



RUSHYDRO GROUP

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

As at and for the three and six months ended 30 June 2020

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REPORT ON REVIEW

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Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Board of Directors of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro:

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro and its subsidiaries (together – the “Group”) as at 30 June 2020 and the related condensed consolidated interim statements of income and comprehensive income for the three-month and six-month periods then ended, condensed consolidated interim statements of cash flows and changes in equity for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

AO PricewaterhouseCoopers Audit
27 August 2020
Moscow, Russian Federation



T. V. Sirotinskaya, certified auditor (licence No. 01-000527), AO PricewaterhouseCoopers Audit

Audited entity: Public joint stock company Federal Hydro-Generating Company – RusHydro

Record made in the Unified State Register of Legal Entities on 26 December 2004 under State Registration Number 1042401810494

Taxpayer Identification Number 2460066195

660017, Russian Federation, Krasnoyarsk Region, Krasnoyarsk, Dubrovinskogo str. 43, b/d. 1

Independent auditor:
AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

	Note	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	685,341	677,862
Investments in associates and joint ventures		16,155	16,396
Financial assets at fair value through other comprehensive income		392	418
Deferred income tax assets		19,671	19,259
Other non-current assets	7	22,214	19,853
Total non-current assets		743,773	733,788
Current assets			
Cash and cash equivalents	8	59,842	41,047
Income tax receivable		2,100	2,558
Accounts receivable and prepayments	9	58,604	54,251
Inventories	10	30,372	34,386
Other current assets	11	57,817	55,983
		208,735	188,225
Non-current assets and assets of disposal group classified as held for sale	1	530	3,106
Total current assets		209,265	191,331
TOTAL ASSETS		953,038	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		144,473	104,786
Equity attributable to the shareholders of PJSC RusHydro		605,351	565,664
Non-controlling interest	12	6,073	4,211
TOTAL EQUITY		611,424	569,875
Non-current liabilities			
Non-current debt	14	139,950	162,528
Non-deliverable forward contract for shares	15	18,836	28,510
Deferred income tax liabilities		16,930	15,255
Other non-current liabilities	16	26,448	22,366
Total non-current liabilities		202,164	228,659
Current liabilities			
Current debt and current portion of non-current debt	14	56,057	39,435
Accounts payable and accruals	17	52,772	59,645
Accounts payable in respect of share issue	12	13,000	7,000
Current income tax payable		341	785
Other taxes payable	18	17,280	16,439
		139,450	123,304
Liabilities of disposal group classified as held for sale	1	-	3,281
Total current liabilities		139,450	126,585
TOTAL LIABILITIES		341,614	355,244
TOTAL EQUITY AND LIABILITIES		953,038	925,119

Chairman of Management Board – General Director

Chief Accountant



(Handwritten signature of N.G. Shulginov)
(Handwritten signature of I.U.G. Medvedeva)

N.G. Shulginov

I.U.G. Medvedeva

27 August 2020

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



	Note	Six months ended 30 June		Three months ended 30 June	
		2020	2019	2020	2019
Revenue	19	193,866	180,890	87,652	81,653
Government grants	20	24,191	19,244	12,721	9,021
Other operating income	1	861	470	558	192
Operating expenses (excluding impairment losses)	21	(164,613)	(162,403)	(76,311)	(76,049)
Operating profit excluding impairment losses		54,305	38,201	24,620	14,817
Impairment of financial assets, net		(3,086)	(1,793)	(815)	(322)
Impairment of property, plant and equipment	6	(692)	(1,945)	(310)	(471)
Impairment of other assets		-	(2,045)	-	(2,045)
Operating profit		50,527	32,418	23,495	11,979
Finance income	22	13,098	9,939	6,748	6,235
Finance costs	22	(6,327)	(4,990)	(4,402)	(2,271)
Share of results of associates and joint ventures		106	463	68	305
Profit before income tax		57,404	37,830	25,909	16,248
Income tax expense	13	(10,579)	(8,445)	(4,992)	(3,375)
Profit for the period		46,825	29,385	20,917	12,873
Attributable to:					
Shareholders of PJSC RusHydro		45,907	31,101	21,251	15,192
Non-controlling interest		918	(1,716)	(334)	(2,319)
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)		0.1087	0.0736	0.0503	0.0360
Weighted average number of shares outstanding – basic and diluted (millions of shares)		422,437	422,437	422,437	422,437

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Profit for the period	46,825	29,385	20,917	12,873
Other comprehensive income, net of income tax:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of pension benefit obligations	(414)	(947)	(414)	(947)
(Loss) / gain arising on financial assets at fair value through other comprehensive income	(25)	-	(13)	1
Total items that will not be reclassified to profit or loss	(439)	(947)	(427)	(946)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Accumulated loss on foreign translation reserve recycled to profit or loss	348	-	-	-
Other comprehensive income / (loss)	50	(39)	1	(5)
Total items that may be reclassified subsequently to profit or loss	398	(39)	1	(5)
Total other comprehensive loss	(41)	(986)	(426)	(951)
Total comprehensive income for the period	46,784	28,399	20,491	11,922
Attributable to:				
Shareholders of PJSC RusHydro	45,958	30,376	20,917	14,502
Non-controlling interest	826	(1,977)	(426)	(2,580)

