricity and capacity in the retail market</i>	83	37,404	9,894	-	47,381	-	47,381
<i>sales of electricity in the wholesale market</i>	20,380	88	587	17	21,072	-	21,072
<i>sales of capacity in the wholesale market</i>	10,650	3,298	48	85	14,081	-	14,081
<i>sales of heat and hot water</i>	57	-	16,952	1	17,010	-	17,010
<i>other revenue</i>	32	268	5,044	1,326	6,670	-	6,670
<i>from intercompany operations</i>	3,958	3,495	22,262	6,577	36,292	(36,292)	-
Government grants	-	1	11,469	-	11,470	-	11,470
Operating expenses (excluding depreciation and other non-monetary items)	(10,851)	(42,699)	(56,134)	(8,063)	(117,747)	36,676	(81,071)
EBITDA	24,309	1,855	10,122	(57)	36,229	384	36,613
Other operating income	6	-	1	70	77	-	77
Depreciation of property, plant and equipment	(3,451)	(69)	(3,214)	(353)	(7,087)	60	(7,027)
Other non-monetary items of operating income and expenses	(462)	(894)	(1,166)	(109)	(2,631)	-	(2,631)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(264)	-	(103)	(15)	(382)	-	(382)
<i>impairment of financial assets, net</i>	(265)	(894)	(1,027)	(85)	(2,271)	-	(2,271)
<i>loss on disposal of property, plant and equipment, net</i>	(158)	-	(36)	(9)	(203)	-	(203)
<i>profit on disposal of subsidiaries, net</i>	225	-	-	-	225	-	225
Operating profit / (loss)	20,402	892	5,743	(449)	26,588	444	27,032
Finance income							9,995
Finance costs							(5,570)
Share of results of associates and joint ventures							38
Profit before income tax							31,495
Income tax expense							(5,587)
Profit for the period							25,908
Capital expenditure	4,875	129	5,956	2,401	13,361	-	13,361
31 March 2020							
Non-current and current debt	134,982	7,294	57,253	889	200,418	-	200,418

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2020 (unaudited)

(in millions of Russian Rubles unless noted otherwise)



Three months ended 31 March 2019	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	29,007	43,514	52,994	8,316	133,831	(34,594)	99,237
<i>including:</i>							
<i>from third parties</i>	25,888	40,045	31,736	1,568	99,237	-	99,237
<i>sales of electricity and capacity in the retail market</i>	10	33,472	10,480	-	43,962	-	43,962
<i>sales of electricity in the wholesale market</i>	16,765	3,453	501	28	20,747	-	20,747
<i>sales of capacity in the wholesale market</i>	9,021	2,811	97	134	12,063	-	12,063
<i>sales of heat and hot water</i>	58	-	16,629	-	16,687	-	16,687
<i>other revenue</i>	34	309	4,029	1,406	5,778	-	5,778
<i>from intercompany operations</i>	3,119	3,469	21,258	6,748	34,594	(34,594)	-
Government grants	-	5	10,218	-	10,223	-	10,223
Operating expenses (excluding depreciation and other non-monetary items)	(9,933)	(42,172)	(54,980)	(7,805)	(114,890)	34,994	(79,896)
EBITDA	19,074	1,347	8,232	511	29,164	400	29,564
Other operating income	11	-	184	8	203	-	203
Depreciation of property, plant and equipment	(3,013)	(66)	(2,943)	(415)	(6,437)	53	(6,384)
Other non-monetary items of operating income and expenses	(665)	(843)	(1,473)	37	(2,944)	-	(2,944)
<i>including:</i>							
<i>impairment of property, plant and equipment (impairment) / reversal of financial assets, net</i>	(651)	-	(790)	(33)	(1,474)	-	(1,474)
<i>gain arising on financial assets at fair value through profit or loss</i>	(32)	(830)	(625)	16	(1,471)	-	(1,471)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	-	-	-	75	75	-	75
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	18	(13)	(58)	(21)	(74)	-	(74)
Operating profit	15,407	438	4,000	141	19,986	453	20,439
Finance income							3,704
Finance costs							(2,719)
Share of results of associates and joint ventures							158
Profit before income tax							21,582
Income tax expense							(5,070)
Profit for the period							16,512
Capital expenditure	8,709	9	6,342	1,820	16,880	-	16,880
31 December 2019							
Non-current and current debt	132,280	7,432	61,451	800	201,963	-	201,963

