



RUSHYDRO GROUP

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

As at and for the three and nine months ended 30 September 2019

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



	Note	30 September 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	711,851	669,424
Investments in associates and joint ventures		19,802	19,828
Financial assets at fair value through profit or loss		590	656
Financial assets at fair value through other comprehensive income		576	594
Deferred income tax assets		10,983	9,999
Other non-current assets	7	19,704	22,028
Total non-current assets		763,506	722,529
Current assets			
Cash and cash equivalents	8	50,212	65,432
Income tax receivable		2,855	3,737
Accounts receivable and prepayments	9	74,201	75,189
Inventories	10	38,572	30,721
Other current assets	11	28,002	33,873
		193,842	208,952
Non-current assets classified as held for sale		-	450
Total current assets		193,842	209,402
TOTAL ASSETS		957,348	931,931
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		137,277	115,523
Equity attributable to the shareholders of PJSC RusHydro		598,155	576,401
Non-controlling interest		6,404	9,818
TOTAL EQUITY		604,559	586,219
Non-current liabilities			
Non-current debt	14	152,459	157,948
Non-deliverable forward contract for shares	15	27,170	31,896
Deferred income tax liabilities		16,611	13,803
Other non-current liabilities	16	18,243	21,987
Total non-current liabilities		214,483	225,634
Current liabilities			
Current debt and current portion of non-current debt	14	48,495	38,899
Accounts payable and accruals	17	67,721	64,633
Accounts payable in respect of share issue	12	7,000	-
Current income tax payable		464	1,191
Other taxes payable	18	14,626	15,355
Total current liabilities		138,306	120,078
TOTAL LIABILITIES		352,789	345,712
TOTAL EQUITY AND LIABILITIES		957,348	931,931

Chairman of Management Board – General Director

N.G. Shulginov

Chief Accountant

IU.G. Medvedeva



12 December 2019

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



	Note	Nine months ended 30 September		Three months ended 30 September	
		2019	2018 (restated)	2019	2018 (restated)
Revenue	19	258,284	259,055	77,394	77,794
Government grants	20	29,336	29,615	10,092	9,591
Other operating income		614	5,340	144	444
Operating expenses (excluding impairment losses)	21	(236,621)	(225,005)	(74,218)	(72,807)
Operating profit excluding impairment losses		51,613	69,005	13,412	15,022
Impairment of property, plant and equipment	6	(2,414)	(2,225)	(469)	(1,103)
Impairment of financial assets, net		(1,503)	(2,782)	290	(378)
Impairment of other assets		(2,045)	-	-	-
Operating profit		45,651	63,998	13,233	13,541
Finance income	22	8,867	4,045	1,745	1,282
Finance costs	22	(7,022)	(9,693)	(4,849)	(3,824)
Share of results of associates and joint ventures		505	1,293	42	606
Profit before income tax		48,001	59,643	10,171	11,605
Income tax expense	13	(12,844)	(13,658)	(4,399)	(4,200)
Profit for the period		35,157	45,985	5,772	7,405
Attributable to:					
Shareholders of PJSC RusHydro		37,530	47,223	6,429	9,911
Non-controlling interest		(2,373)	(1,238)	(657)	(2,506)
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)		0.0888	0.1118	0.0152	0.0235
Weighted average number of shares outstanding – basic and diluted (millions of shares)		422,437	422,437	422,437	422,437

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018 (restated)	2019	2018 (restated)
Profit for the period	35,157	45,985	5,772	7,405
Other comprehensive income, net of income tax:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of pension benefit obligations	(947)	197	-	-
(Loss) / gain arising on financial assets at fair value through other comprehensive income	(14)	38	(14)	31
Total items that will not be reclassified to profit or loss	(961)	235	(14)	31
<i>Items that may be reclassified subsequently to profit or loss</i>				
Other comprehensive income / (loss)	7	(91)	46	(85)
Total items that may be reclassified subsequently to profit or loss	7	(91)	46	(85)
Total other comprehensive (loss) / income	(954)	144	32	(54)
Total comprehensive income for the period	34,203	46,129	5,804	7,351
Attributable to:				
Shareholders of PJSC RusHydro	36,837	47,336	6,461	9,857
Non-controlling interest	(2,634)	(1,207)	(657)	(2,506)

	Note	Nine months ended 30 September 2019	Nine months ended 30 September 2018 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		48,001	59,643
Depreciation of property, plant and equipment and amortisation of intangible assets	21	18,894	16,757
Loss on disposal of property, plant and equipment, net	21	261	595
Share of results of associates and joint ventures		(505)	(1,293)
Other operating income		(614)	(5,340)
Finance income	22	(8,867)	(4,045)
Finance costs	22	7,022	9,693
Impairment of property, plant and equipment	6	2,414	2,225
Impairment of financial assets, net		1,503	2,782
Impairment of other assets		2,045	-
Other loss / (income)		172	(16)
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		70,326	81,001
Working capital changes:			
Increase in accounts receivable and prepayments		(5,653)	(6,890)
Decrease / (increase) in other current assets, net of deposits and special funds		580	(307)
Increase in inventories		(7,713)	(8,116)
(Decrease) / increase in accounts payable and accruals, net of dividends payable		(461)	3,859
Decrease in other taxes payable		(708)	(1,013)
Decrease / (increase) in other non-current assets		1,348	(434)
Decrease in other non-current liabilities		(1,722)	(1,178)
Income tax paid		(10,628)	(9,260)
Net cash generated by operating activities		45,369	57,662
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(51,382)	(45,249)
Proceeds from sale of property, plant and equipment		62	792
Investment in bank deposits and purchase of other investments		(49,878)	(14,719)
Redemption of bank deposits and proceeds from sale of other investments		62,158	14,840
Placement of special funds on special accounts		(7,000)	-
Proceeds from sale of investment in joint venture		450	871
Proceeds from sale of financial assets at fair value through profit or loss		232	-
Proceeds from sale of PJSC Inter RAO		3,240	100
Interest received		5,745	4,157
Net cash used in investing activities		(36,373)	(39,208)