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



	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		57,404	37,830
Depreciation of property, plant and equipment and amortisation of intangible assets	21	13,919	12,460
Loss on disposal of property, plant and equipment, net	21	287	302
Share of results of associates and joint ventures		(106)	(463)
Other operating income		(861)	(470)
Finance income	22	(13,098)	(9,939)
Finance costs	22	6,327	4,990
Impairment of property, plant and equipment	6	692	1,945
Impairment of financial assets, net		3,086	1,793
Impairment of other assets		-	2,045
Other loss		94	105
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		67,744	50,598
Working capital changes:			
Increase in accounts receivable and prepayments		(9,980)	(9,831)
Decrease in other current assets, net of deposits and special funds		690	634
Decrease in inventories		2,680	1,505
Decrease in accounts payable and accruals, net of dividends payable		(13)	(939)
Increase in other taxes payable		1,107	1,121
Increase in other non-current assets		(521)	(635)
Increase / (decrease) in other non-current liabilities		947	(287)
Income tax paid		(9,071)	(8,788)
Net cash generated by operating activities		53,583	33,378
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(22,998)	(33,200)
Proceeds from sale of property, plant and equipment		56	27
Investment in bank deposits and purchase of other investments		(56,790)	(32,750)
Redemption of bank deposits and proceeds from sale of other investments		60,268	44,756
Disposals of subsidiaries		(435)	-
Placement of special funds on special accounts		(6,000)	(7,000)
Contribution to the equity of disposed subsidiary due to the assets swap transaction		(575)	-
Proceeds from sale of investment in joint venture		-	450
Proceeds from sale of financial assets at fair value through profit or loss		-	232
Interest received		2,733	3,848
Net cash used in investing activities		(23,741)	(23,637)

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



	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue	12	6,000	7,000
Payments for non-deliverable forward for shares	15	(1,299)	(2,493)
Proceeds from current debt		17,589	25,001
Proceeds from non-current debt		18,499	14,438
Repayment of debt		(44,005)	(49,703)
Interest paid		(7,091)	(6,962)
Payments on cross-currency and interest rate swap		(67)	(227)
Repayment of lease liabilities		(428)	(385)
Dividends paid		(216)	-
Net cash used in financing activities		(11,018)	(13,331)
Effect of foreign exchange differences on cash and cash equivalents balances		(29)	(2)
Increase / (decrease) in cash and cash equivalents		18,795	(3,592)
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	59,842	61,840

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 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		-	-	-	-	-	-	-	31,101	31,101	(1,716)	29,385
Remeasurement of pension benefit obligations		-	-	-	-	-	-	(686)	-	(686)	(261)	(947)
Other comprehensive loss		-	-	-	-	(41)	-	-	2	(39)	-	(39)
Total other comprehensive loss		-	-	-	-	(41)	-	(686)	2	(725)	(261)	(986)
Total comprehensive income		-	-	-	-	(41)	-	(686)	31,103	30,376	(1,977)	28,399
Dividends	12	-	-	-	-	-	-	-	(15,775)	(15,775)	(117)	(15,892)
Changes in non-controlling interest	12	-	-	-	-	-	-	-	380	380	(326)	54
As at 30 June 2019		426,289	(4,613)	39,202	(135,075)	(385)	529	147	265,227	591,321	7,398	598,719
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		-	-	-	-	-	-	-	45,907	45,907	918	46,825
Remeasurement of pension benefit obligations		-	-	-	-	-	-	(322)	-	(322)	(92)	(414)
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	(25)	-	-	(25)	-	(25)
Accumulated loss on foreign translation reserve recycled to profit or loss	12	-	-	-	-	348	-	-	-	348	-	348
Other comprehensive income		-	-	-	-	34	-	-	16	50	-	50
Total other comprehensive loss		-	-	-	-	382	(25)	(322)	16	51	(92)	(41)
Total comprehensive income		-	-	-	-	382	(25)	(322)	45,923	45,958	826	46,784
Dividends	12	-	-	-	-	-	-	-	-	-	(179)	(179)
Changes in non-controlling interest due to disposal of the subsidiary	12	-	-	-	-	-	-	-	(24)	(24)	24	-
Changes in non-controlling interest due to asset swap transaction	1, 12	-	-	-	-	-	-	74	(6,375)	(6,301)	1,191	(5,110)
Other changes		-	-	-	-	-	-	-	54	54	-	54
As at 30 June 2020		426,289	(4,613)	39,202	(135,075)	-	333	(61)	279,276	605,351	6,073	611,424

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.

Operating Environment of the Group The Russian Federation displays certain characteristics of an emerging market. Russia’s 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. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

On 12 March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. In response to the pandemic, Russian authorities have taken a range of measures to curb the spread and mitigate the impact of COVID-19, such as bans and restrictions on movement, self-isolation, and restrictions on commercial activities, including the closure of businesses. These measures, in particular, have significantly limited economic activity in Russia and have already had and may still have a negative impact on the business, market participants, customers of the Group, as well as on the Russian and global economy for an indefinite period of time.

Management reviewed the impact of the pandemic on the Group’s financial performance, including the following key accounting estimates:

- measurement of expected credit losses for financial assets: for the measurement, the Group uses, among other things, forecasts of macroeconomic indicators, of which inflation forecasts have the greatest impact on the calculation. The Group’s management analysed the current economic forecasts in the expected credit losses model and concluded that they did not lead to a significant increase in expected credit losses;
- property, plant and equipment impairment assessment (Note 6);
- assessment of financial assets and liabilities measured at fair value (Level 3) (Notes 15, 26).

The Group’s management monitor the development of the economic situation and take necessary measures to ensure sustainability of the Group’s operations.

Future implications of the current economic situation and the measures mentioned above are difficult to predict, and current expectations and estimates of the management may differ from the actual results.

Relations with the Government and current regulation. As at 30 June 2020 the Russian Federation owned 61.73 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 30 June 2020 PJSC Bank VTB that is controlled by the Russian Federation owned 12.95 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.

Changes in the Group Structure. In the first half of 2020, the following changes took place in the structure of the Group, which have a significant impact on the condensed consolidated interim financial information.

The sale of CJSC IEC’s shares. In December 2019, an agreement was signed with OJSC Razdan Energy Company (RazTPP) on the sale of the Group’s 90 percent of share in CJSC International Energy Company (CJSC MEK) for a cash consideration of RR 173 million. The transaction was completed in March 2020 after the buyer repaid the loan obligations of CJSC MEK to the European Bank for Reconstruction and Development and the Asian Development Bank and removed the company’s guarantees for these loans.

CJSC MEK assets and liabilities as at 31 December 2019 are shown as assets and liabilities of the disposal group classified as held for sale. The gain on CJSC MEK disposal is recognised in other operating income.