Note 5. Related party transactions

Parties are generally considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the three months ended 31 March 2020 and 31 March 2019 and as at 31 March 2020 and 31 December 2019 were associates and joint ventures of the Group, government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	31 March 2020	31 December 2019
Long-term promissory notes	8,482	8,287
Loans issued	17	13

The Group had the following transactions with its joint ventures:

	Three months ended 31 March 2020	Three months ended 31 March 2019
Sales of electricity and capacity	146	84
Other revenue	29	28
Purchased electricity and capacity	128	132

Associates

The Group had the following balances with its associates:

	31 March 2020	31 December 2019
Trade and other receivables	533	500
Accounts payable	1,718	1,708

The Group had the following transactions with its associates:

	Three months ended 31 March 2020	Three months ended 31 March 2019
Sales of electricity and capacity	470	567
Sales of heat and hot water	465	478
Other revenue	29	26

Government-related entities

In the normal course of business the Group enters into transactions with the entities related to the Government.

The Group had transactions during the three months ended 31 March 2020 and 31 March 2019 and balances outstanding as at 31 March 2020 and 31 December 2019 with the government-related banks (Note 14). All transactions with the banks are carried out at market rates. The Company also entered into a non-deliverable forward contract for its treasury shares and cross-currency and interest rate swap arrangement with PJSC VTB Bank (Notes 7 and 15).

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 20 percent of total sales of electricity, capacity and heat for the three months ended 31 March 2020 (for the three months ended 31 March 2019: approximately 20 percent). Sales of electricity and capacity under the regulated contracts are made directly to the consumers, within the day-ahead market (DAM) – through commission agreements with JSC Centre of Financial Settlements (CFS). Electricity and capacity supply tariffs under the regulated contracts and electricity and heating supply tariffs in the non-pricing zone of the Far East are approved by Federal Antimonopoly Service and by regional regulatory authorities of the Russian Federation. On the DAM the price is determined by balancing the demand and supply and such price is applied to all market participants.

During the three months ended 31 March 2020 the Group received government subsidies of RR 11,470 million (for the three months ended 31 March 2019: RR 10,223 million) (Note 20).

Government subsidies receivable comprised RR 2,463 million as at 31 March 2020 (31 December 2019: RR 652 million) (Note 9). Accounts payable on free-of-charge targeted contributions of the Group comprised RR 3,421 million as at 31 March 2020 (31 December 2019: no accounts payable on free-of-charge targeted contributions) (Note 17).

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 40 percent of total expenses on purchased electricity, capacity and fuel for the three months ended 31 March 2020 (for the three months ended 31 March 2019: approximately 30 percent).

Grid companies services on electricity distribution provided to the Group by government-related entities comprised approximately 80 percent of total electricity distribution expenses for the three months ended 31 March 2020 (for the for the three months ended 31 March 2019: approximately 80 percent). The distribution of electricity is subject to tariff regulations.

Key management of the Group. Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, heads of the business subdivisions of the Company and their deputies, key management of subsidiaries of RAO ES East subgroup.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the period and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the three months ended 31 March 2020 comprised RR 181 million (for the three months ended 31 March 2019: RR 183 million).

Note 6. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Right-of-use assets	Total
Balance as at 31 December 2019	101,994	394,827	449,098	238,953	17,479	8,361	1,210,712
Reclassification	1,965	(1,939)	78	(3)	71	(172)	-
Additions	87	121	656	11,882	244	371	13,361
Transfers	3,291	27,871	10,829	(42,172)	181	-	-
Disposals of subsidiaries	(25)	(139)	(247)	(3)	(10)	-	(424)
Disposals and write-offs	(189)	(141)	(456)	(894)	(188)	(152)	(2,020)
Balance as at 31 March 2020	107,123	420,600	459,958	207,763	17,777	8,408	1,221,629
Accumulated depreciation (including impairment)							
Balance as at 31 December 2019	(45,079)	(235,069)	(216,455)	(22,675)	(11,502)	(2,070)	(532,850)
Reclassification	(3,747)	3,328	281	(1)	(11)	150	-
Impairment charge	-	(8)	(36)	(334)	(4)	-	(382)
Depreciation charge	(433)	(2,049)	(4,106)	-	(332)	(280)	(7,200)
Transfers	(11)	(178)	(164)	353	-	-	-
Disposals of subsidiaries	12	63	97	1	9	-	182
Disposals and write-offs	153	56	359	235	115	94	1,012
Balance as at 31 March 2020	(49,105)	(233,857)	(220,024)	(22,421)	(11,725)	(2,106)	(539,238)
Net book value as at 31 March 2020	58,018	186,743	239,934	185,342	6,052	6,302	682,391
Net book value as at 31 December 2019	56,915	159,758	232,643	216,278	5,977	6,291	677,862