Asset swap between the Group and LLC IC Donalink. In June 2020, the Group completed the first stage of the asset swap with LLC IC Donalink, which included the exchange of a 100 percent interest in JSC LUR and a 100 percent interest in the share capital of LLC Primorskaya GRES for a 41.98 percent interest in the Group's subsidiary PJSC DEK. At the first stage the Group transferred 100 percent minus 1 share of JSC LUR and a 85.54 percent interest in LLC Primorskaya GRES in exchange for a 38.04 percent interest in PJSC DEK. The fair value of the assets transferred was determined as RR 5 110 million which is equivalent to the fair value of PJSC DEK shares received.

The carrying value of assets and liabilities of LLC Primorskaya GRES and JSC LUR that were disposed of as a result of the transaction is presented below:

	Date of disposal
Non-current assets	
Property, plant and equipment	4,578
Deferred income tax assets	110
Other non-current assets	75
Total non-current assets	4,763
Current assets	
Cash and cash equivalents	435
Income tax receivable	14
Accounts receivable and prepayments	1,559
Inventories	1,336
Total current assets	3,344
Total assets of LLC Primorskaya GRES and JSC LUR	8,107
Non-current liabilities	
Deferred income tax liabilities	242
Other non-current liabilities	592
Total non-current liabilities	834
Current liabilities	
Accounts payable and accruals	2,463
Other taxes payable	265
Total current liabilities	2,728
Total liabilities of LLC Primorskaya GRES and JSC LUR	3,562
Net assets of LLC Primorskaya GRES and JSC LUR	4,545

The difference between the fair value of received shares of PJSC Far East Energy Company and the carrying amount of disposed net assets of the subsidiaries is recorded within other operating income.

The change in the non-controlling interest as a result of the swap is described in Note 12.

As at 30 June 2020 1 share of JSC LUR and 14.46 percent of share capital of LLC Primorskaya GRES are recorded within non-current assets classified as held for sale in the amount of RR 530 million. The second stage of the transaction was completed in July 2020 (Note 27).

Overview of the electricity and capacity market. In the first six months of 2020, the following significant changes were made to the rules of the Russian electricity and capacity wholesale and retail markets, their operation procedures and pricing mechanisms:

- The collection of a penalty in the event of incomplete or untimely payment of utilities by consumers was suspended until January 1, 2021 by Decree of the Russian Government No.424 of 2 April 2020. The right of the utility contractor to suspend (restrict) the provision of utility services has also been suspended until the same date. The Group's management does not expect a significant impact of this Decree on the collection of receivables and on the assessment of expected credit losses;
- As part of business support measures in connection with COVID-19, Russian Government Decree No.440 of 3 April 2020 "On the extension of permits and other special aspects in relation to permitting activities in 2020" extended the licensing period for energy sales activities until 1 July 2021.

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, revised composition of reporting segments (Note 3) 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 judgements, 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 judgements 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 valuation of the non-deliverable forward contract for the shares (Note 15), and the discount rate used in determining pension benefit obligations which decreased from 6.40 percent as at 31 December 2019 to 5.80 percent as at 30 June 2020.

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.

Apart from new standards and interpretations becoming effective from 1 January 2020 and after that date applicable to the Group as disclosed in the consolidated financial statements as at and for the year ended 31 December 2019, the following interpretations and amendments were issued which are applicable to the Group:

- Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41 and IAS 16, IAS 37, IFRS 3 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

These amendments are not expected to affect significantly the Group's consolidated financial statements.

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 the changes made to improve management efficiency. Thus, the

activities of individual Group subsidiaries are organised with the direct involvement of new segment managers. Comparative data have been revised accordingly. The revision of the segment composition did not have a significant impact on EBITDA by segment, on the basis of which the segments results are assessed.

The principal subsidiaries are presented below according to their allocation to the reportable segments as at 30 June 2020 and 31 December 2019, as well as major changes due to as a result of the segment composition revision.

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:

		30 June 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%

The RusHydro generation segment has replaced the PJSC RusHydro segment represented by the parent company of the Group. Other subsidiaries of the RusHydro generation segment were previously presented within other segments.

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.

		30 June 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	84.10%	90.20%	52.11%	52.17%
PJSC	Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
PJSC	Ryazanenergosbyt	90.52%	90.52%	90.52%	90.52%

(in millions of Russian Rubles unless noted otherwise)

The Supply companies segment has replaced the ESC RusHydro subgroup segment. PJSC DEK was previously presented within RAO ES East subgroup segment.

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:

		30 June 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	84.10%	100.00%	52.11%	100.00%
JSC	DRSK	84.10%	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.

The Far East energy companies segment has replaced the RAO ES of East subgroup segment. JSC Blagoveschensk TPP, JSC Sakhalin GRES-2, JSC TPP in Sovetskaya Gavan, JSC Ust'-Srednekanskaya HPP named after A. F. Dyakov, JSC Yakutskaya GRES-2 were previously presented within other segments.

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:

		30 June 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 condensed consolidated interim financial information, 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 condensed consolidated interim financial information.

Intersegment sales are carried out at market prices.

Segment information for the six months and three months ended 30 June 2020 and 30 June 2019 and as at 30 June 2020 and 31 December 2019 is presented below.

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Six months ended 30 June 2020	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	70,779	78,567	94,282	18,551	262,179	(68,313)	193,866
<i>including:</i>							
<i>from third parties</i>	64,249	73,182	53,391	3,044	193,866	-	193,866
<i>sales of electricity and capacity in the retail market</i>	193	65,928	17,802	1	83,924	-	83,924
<i>sales of electricity in the wholesale market</i>	42,723	156	921	17	43,817	-	43,817
<i>sales of capacity in the wholesale market</i>	21,185	6,625	85	85	27,980	-	27,980
<i>sales of heat and hot water</i>	80	-	24,654	1	24,735	-	24,735
<i>other revenue</i>	68	473	9,929	2,940	13,410	-	13,410
<i>from intercompany operations</i>	6,530	5,385	40,891	15,507	68,313	(68,313)	-
Government grants	-	1	24,190	-	24,191	-	24,191
Operating expenses (excluding depreciation and other non-monetary items)	(21,129)	(76,885)	(102,819)	(19,107)	(219,940)	69,535	(150,405)
EBITDA	49,650	1,683	15,653	(556)	66,430	1,222	67,652
Other operating income	17	-	42	71	130	-	130
Depreciation of property, plant and equipment	(6,976)	(150)	(6,204)	(714)	(14,044)	125	(13,919)
Other non-monetary items of operating income and expenses	(600)	(1,224)	(1,387)	(124)	(3,335)	(1)	(3,336)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(437)	-	(225)	(30)	(692)	-	(692)
<i>impairment of financial assets, net</i>	(226)	(1,193)	(1,576)	(91)	(3,086)	-	(3,086)
<i>loss on disposal of property, plant and equipment, net</i>	(157)	(31)	(91)	(7)	(286)	(1)	(287)
<i>profit on disposal of subsidiaries, net</i>	220	-	505	4	729	-	729
Operating profit / (loss)	42,091	309	8,104	(1,323)	49,181	1,346	50,527
Finance income							13,098
Finance costs							(6,327)
Share of results of associates and joint ventures							106
Profit before income tax							57,404
Income tax expense							(10,579)
Profit for the period							46,825
Capital expenditure	11,642	133	14,877	735	27,387	-	27,387
30 June 2020							
Non-current and current debt	123,597	7,563	63,591	1,256	196,007	-	196,007

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Six months ended 30 June 2019 (revised)	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	59,372	77,057	89,300	18,534	244,263	(63,373)	180,890
<i>including:</i>							
<i>from third parties</i>							
<i>sales of electricity and capacity in the retail market</i>	53,763	71,871	52,022	3,234	180,890	-	180,890
<i>sales of electricity in the wholesale market</i>	30	59,074	19,106	-	78,210	-	78,210
<i>sales of capacity in the wholesale market</i>	36,287	6,519	706	151	43,663	-	43,663
<i>sales of heat and hot water</i>	17,270	5,696	175	300	23,441	-	23,441
<i>other revenue</i>	82	-	23,948	1	24,031	-	24,031
<i>from intercompany operations</i>	94	582	8,087	2,782	11,545	-	11,545
Government grants	5,609	5,186	37,278	15,300	63,373	(63,373)	-
Operating expenses (excluding depreciation and other non-monetary items)	-	7	19,237	-	19,244	-	19,244
EBITDA	(21,498)	(75,744)	(97,298)	(18,078)	(212,618)	63,254	(149,364)
Other operating income	37,874	1,320	11,239	456	50,889	(119)	50,770
Depreciation of property, plant and equipment	15	-	185	19	219	-	219
Other non-monetary items of operating income and expenses	(6,238)	(129)	(5,427)	(790)	(12,584)	124	(12,460)
<i>including:</i>	(741)	(1,422)	(3,940)	(151)	(6,254)	143	(6,111)
<i>impairment of property, plant and equipment</i>	(927)	-	(928)	(90)	(1,945)	-	(1,945)
<i>impairment of other assets</i>	-	-	(2,045)	-	(2,045)	-	(2,045)
<i>reversal / (impairment) of financial assets, net</i>	308	(1,388)	(712)	(1)	(1,793)	-	(1,793)
<i>gain arising on financial assets at fair value through profit or loss</i>	-	-	-	251	251	-	251
<i>loss on disposal of other non-current assets</i>	-	-	-	(256)	(256)	-	(256)
<i>loss on disposal of property, plant and equipment, net</i>	(119)	(23)	(248)	(55)	(445)	143	(302)
<i>loss on disposal of subsidiaries, net</i>	(3)	(11)	(7)	-	(21)	-	(21)
Operating profit / (loss)	30,910	(231)	2,057	(466)	32,270	148	32,418
Finance income							9,939
Finance costs							(4,990)
Share of results of associates and joint ventures							463
Profit before income tax							37,830
Income tax expense							(8,445)
Profit for the period							29,385
Capital expenditure	21,224	61	16,754	1,529	39,568	-	39,568
31 December 2019							
Non-current and current debt	132,280	7,432	61,451	800	201,963	-	201,963

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Three months ended 30 June 2020	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	35,619	34,014	39,495	10,545	119,673	(32,021)	87,652
<i>including:</i>							
<i>from external companies</i>	33,047	32,124	20,866	1,615	87,652	-	87,652
<i>sales of electricity and capacity in the retail market</i>	110	28,524	7,908	1	36,543	-	36,543
<i>sales of electricity in the wholesale market</i>	22,343	68	334	-	22,745	-	22,745
<i>sales of capacity in the wholesale market</i>	10,535	3,327	37	-	13,899	-	13,899
<i>sales of heat and hot water</i>	23	-	7,702	-	7,725	-	7,725
<i>other revenue</i>	36	205	4,885	1,614	6,740	-	6,740
<i>from intercompany operations</i>	2,572	1,890	18,629	8,930	32,021	(32,021)	-
Government grants	-	-	12,721	-	12,721	-	12,721
Operating expenses (excluding depreciation and other non-monetary items)	(10,278)	(34,186)	(46,685)	(11,044)	(102,193)	32,859	(69,334)
EBITDA	25,341	(172)	5,531	(499)	30,201	838	31,039
Other operating income	11	-	41	1	53	-	53
Depreciation of property, plant and equipment	(3,525)	(81)	(2,990)	(361)	(6,957)	65	(6,892)
Other non-monetary items of operating income and expenses	(138)	(330)	(221)	(15)	(704)	(1)	(705)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(173)	-	(122)	(15)	(310)	-	(310)
<i>reversal of impairment / (impairment) of financial assets, net</i>	39	(299)	(549)	(6)	(815)	-	(815)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	1	(31)	(55)	2	(83)	(1)	(84)
<i>(loss) / profit on disposal of subsidiaries, net</i>	(5)	-	505	4	504	-	504
Operating profit / (loss)	21,689	(583)	2,361	(874)	22,593	902	23,495
Finance income							6,748
Finance costs							(4,402)
Share of results of associates and joint ventures							68
Profit before income tax							25,909
Income tax expense							(4,992)
Profit for the period							20,917
Capital expenditure	5,017	4	8,921	84	14,026	-	14,026