The carrying amounts of the Group's right-of-use assets and the movements during the reporting period are presented in the table below:

	Right-of-use assets				
	Buildings	Facilities	Plant and equipment	Other	Total
Balance as at 31 December 2019	1,733	3,280	1,220	58	6,291
Additions	202	134	18	17	371
Reclassification	(11)	184	(199)	4	(22)
Depreciation charge	(113)	(111)	(47)	(9)	(280)
Disposals and write-offs	(40)	(14)	-	(4)	(58)
Balance as at 31 March 2020	1,771	3,473	992	66	6,302

Assets under construction represent the expenditures for property, plant and equipment that are being constructed, including power plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 March 2020 such advances amounted to RR 33,028 million (31 December 2019: RR 34,850 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 1,774 million, the capitalisation rate was 7.15 percent (for the three months ended 31 March 2019: RR 2,323 million, the capitalisation rate was 7.88 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 43 million (for the three months ended 31 March 2019: RR 58 million).

Impairment. Management of the Group considered the market and economic environment in which the Group operates to assess whether any indicators of property, plant and equipment being impaired existed, or that an impairment loss recognised in prior periods may no longer exist or may have decreased. At the reporting date no indicators of significant changes of management's assumptions used to determine the recoverable amounts of cash-generating units as at 31 December 2019 were identified as a result of this analysis.

Based on the same assumptions, the Group recognised an impairment loss in the amount of RR 382 million for the three months ended 31 March 2020 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the three months ended 31 March 2019: 1,474 million).

(in millions of Russian Rubles unless noted otherwise)

Note 7. Other non-current assets

	31 March 2020	31 December 2019
Long-term promissory notes	39,329	39,527
Discount on long-term promissory notes	(13,435)	(13,724)
Expected credit loss allowance for long-term promissory notes	(14,025)	(14,025)
Long-term promissory notes, net	11,869	11,778
Cross-currency and interest rate swap	2,869	-
VAT recoverable	1,067	971
Goodwill	481	481
Other non-current assets	6,790	6,623
Total other non-current assets	23,076	19,853

As at 31 December 2019, a liability in the amount of RR 820 million in respect of the cross-currency and interest rate swap arrangement with PJSC VTB Bank is included in other non-current liabilities (Note 16).

Note 8. Cash and cash equivalents

	31 March 2020	31 December 2019
Cash equivalents	20,125	25,559
Cash at bank	19,987	15,472
Cash in hand	17	16
Total cash and cash equivalents	40,129	41,047

Cash equivalents held as at 31 March 2020 and 31 December 2019 comprised short-term bank deposits with original maturities of three months or less.

Note 9. Accounts receivable and prepayments

	31 March 2020	31 December 2019
Trade receivables	77,590	65,358
Expected credit loss allowance for trade receivables	(31,446)	(29,863)
Trade receivables, net	46,144	35,495
VAT recoverable	8,491	9,570
Advances to suppliers and other prepayments	7,293	5,172
Provision for impairment of advances to suppliers and other prepayments	(1,036)	(754)
Advances to suppliers and other prepayments, net	6,257	4,418
Other receivables	9,753	9,332
Expected credit loss allowance for other receivables	(5,326)	(5,216)
Other receivables, net	4,427	4,116
Government grants receivables	2,463	652
Total accounts receivable and prepayments	67,782	54,251

The Group does not hold any accounts receivable pledged as collateral.