RusHydro Group
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Three months ended 30 June 2019 (revised)	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	30,365	33,543	36,306	10,218	110,432	(28,779)	81,653
<i>including:</i>							
<i>from third parties</i>							
<i>sales of electricity and capacity in the retail market</i>	27,875	31,826	20,286	1,666	81,653	-	81,653
<i>sales of electricity in the wholesale market</i>	20	25,602	8,626	-	34,248	-	34,248
<i>sales of capacity in the wholesale market</i>	19,522	3,066	205	123	22,916	-	22,916
<i>sales of heat and hot water</i>	8,249	2,885	78	166	11,378	-	11,378
<i>other revenue</i>	24	-	7,319	1	7,344	-	7,344
<i>from intercompany operations</i>	60	273	4,058	1,376	5,767	-	5,767
Government grants	2,490	1,717	16,020	8,552	28,779	(28,779)	-
Operating expenses (excluding depreciation and other non-monetary items)	-	2	9,019	-	9,021	-	9,021
EBITDA	18,800	(1,033)	3,740	(55)	21,452	(246)	21,206
Other operating income	4	-	1	11	16	-	16
Depreciation of property, plant and equipment	(3,225)	(63)	(2,484)	(375)	(6,147)	71	(6,076)
Other non-monetary items of operating income and expenses	(76)	(579)	(2,467)	(188)	(3,310)	143	(3,167)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(276)	-	(138)	(57)	(471)	-	(471)
<i>impairment of other assets</i>	-	-	(2,045)	-	(2,045)	-	(2,045)
<i>reversal of impairment / (impairment) of financial assets, net gain arising on financial assets at fair value through profit or loss</i>	340	(558)	(87)	(17)	(322)	-	(322)
<i>loss on disposal of other non-current assets</i>	-	-	-	176	176	-	176
<i>loss on disposal of property, plant and equipment, net</i>	(137)	(10)	(190)	(34)	(371)	143	(228)
<i>loss on disposal of subsidiaries, net</i>	(3)	(11)	(7)	-	(21)	-	(21)
Operating profit / (loss)	15,503	(1,675)	(1,210)	(607)	12,011	(32)	11,979
Finance income							6,235
Finance costs							(2,271)
Share of results of associates and joint ventures							305
Profit before income tax							16,248
Income tax expense							(3,375)
Profit for the period							12,873
Capital expenditure	11,489	52	10,412	735	22,688	-	22,688

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 six months ended 30 June 2020 and 30 June 2019 and as at 30 June 2020 and 31 December 2019 were associates and joint ventures of the Group, government-related entities.

Sales of electricity and capacity, as well as heat and hot water to associates and joint ventures of the Group are carried out at market prices or at established tariffs.

Joint ventures

The Group had the following balances with its joint ventures:

	Note	30 June 2020	31 December 2019
Long-term promissory notes receivable	7	8,681	8,287

Long-term promissory notes receivable are represented by non-interest bearing notes with maturity on demand, but not earlier than 31 December 2029.

The Group had the following transactions with its joint ventures:

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Sales of electricity and capacity	368	250	222	166
Other revenue	54	62	26	33
Purchased electricity and capacity	241	218	113	86

Associates

The Group had the following balances with its associates:

	30 June 2020	31 December 2019
Trade and other receivables	308	500
Accounts payable	1,736	1,679
Short-term lease liabilities	622	613
Long-term lease liabilities	2,247	2,127

The Group had the following transactions with its associates:

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Sales of electricity and capacity	818	991	348	424
Sales of heat and hot water	729	736	264	258
Other revenue	56	53	27	27
Interest expense on lease liabilities	99	104	52	2

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 and six months ended 30 June 2020 and 30 June 2019 and balances outstanding as at 30 June 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 and six months ended 30 June 2020 (for the three and six months ended 30 June 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 heat supply tariffs in the non-pricing zone of the Far East are approved by the 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 six months ended 30 June 2020 the Group received government subsidies of RR 24,191 million (for the six months ended 30 June 2019: RR 19,244 million). During the three months ended 30 June 2020 the Group received government subsidies of RR 12,721 million (for the three months ended 30 June 2019: RR 9,021 million) (Note 20).

Government subsidies receivable comprised RR 2,284 million as at 30 June 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 30 June 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 30 percent of total expenses on purchased electricity, capacity and fuel for the three and six months ended 30 June 2020 (for the three and six months ended 30 June 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 and six months ended 30 June 2020 (for the three and six months ended 30 June 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.

The compensation for key management of the Group - is mostly short-term except for 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 six months ended 30 June 2020 comprised RR 533 million (for the six months ended 30 June 2019: RR 659 million). Short-term remuneration paid to the key management of the Group for the three months ended 30 June 2020 comprised RR 353 million (for the three months ended 30 June 2019: RR 476 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	(6,785)	6,807	(112)	-	90	-	-
Additions	70	50	642	25,300	727	598	27,387
Transfers	3,898	30,272	17,710	(51,959)	79	-	-
Disposals of subsidiaries	(1,451)	(3,749)	(5,093)	(158)	(2,662)	-	(13,113)
Disposals and write-offs	(264)	(190)	(602)	(436)	(267)	(374)	(2,133)
Balance as at 30 June 2020	97,462	428,017	461,643	211,700	15,446	8,585	1,222,853
Accumulated depreciation (including impairment)							
Balance as at 31 December 2019	(45,078)	(235,045)	(216,480)	(22,675)	(11,502)	(2,070)	(532,850)
Reclassification	113	(563)	519	-	(69)	-	-
Impairment charge	-	(19)	(56)	(612)	(5)	-	(692)
Depreciation charge	(769)	(3,941)	(7,981)	-	(643)	(581)	(13,915)
Transfers	(10)	(210)	(236)	456	-	-	-
Disposals of subsidiaries	460	3,328	2,802	46	1,899	-	8,535
Disposals and write-offs	225	66	480	218	143	278	1,410
Balance as at 30 June 2020	(45,059)	(236,384)	(220,952)	(22,567)	(10,177)	(2,373)	(537,512)
Net book value as at 30 June 2020	52,403	191,633	240,691	189,133	5,269	6,212	685,341
Net book value as at 31 December 2019	56,916	159,782	232,618	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	315	217	34	32	598
Reclassification	(15)	190	(173)	(2)	-
Depreciation charge	(239)	(228)	(95)	(19)	(581)
Disposals and write-offs	(48)	(13)	(26)	(9)	(96)
Balance as at 30 June 2020	1,746	3,446	960	60	6,212

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 30 June 2020 such advances amounted to RR 32,019 million (31 December 2019: RR 34,850 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 3,436 million, the capitalisation rate was 7.47 percent (for the three months ended 30 June 2019: RR 4,783 million, the capitalisation rate was 7.81 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 101 million (for the three months ended 30 June 2019: RR 140 million).

Impairment. Management has analysed the impact of the COVID-19 pandemic on the current economic situation in which the Group operates, as well as other external and internal factors, in order to detect indicators of impairment of property, plant and equipment or that an impairment loss recognised in previous periods no longer exists or has decreased. The Group's management reviewed the key assumptions used to determine the recoverable amount of cash-generating units as at 31 December 2019 and concluded the following: the group's actual results for the first half of 2020 are in line with the planned indicators, the forecast for tariffs, electricity and capacity prices, the forecast for capital expenditures, and the discount rate have not changed significantly.

(in millions of Russian Rubles unless noted otherwise)

Based on the same assumptions, the Group recognised an impairment loss in the amount of RR 692 million for the three months ended 30 June 2020 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the three months ended 30 June 2019: 1,945 million). For the three months ended 30 June 2020, the impairment loss was RR 310 million (for the three months ended 30 June 2019: RR 471 million).

Note 7. Other non-current assets

	30 June 2020	31 December 2019
Long-term promissory notes	39,072	39,527
Discount on long-term promissory notes	(13,160)	(13,724)
Expected credit loss allowance for long-term promissory notes	(14,025)	(14,025)
Long-term promissory notes, net	11,887	11,778
VAT recoverable	1,482	971
Long-term advances to suppliers	1,385	163
Cross-currency and interest rate swap	863	-
Goodwill	481	481
Other non-current assets	6,116	6,460
Total other non-current assets	22,214	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

	30 June 2020	31 December 2019
Cash equivalents	43,674	25,559
Cash at bank	16,151	15,472
Cash in hand	17	16
Total cash and cash equivalents	59,842	41,047

Cash equivalents held as at 30 June 2020 and 31 December 2019 comprised short-term bank deposits with original maturities of three months or less.

Note 9. Accounts receivable and prepayments

	30 June 2020	31 December 2019
Trade receivables	68,641	65,358
Expected credit loss allowance for trade receivables	(31,773)	(29,863)
Trade receivables, net	36,868	35,495
VAT recoverable	6,647	9,570
Advances to suppliers and other prepayments	9,434	5,172
Provision for impairment of advances to suppliers and other prepayments	(872)	(754)
Advances to suppliers and other prepayments, net	8,562	4,418
Other receivables	9,629	9,332
Expected credit loss allowance for other receivables	(5,386)	(5,216)
Other receivables, net	4,243	4,116
Government grants receivables	2,284	652
Total accounts receivable and prepayments	58,604	54,251

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

Note 10. Inventories

	30 June 2020	31 December 2019
Fuel	15,959	22,491
Materials and supplies	10,865	8,984
Spare parts	3,420	2,882
Other materials	331	223
Total inventories before provision for impairment	30,575	34,580
Provision for impairment of inventories	(203)	(194)
Total inventories	30,372	34,386

There are no inventories pledged as collateral for borrowings as at 30 June 2020 and as at 31 December 2019.

Note 11. Other current assets

	30 June 2020	31 December 2019
Deposits	43,229	46,801
Special funds	14,445	9,100
Loans issued	3,117	2,764
Expected credit loss allowance for loans issued	(3,090)	(2,739)
Loans issued, net	27	25
Other short-term investments	116	57
Total other current assets	57,817	55,983

As at 30 June 2020 the balance of special funds in the amount of RR 14,445 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 30 June 2020	426,288,813,551
As at 31 December 2019	426,288,813,551

Additional share issue 2018–2020. 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 at the price of RR 1.00 per share, in May – June 2020 6,000,000,000 shares of this issue were placed. Of the total number of placed additional shares including 13,000,000,000 shares were purchased by the Russian Federation, represented by the Federal Agency for State Property Management.

As the additional share issue was not completed as at 30 June 2020, proceeds from this issue in the amount of RR 13,000 million were recorded within current liabilities.

Treasury shares. As at 30 June 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).

Changes in non-controlling interest. The change in non-controlling interest in the first half of 2020 is due to changes in the Group's structure (Note 1). As a result of the asset swap transaction with LLC MK Donalink a negative non-controlling interest in the amount of RR 1,191 million was disposed of. The fair value of the Group assets transferred in exchange for 38.04 of PJSC DEK shares comprised RR 5,110 million. The difference between the carrying amount of the non-controlling interest disposed and the fair value of the assets transferred is recognised in retained earnings. As a result of the sale of CJSC MEK a negative non-controlling interest in the amount of RR 24 million was disposed of.

In the first half of 2019 non-controlling interest decreased by RR 326 million. The decrease was due to changes in the Group structure which did not have a significant impact on the condensed consolidated interim financial information.

(in millions of Russian Rubles unless noted otherwise)

Foreign currency translation reserve. As a result of the sale of the subsidiary CJSC MEK (Note 1), the 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.

Dividends. On 28 June 2019, the Company declared dividends for the year ended 31 December 2018 of RR 0.0367 per share in the total amount of RR 15,919 million (RR 24 million excluding dividends to subsidiaries).

The annual general meeting of shareholders of the Company will be held in the form of absentee voting on 30 September 2020.

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 179 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RR 117 million).