Note 10. Inventories

	31 March 2020	31 December 2019
Fuel	17,647	22,491
Materials and supplies	10,199	8,984
Spare parts	3,276	2,882
Other materials	416	223
Total inventories before provision for impairment	31,538	34,580
Provision for impairment of inventories	(203)	(194)
Total inventories	31,335	34,386

There are no inventories pledged as collateral for borrowings as at 31 March 2020 and as at 31 December 2019.

Note 11. Other current assets

	31 March 2020	31 December 2019
Deposits	60,686	46,801
Special funds	8,899	9,100
Loans issued	3,459	2,764
Expected credit loss allowance for loans issued	(3,431)	(2,739)
Loans issued, net	28	25
Other short-term investments	62	57
Total other current assets	69,675	55,983

As at 31 March 2020 the balance of special funds in the amount of RR 8,899 million received by the Group to fund construction of generating facilities, is placed to the special accounts of the Federal Treasury of Russia (as at 31 December 2019 года: RR 9,100 million). These special funds may be used by the Group only upon approval by the Federal Treasury of Russia according to the authorisation procedure, prescribed by the Order of the Ministry of Finance of the Russian Federation No. 213n dated 25 December 2015.

Note 12. Equity

	Number of issued and fully paid ordinary shares (Par value of RR 1.00)
As at 31 March 2020	426 288 813 551
As at 31 December 2019	426 288 813 551

Additional share issue 2018–2019. On 21 June 2018, the Board of Directors of the Company adopted a resolution to make a placement of 14,013,888,828 ordinary shares by open subscription. The placement price of the additional shares was determined at RR 1.00 per share. On 27 August 2018, the Decision on additional issue of securities and the Prospectus were registered with the Bank of Russia. In April – May 2019 during the pre-emptive right period the Company placed 7,000,092,298 additional shares (49.95 percent of the total volume of additional issue) at the price of RR 1.00 per share including 7,000,000,000 shares purchased by the Russian Federation, represented by the Federal Agency for State Property Management. The placement of the remaining shares of this issue will be held by open subscription.

As the additional share issue was not completed as at 31 March 2020, proceeds from this issue in the amount of RR 7,000 million were recorded within current liabilities.

Treasury shares. As at 31 March 2020 treasury shares were represented by 3,852,259,324 ordinary shares in the amount of RR 4,613 million (31 December 2019: 3,852,259,324 ordinary shares in the amount of RR 4,613 million).

Sale of shares of CJSC MEK. In December 2019 the Group concluded an agreement with OJSC Hrazdan Energy Company to sell 90 percent of shares of CJSC International Energy Corporation (CJSC MEK) for a cash consideration of RR 173 million. The transaction was completed in March 2020 after the buyer's repayment of CJSC MEK's debt to European Bank for Reconstruction and Development and Asian Development Bank, and cancellation of PJSC RusHydro's guarantees on these loans. As a result of the disposal of the subsidiary the non-controlling interest increased by RR 24 million. Accumulated loss on foreign translation reserve in amount of RR 348 million related to the translation to the reporting currency of the assets and liabilities of the subsidiary denominated in Armenian drams was recycled to profit or loss.

Note 13. Income tax

Income tax expense is recognised based on the management's best estimate as of the reporting date of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional, one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the three months ended 31 March 2020 was 18 percent (for the three months ended 31 March 2019: 22 percent).

	Three months ended 31 March 2020	Three months ended 31 March 2019
Current income tax expense	4,606	4,723
Deferred income tax expense	981	347
Total income tax expense	5,587	5,070

(in millions of Russian Rubles unless noted otherwise)

Note 14. Current and non-current debt

Non-current debt

	Due date	31 March 2020	31 December 2019
PJSC Bank VTB	2020–2025	49,644	51,361
Eurobonds (RusHydro Capital Markets DAC) issued in February 2018	2021	20,135	20,492
Eurobonds (RusHydro Capital Markets DAC) issued in September 2017	2022	19,916	20,314
PJSC Sberbank	2020–2026	19,458	18,010
Eurobonds in Chinese Yuan (RusHydro Capital Markets DAC) issued in November 2018	2021	16,730	13,294
Eurobonds (RusHydro Capital Markets DAC) issued in November 2019	2024	15,223	14,962
Eurobonds (RusHydro Capital Markets DAC) issued in November 2018	2022	15,158	15,485
Russian bonds (PJSC RusHydro) issued in June 2017	2020	10,240	10,036
PJSC ROSBANK	2020–2021	7,536	9,371
Bank GPB (JSC)	2020–2027	4,673	4,602
JSC Far East Development Fund	2020–2026	4,634	4,819
Municipal authority of Kamchatka region	2020–2034	1,591	1,559
Other long-term debt	-	3,489	6,216
Lease liabilities	-	7,536	7,331
Total		195,963	197,852
Less current portion of non-current debt		(51,539)	(33,876)
Less current portion lease liabilities		(1,395)	(1,448)
Total non-current debt		143,029	162,528

Current debt

	31 March 2020	31 December 2019
Bank GPB (JSC)	2,034	1,730
PJSC Sberbank	1,193	2,381
Municipal authority of Kamchatka region	750	-
PJSC ROSBANK	327	-
Other current debt	151	-
Current portion of non-current debt	51,539	33,876
Short term of lease liabilities	1,395	1,448
Total current debt and current portion of non-current debt	57,389	39,435
<i>Reference:</i>		
Interest payable	1,519	1,907

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 31 March 2020 and 31 December 2019 and during the reporting period the Group met all required covenant clauses of the credit agreements.

Note 15. Non-deliverable forward contract for shares

	The fair value of the forward contract
As at 31 December 2019	28,510
Change in the fair value of the non-deliverable forward contract for shares (Note 22)	(4,776)
Interim payments	(360)
As at 31 March 2020	23,374

The table below includes key assumptions made to determine the forward contract's fair value using the Monte-Carlo model:

Key assumptions made to assess the forward contract's fair value	31 March 2020	31 December 2019
Expected term of the forward transaction	4.93 years	5.18 years
Market value of the share	RR 0.6028	RR 0.5601
CB RF key refinancing rate	6.00 percent	6.25 percent
Volatility of shares	29.52 percent	25.62 percent
Risk-free rate	6.61 percent	6.15 percent
Discount rate	8.87 percent	6.67 percent
Expected dividend yield	7.00 percent	7.00 percent

The sensitivity analysis of the fair value of the forward contract to the key assumptions is presented in Note 26.

Note 16. Other non-current liabilities

	31 March 2020	31 December 2019
Pension benefit obligations	8,794	8,732
Non-current advances received	2,510	1,521
Cross-currency and interest rate swap	-	820
Other non-current liabilities	12,215	11,293
Total other non-current liabilities	23,519	22,366

As at 31 March 2020, an asset in the amount of RR 2,869 million in respect of the cross-currency and interest rate swap arrangement with PJSC VTB Bank is included in other non-current assets (Note 7).

Note 17. Accounts payable and accruals

	31 March 2020	31 December 2019
Trade payables	30,784	28,935
Advances received	12,992	14,884
Settlements with personnel	10,659	9,913
Accounts payable on free-of-charge targeted contributions	3,421	-
Accounts payable under factoring agreements	221	498
Dividends payable	159	163
Other accounts payable	4,937	5,252
Total accounts payable and accruals	63,173	59,645

All accounts payable and accruals are denominated in Russian Rubles.

Accounts payable on free-of-charge targeted contributions as at 31 March 2020 is the debts to the constituent budgets of the Far East Federal region according to Russian Government Resolution No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region", which stipulates the application of a premium to the price of capacity provided by the Company in the price zones of the wholesale electricity and capacity market with subsequent transfer of the amounts collected to the constituent budgets of the Far East Federal region in the form of free-of-charge targeted contributions.

Note 18. Other taxes payable

	31 March 2020	31 December 2019
VAT	13,397	9,818
Insurance contributions	3,794	3,461
Property tax	3,149	2,484
Other taxes	644	676
Total other taxes payable	20,984	16,439

Note 19. Revenue

	Three months ended 31 March 2020	Three months ended 31 March 2019
Sales of electricity and capacity in the retail market	47,381	43,962
Sales of electricity in the wholesale market	21,072	20,747
Sales of heat and hot water	17,010	16,687
Sales of capacity in the wholesale market	14,081	12,063
Rendering services for electricity transportation	4,181	3,521
Rendering services for connections to the grid	434	92
Other revenue	2,055	2,165
Total revenue	106,214	99,237

Other revenue includes revenue earned from rendering of construction, repairs and other services.