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 six months ended 30 June 2020 was 18 percent (for the six months ended 30 June 2019: 22 percent).

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Current income tax expense	9,085	7,710	4,479	2,987
Deferred income tax expense	1,494	735	513	388
Total income tax expense	10,579	8,445	4,992	3,375

Note 14. Current and non-current debt

Non-current debt

	Due date	30 June 2020	31 December 2019
PJSC Bank VTB	2020–2025	49,520	51,361
Eurobonds (RusHydro Capital Markets DAC) issued in February 2018	2021	20,517	20,492
Eurobonds (RusHydro Capital Markets DAC) issued in September 2017	2022	20,330	20,314
PJSC Sberbank	2020–2022	20,217	18,010
Eurobonds (RusHydro Capital Markets DAC) issued in November 2018	2022	15,504	15,485
Eurobonds (RusHydro Capital Markets DAC) issued in November 2019	2024	14,973	14,962
Eurobonds in Chinese Yuan (RusHydro Capital Markets DAC) issued in November 2018	2021	14,861	13,294
PJSC ROSBANK	2020–2022	8,736	9,371
Bank GPB (JSC)	2020–2027	4,636	4,602
JSC Far East Development Fund	2020–2026	4,448	4,819
JSC "Russian regional development bank"	2022	2,355	-
Municipal authority of Kamchatka region	2020–2034	1,624	1,559
Russian bonds (PJSC RusHydro) issued in June 2017	-	-	10,036
Other long-term debt	-	5,363	6,216
Lease liabilities	-	7,635	7,331
Total		190,719	197,852
Less current portion of non-current debt		(49,364)	(33,876)
Less current portion of lease liabilities		(1,405)	(1,448)
Total non-current debt		139,950	162,528

(in millions of Russian Rubles unless noted otherwise)

Current debt

	30 June 2020	31 December 2019
Bank GPB (JSC)	3,414	1,730
Municipal authority of Kamchatka region	751	-
PJSC Sberbank	448	2,381
PJSC ROSBANK	432	-
JSC "Russian regional development bank"	143	-
Other current debt	100	-
Current portion of non-current debt	49,364	33,876
Short term of lease liabilities	1,405	1,448
Total current debt and current portion of non-current debt	56,057	39,435
<i>Reference:</i>		
Interest payable	1,845	1,907

Bonds redemption. Interest-bearing non-convertible bonds with a nominal value of RR 10,000 million issued in June 2017 were repaid in June 2020.

Compliance with covenants. The Group is subject to certain covenants under its loan agreements. As at 30 June 2020 and 31 December 2019 and during the reporting period, the Group met all required covenant clauses of the loan 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)	(8,375)
Interim payments	(1,299)
As at 30 June 2020	18,836

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	30 June 2020	31 December 2019
Expected term of the forward transaction	4.68 years	5.18 years
Market value of the share	RR 0.7504	RR 0.5601
CB RF key refinancing rate	4.50 percent	6.25 percent
Volatility of shares	30.09 percent	25.62 percent
Risk-free rate	5.32 percent	6.15 percent
Discount rate	5.90 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

	30 June 2020	31 December 2019
Pension benefit obligations	8,874	8,732
Non-current advances received	5,234	1,521
Cross-currency and interest rate swap	-	820
Other non-current liabilities	12,340	11,293
Total other non-current liabilities	26,448	22,366

As at 30 June 2020, an asset in the amount of RR 863 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

	30 June 2020	31 December 2019
Trade payables	25,784	28,935
Advances received	10,571	14,884
Settlements with personnel	8,163	9,913
Accounts payable on free-of-charge targeted contributions	3,421	-
Dividends payable	126	163
Accounts payable under factoring agreements	-	498
Other accounts payable	4,707	5,252
Total accounts payable and accruals	52,772	59,645

Accounts payable on free-of-charge targeted contributions as at 30 June 2020 represents the amounts payable 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

	30 June 2020	31 December 2019
VAT	11,130	9,818
Insurance contributions	3,200	3,461
Property tax	2,369	2,484
Other taxes	581	676
Total other taxes payable	17,280	16,439

Note 19. Revenue

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Sales of electricity and capacity in the retail market	83,924	78,210	36,543	34,248
Sales of electricity in the wholesale market	43,817	43,663	22,745	22,916
Sales of capacity in the wholesale market	27,980	23,441	13,899	11,378
Sales of heat and hot water	24,735	24,031	7,725	7,344
Rendering services for electricity transportation	7,831	6,937	3,650	3,416
Rendering services for connections to the grid	715	287	281	195
Other revenue	4,864	4,321	2,809	2,156
Total revenue	193,866	180,890	87,652	81,653

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

For the six months ended 30 June 2020 the Group's revenue recognised over time comprised RR 188,287 million (for the six months ended 30 June 2019: RR 176,282 million), recognised at a point in time – RR 5,579 million (for the six months ended 30 June 2019: RR 4,608 million).

For the three months ended 30 June 2020 the Group's revenue recognised over time comprised RR 84,562 million (for the three months ended 30 June 2019: RR 79,302 million), recognised at a point in time – RR 3,091 million (for the three months ended 30 June 2019: RR 2,352 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 six months ended 30 June 2020, the Group received government subsidies of RR 24,191 million (for the six months ended 30 June 2019: RR 19,244 million). During the three months ended 30 June 2020, the Group received government subsidies of RR 12,721 million (for the three months ended 30 June 2019: RR 12,721 million).

(in millions of Russian Rubles unless noted otherwise)

RR 9,021 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 six months ended 30 June 2020 was RR 14,464 million (for the six months ended 30 June 2019 RR 12,176 million). For the three months ended 30 June 2020 these subsidies amounted to RR 7,232 million (for the three months ended 30 June 2019: RR 6,105 million).