For the three months ended 31 March 2020 the Group's revenue recognised over time comprised RR 103,725 million (for the three months ended 31 March 2019: RR 96,980 million), recognised at a point in time – RR 2,489 million (for the three months ended 31 March 2019: RR 2,257 million).

Note 20. Government grants

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for compensation of the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel, purchased electricity and capacity.

During the three months ended 31 March 2020, the Group received government subsidies of RR 11,470 million (for the three months ended 31 March 2019: RR 10,223 million). The subsidies were received in the following territories: Kamchatsky territory, Sakha Republic (Yakutia), Magadan Region, Chukotka Autonomous Area and other Far East regions.

The total amount of government grants received by the Group companies – guaranteeing suppliers, under the Resolution of the Russian Government No. 895 “On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region”, for the three months ended 31 March 2020 was RR 7,555 million (for the three months ended 31 March 2019: RR 6,071 million).

Note 21. Operating expenses (excluding impairment losses)

	Three months ended 31 March 2020	Three months ended 31 March 2019
Fuel expenses	22,709	23,684
Employee benefit expenses (including payroll taxes and pension benefit expenses)	19,618	19,189
Purchased electricity and capacity	13,407	13,860
Grid companies services on electricity distribution	10,098	10,064
Depreciation of property, plant and equipment and amortisation of intangible assets	7,027	6,384
Taxes other than on income	3,280	2,765
Other materials	1,779	1,557
Third parties services, including:		
Support of electricity and capacity market operation	1,047	985
Purchase and transportation of heat power	998	874
Security expenses	951	866
Repairs and maintenance	912	859
Insurance cost	609	623
Consulting, legal and information expenses	501	277
Services of subcontracting companies	205	174
Rent	205	313
Transportation expenses	149	224
Other third parties services	2,078	1,938
Water usage expenses	1,241	992
Social charges	253	331
Purchase of oil products for sale	239	6
Loss on disposal of property, plant and equipment, net	203	74
Travel expenses	171	202
Other expenses	622	113
Total operating expenses (excluding impairment losses)	88,302	86,354

Note 22. Finance income, costs

	Three months ended 31 March 2020	Three months ended 31 March 2019
<i>Finance income</i>		
Change of fair value of non-deliverable forward contract for shares (Note 15)	4,776	686
Change of fair value of cross-currency and interest rate swap	3,689	-
Interest income	1,253	1,860
Income on discounting	125	320
Foreign exchange gain	86	760
Other income	66	78
Total finance income	9,995	3,704
<i>Finance costs</i>		
Foreign exchange loss	(3,166)	(35)
Interest expense	(1,963)	(1,453)
Interest expense on lease liabilities	(137)	(167)
Expense on discounting	(95)	(44)
Change of fair value of cross-currency and interest rate swap	-	(757)
Other costs	(209)	(263)
Total finance costs	(5,570)	(2,719)

Note 23. Capital commitments

In accordance with consolidated investment programme approved under the consolidated business plan of the Group, as of 31 March 2020 the Group has to invest RR 524,992 million for the period 2020–2024 for reconstruction of the existing and construction of new power plants and grids, including capital commitments for 2020 year in the amount of RR 94,958 million, for 2021 year – RR 110,631 million, for 2022 year – RR 117,644 million, for 2023 year – RR 102,280 million, for 2024 year – RR 99,479 million (31 December 2019: RR 343,747 million for the period 2020–2024).

Note 24. Contingencies

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services and other social needs in the geographical areas in which it operates. Management believes that there are no material liabilities that should have been recognized at the reporting date.

Insurance. The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed for those risks for which it does not have insurance.

Legal proceedings. The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the financial position and results of the Group.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management may be challenged by tax authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. The impact of this course of events cannot be assessed with sufficient reliability, but it can be significant in terms of the financial situation and / or the business of the Group. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties.