Note 21. Operating expenses (excluding impairment losses)

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Employee benefit expenses (including payroll taxes and pension benefit expenses)	39,605	39,075	19,987	19,886
Fuel expenses	37,103	38,034	14,394	14,350
Purchased electricity and capacity	24,200	24,572	10,793	10,712
Grid companies services on electricity distribution	18,491	18,823	8,393	8,759
Depreciation of property, plant and equipment and amortisation of intangible assets	13,919	12,460	6,892	6,076
Taxes other than on income	6,567	5,745	3,287	2,980
Other materials	4,439	4,162	2,660	2,605
Third parties services, including:				
Repairs and maintenance	2,273	2,700	1,361	1,841
Support of electricity and capacity market operation	2,081	1,962	1,034	977
Purchase and transportation of heat power	1,949	1,331	951	457
Security expenses	1,921	1,768	970	902
Insurance cost	1,177	1,191	568	568
Consulting, legal and information expenses	872	646	371	369
Services of subcontracting companies	789	756	584	582
Rent	419	435	214	122
Transportation expenses	308	341	159	117
Other third parties services	3,809	3,764	1,731	1,826
Water usage expenses	2,634	2,041	1,393	1,049
Social charges	585	791	332	460
Purchase of oil products for sale	349	35	110	29
Travel expenses	303	471	132	269
Loss on disposal of property, plant and equipment, net	287	302	84	228
Other expenses / (income)	533	998	(89)	885
Total operating expenses (excluding impairment losses)	164,613	162,403	76,311	76,049

Note 22. Finance income, costs

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
<i>Finance income</i>				
Change of fair value of non-deliverable forward contract for shares (Note 15)	8,375	3,812	3,599	3,126
Interest income	2,734	3,385	1,481	1,525
Change of fair value of cross-currency and interest rate swap	1,616	-	-	-
Income on discounting	229	1,175	110	855
Foreign exchange gain	80	1,489	1,558	729
Other income	64	78	-	-
Total finance income	13,098	9,939	6,748	6,235
<i>Finance costs</i>				
Interest expense	(3,951)	(2,381)	(1,988)	(928)
Foreign exchange loss	(1,602)	(35)	-	-
Interest expense on lease liabilities	(279)	(279)	(142)	(112)
Expense on discounting	(108)	(175)	(19)	(131)
Change of fair value of cross-currency and interest rate swap	-	(1,693)	(2,073)	(936)
Other costs	(387)	(427)	(180)	(164)
Total finance costs	(6,327)	(4,990)	(4,402)	(2,271)

Note 23. Capital commitments

In accordance with consolidated investment programme approved under the consolidated business plan of the Group, as of 30 June 2020 the Group has to invest RR 509,405 million for the period 2020–2024 for reconstruction of the existing and construction of new power plants and grids, including capital commitments for 2020 in the amount of RR 79,371 million, for 2021 – RR 110,631 million, for 2022 – RR 117,644 million, for 2023 – RR 102,280 million, for 2024 – 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 recognised 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 to 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, tax administration is gradually strengthening. 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.

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. 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 for 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 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 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 these 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 believes that as at 30 June 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 1,612 million as at 30 June 2020 (31 December 2019: RR 1,779 million) and is recognised in other non-current liabilities.

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 six months ended 30 June 2020.

(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 30 June 2020 and 31 December 2019.

As at 30 June 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)	12,728	863	-	13,591
Promissory notes	11,887	-	-	11,887
Cross currency and interest rate swap	-	863	-	863
Long-term receivables	372	-	-	372
Long-term loans issued	469	-	-	469
Financial assets at fair value through profit or loss	-	2	-	2
Financial assets at fair value through other comprehensive income	-	-	392	392
Trade and other receivables (Note 9)	40,669	-	-	40,669
Trade receivables	36,868	-	-	36,868
Other financial receivables	3,801	-	-	3,801
Other current assets (Note 11)	57,701	-	-	57,701
Special funds	14,445	-	-	14,445
Deposits	43,229	-	-	43,229
Short-term loans issued	27	-	-	27
Cash and cash equivalents (Note 8)	59,842	-	-	59,842
Total financial assets	170,940	865	392	172,197
Non-financial assets				780,311
Non-current assets classified as held for sale				530
Total assets				953,038

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three and six months ended 30 June 2020 (unaudited)



(in millions of Russian Rubles unless noted otherwise)

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
Assets of disposal group classified as held for sale				3,106
Total assets				925,119

As at 30 June 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 18,836 million (Note 15) (31 December 2019: RR 28,510 million) and by cross currency and interest rate swap in the amount of RR 820 million as at 31 December 2019.

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 16, 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:

30 June 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	-	-	392	392
Cross currency and interest rate swap	-	-	863	863
Total assets requiring recurring fair value measurements	2	-	1,255	1,257
Financial liabilities				
Non-deliverable forward contract for shares	-	-	18,836	18,836
Total liabilities requiring recurring fair value measurements	-	-	18,836	18,836
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 six months ended 30 June 2020.

As at 30 June 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 is 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 and observable inputs are as follows as at 30 June 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 30 June 2020						
Non-deliverable forward contract for shares	18,836	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(908)
			Market value of the share	+2%	9.00 percent	799
				-20%	RR 0.6003	7,507
				+20%	RR 0.9005	(7,262)
As at 31 December 2019						
Non-deliverable forward contract for shares	28,510	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(338)
			Market value of the share	+2%	9.00 percent	687
				-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 0.7504 as at 30 June 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, discounted at current interest rates, 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 30 June 2020 the fair value of bonds exceeded their carrying value by RR 3,291 million. As at 31 December 2019 the carrying value of bonds exceeded their fair value by RR 2,919 million.

As at 30 June 2020 the carrying value of non-current fixed rate debt was RR 61,274 million, which was less than its fair value by RR 549 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

In July 2020, the Group completed the second (final) stage of the asset swap with LLC IC Donalink (Note 1), in the framework of which the Group transferred 1 share of JSC LUR and a 14.46% interest in the share capital of LLC Primorskaya GRES for a 3.94% interest in PJSC Far East Energy Company.

In August 2020 the Company acquired a 7.68% interest in OJSC Sakhalin Energy Company (OJSC SEC), an associate of the Group, from PJSC NK Rosneft for a remuneration of RR 1,000 million. The Group's interest in OJSC SEC increased up to 42.31%.