In 2020 the Company joined the tax monitoring system (a new form of interaction with the tax authorities that does not involve in-house or on-site inspections, as a general rule). Nevertheless, an on-site inspection of the Company can be made with regard to open periods (2018 and 2019 years). Within the tax monitoring framework, the Company may request a reasoned opinion of the tax authority on certain controversial tax issues. A reasoned opinion is binding on both the tax authorities and the Company.

In respect of subsidiaries of the Group fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions with related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis.

During the three months ended 31 March 2020, the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the period. Management has implemented internal controls to be in compliance with this transfer pricing legislation. In case of receipt of a request from tax authorities, the management of the Group will provide documentation meeting the requirements of Art. 105.15 of the Tax Code in respect of the periods that are open for the review of the completeness of tax calculation and payment in accordance with the Chapter 14.5 of the Tax Code.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Changes aimed at countering tax evasions have been added to the Russian tax legislation and became effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies and the

concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation. Also, the new provisions introduce the rules for determining tax residency for foreign legal entities at the place of their actual management (if a foreign company is recognised as a Russian tax resident, the whole amount of such company's income will be subject to taxation in Russia).

The Group takes necessary steps to comply with these changes of the Russian tax legislation. However, there are no sustainable practices yet as to how to apply the new rules; therefore, at present, it does not seem practicable to reliably estimate the probability of claims from Russian tax authorities in relation to the compliance of the Group's companies with these changes and the probability of positive outcome of tax disputes (if any). Tax disputes (if any) may have an impact on the Group's overall financial position and results of operations.

Management of the Group believes that as at 31 March 2020, its interpretation of the relevant legislation was appropriate and the Group's tax positions would be sustained.

Environmental matters. The Group companies and their predecessor entities have operated in the utilities industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group companies periodically evaluate their obligations under environmental regulations. The assets retirement obligation for ash dumps used by the Group comprised RR 1,757 million as at 31 March 2020 (31 December 2019: RR 1,779 million).

Potential liabilities may arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Note 25. Financial instruments and financial risk management

Financial risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

This Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; it should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

There have been no changes in the Group's risk management policies during the three months ended 31 March 2020.

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2020 (unaudited)



(in millions of Russian Rubles unless noted otherwise)

Presentation of financial instruments by measurement category. The following table provides a reconciliation of classes of financial assets with the measurement categories of IFRS 9 Financial instruments and information about the balance of special funds held on the accounts at the Federal Treasury as at 31 March 2020 and 31 December 2019.

As at 31 March 2020	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Assets				
Other non-current assets (Note 7)	12,701	2,869	-	15,570
Promissory notes	11,869	-	-	11,869
Cross currency and interest rate swap	-	2,869	-	2,869
Long-term receivables	354	-	-	354
Long-term loans issued	478	-	-	478
Financial assets at fair value through profit or loss	-	2	-	2
Financial assets at fair value through other comprehensive income	-	-	406	406
Trade and other receivables (Note 9)	50,163	-	-	50,163
Trade receivables	46,144	-	-	46,144
Other financial receivables	4,019	-	-	4,019
Other current assets (Note 11)	69,613	-	-	69,613
Special funds	8,899	-	-	8,899
Deposits	60,686	-	-	60,686
Short-term loans issued	28	-	-	28
Cash and cash equivalents (Note 8)	40,129	-	-	40,129
Total financial assets	172,606	2,871	406	175,883
Non-financial assets				776,272
Total assets				952,155
As at 31 December 2019	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Assets				
Other non-current assets (Note 7)	12,616	-	-	12,616
Promissory notes	11,778	-	-	11,778
Long-term receivables	364	-	-	364
Long-term loans issued	474	-	-	474
Financial assets at fair value through profit or loss	-	3	-	3
Financial assets at fair value through other comprehensive income	-	-	418	418
Trade and other receivables (Note 9)	39,084	-	-	39,084
Trade receivables	35,495	-	-	35,495
Other financial receivables	3,589	-	-	3,589
Other current assets (Note 11)	55,926	-	-	55,926
Special funds	9,100	-	-	9,100
Deposits	46,801	-	-	46,801
Short-term loans issued	25	-	-	25
Cash and cash equivalents (Note 8)	41,047	-	-	41,047
Total financial assets	148,673	3	418	149,094
Non-financial assets				772,919
Non-current assets classified as held for sale				3,106
Total assets				925,119

As at 31 March 2020 financial liabilities of the Group carried at fair value are represented by the non-deliverable forward contract for shares in the amount of RR 23,374 million (Note 15) (31 December 2019: RR 28,510 million).

All other financial liabilities of the Group are carried at amortised cost and are represented mainly by the current and non-current debt (Note 14), trade payables, accounts payable under factoring agreements and other accounts payable (Note 17).

Note 26. Fair value of assets and liabilities

a) 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.

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised, are as follows:

31 March 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investments: Financial assets at fair value through profit or loss	2	-	-	2
Equity investments: Financial assets at fair value through other comprehensive income	-	-	406	406
Cross currency and interest rate swap	-	-	2,869	2,869
Total assets requiring recurring fair value measurements	2	-	3,275	3,277
Financial liabilities				
Non-deliverable forward contract for shares	-	-	23,374	23,374
Total liabilities requiring recurring fair value measurements	-	-	23,374	23,374
31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investments: Financial assets at fair value through profit or loss	3	-	-	3
Equity investments: Financial assets at fair value through other comprehensive income	-	-	418	418
Total assets requiring recurring fair value measurements	3	-	418	421
Financial liabilities				
Non-deliverable forward contract for shares	-	-	28,510	28,510
Cross currency and interest rate swap	-	-	820	820
Total liabilities requiring recurring fair value measurements	-	-	29,330	29,330

There were no changes in the valuation techniques, inputs and assumptions for recurring fair value measurements during the three months ended 31 March 2020.

As at 31 March 2020 and 31 December 2019 the fair value of the non-deliverable forward contract for shares is determined based on the Monte-Carlo model, taking into account adjustments and using unobservable inputs, and included in Level 3 of fair value hierarchy (Note 15).

The valuation of the Level 3 financial liability and the related sensitivity to reasonably possible changes in unobservable inputs are as follows as at 31 March 2020 and 31 December 2019:

	Fair value	Valuation technique	Significant unobservable/observable inputs	Reasonably possible change	Reasonably possible values	Change of fair value measurement
Financial liability						
As at 31 March 2020						
Non-deliverable forward contract for shares	23,374	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(519)
				+2%	9.00 percent	521
			Market value of the share	-20%	RR 0.4822	5,538
				+20%	RR 0.7234	(5,553)
As at 31 December 2019						
Non-deliverable forward contract for shares	28,510	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(338)
				+2%	9.00 percent	687
			Market value of the share	-20%	RR 0.4481	5,713
				+20%	RR 0.6721	(5,481)

Based on management's assessment, possible changes of unobservable inputs do not have a significant impact on the fair value of the non-deliverable forward contract.

The estimated fair value of the non-deliverable forward contract is significantly influenced by observable inputs, in particular, by the market value of the shares which was RR 0.6028 as at 31 March 2020 (31 December 2019: RR 0.5601) (Note 15).

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

Financial assets carried at amortised cost. The Group considers that the fair value of cash (Level 1 of the fair value hierarchy), cash equivalents and short-term deposits (Level 2 of the fair value hierarchy), short-term accounts receivable (Level 3 of the fair value hierarchy) approximates their carrying value. The fair value of long-term accounts receivable, other non-current and current assets is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy); the fair value of these assets approximates their carrying value.

Liabilities carried at amortised cost. The fair value of floating rate liabilities approximates their carrying value. The fair value of bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy).

The fair value of current liabilities carried at amortised cost approximates their carrying value.

As at 31 March 2020 the fair value of bonds exceeded their carrying value by RR 39 million (31 December 2019: the fair value of bonds exceeded their carrying value by RR 2,919 million).

As at 31 March 2020 the carrying value of non-current fixed rate debt was RR 66,390 million and exceeded its fair value by RR 969 million (31 December 2019: the carrying value of non-current fixed rate debt was RR 69,434 million and exceeded its fair value by RR 922 million).

Note 27. Subsequent events

There were no significant subsequent events that can influence the Group's financial position, cash flows or operating results which took place during the period between reporting date and date of signing of the Group's condensed consolidated interim financial information as at and for the three months ended 31 March 2020 prepared in accordance to IFRS.