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



	Note	Nine months ended 30 September 2019	Nine months ended 30 September 2018 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue	12	7,000	-
Payments for non-deliverable forward for shares	15	(3,731)	(2,813)
Proceeds from current debt		38,381	33,981
Proceeds from non-current debt		45,705	88,047
Repayment of debt		(83,577)	(116,044)
Interest paid		(11,348)	(10,881)
Dividends paid		(15,777)	(11,074)
Dividends paid by subsidiaries to non-controlling interest holders		(128)	(171)
Payments on cross-currency and interest rate swap		(227)	-
Repayment of lease liabilities		(528)	-
Finance lease payments		-	(129)
Net cash used in financing activities		(24,230)	(19,084)
Effect of foreign exchange differences on cash and cash equivalents balances		14	325
Decrease in cash and cash equivalents		(15,220)	(305)
Cash and cash equivalents at the beginning of the period		65,432	70,156
Cash and cash equivalents at the end of the period	8	50,212	69,851

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 2018		426,289	(4,613)	39,202	(135,075)	(415)	459	647	234,676	561,170	9,161	570,331
Profit for the period		-	-	-	-	-	-	-	47,223	47,223	(1,238)	45,985
Remeasurement of pension benefit obligations		-	-	-	-	-	-	166	-	166	31	197
Gain arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	38	-	-	38	-	38
Other comprehensive income		-	-	-	-	(92)	-	-	1	(91)	-	(91)
Total other comprehensive income		-	-	-	-	(92)	38	166	1	113	31	144
Total comprehensive income		-	-	-	-	(92)	38	166	47,224	47,336	(1,207)	46,129
Dividends	12	-	-	-	-	-	-	-	(11,124)	(11,124)	(171)	(11,295)
Sale of shares of PJSC Inter RAO	12	-	-	-	-	-	-	-	(4,973)	(4,973)	-	(4,973)
Other movements		-	-	-	-	-	-	-	-	-	21	21
As at 30 September 2018		426,289	(4,613)	39,202	(135,075)	(507)	497	813	265,803	592,409	7,804	600,213
As at 1 January 2019		426,289	(4,613)	39,202	(135,075)	(344)	529	833	249,580	576,401	9,818	586,219
Application of IFRS 16	2	-	-	-	-	-	-	-	(61)	(61)	-	(61)
As at 1 January 2019 (restated)		426,289	(4,613)	39,202	(135,075)	(344)	529	833	249,519	576,340	9,818	586,158
Profit for the period		-	-	-	-	-	-	-	37,530	37,530	(2,373)	35,157
Remeasurement of pension benefit obligations		-	-	-	-	-	-	(686)	-	(686)	(261)	(947)
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	(14)	-	-	(14)	-	(14)
Other comprehensive income		-	-	-	-	5	-	-	2	7	-	7
Total other comprehensive loss		-	-	-	-	5	(14)	(686)	2	(693)	(261)	(954)
Total comprehensive income		-	-	-	-	5	(14)	(686)	37,532	36,837	(2,634)	34,203
Dividends	12	-	-	-	-	-	-	-	(15,775)	(15,775)	(128)	(15,903)
Changes in non-controlling interest		-	-	-	-	-	-	-	706	706	(652)	54
Other movements		-	-	-	-	-	-	-	47	47	-	47
As at 30 September 2019		426,289	(4,613)	39,202	(135,075)	(339)	515	147	272,029	598,155	6,404	604,559

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.

Economic environment in the Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The tax, currency and customs legislation 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.

This economic environment has a significant impact on the Group’s operations and financial position. Management is taking necessary measures to ensure sustainability of the Group’s operations. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

During the nine months ended 30 September 2019 no substantial changes to the rules of Russian wholesale and retail electricity and capacity markets, their functioning and price setting mechanisms have been made.

Relations with the Government and current regulation. As at 30 September 2019 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 2018: 60.56 percent). As at 30 September 2019 PJSC Bank VTB that is controlled by the Russian Federation owned 13.13 percent of the Company’s shares (31 December 2018: 13.34 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 2018, 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 2018 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 prepared in accordance with IFRS as at and for the year ended 31 December 2018 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 IFRS 16, Leases, effective from 1 January 2019.

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

IFRS 16, Leases – adoption and summary of significant accounting policies. On adoption of IFRS 16, Leases, as at 1 January 2019 the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases in accordance with IAS 17, Leases. The Group applied transition requirements and practical expedients, which has been provided for in the standard.

The Group applied the modified retrospective method without restatement of comparatives which presumes recognition of cumulative effect of initial application at the date of the initial application. Lease liabilities were measured at the present value of the remaining lease payments, discounted as at 1 January 2019 using the lessee's incremental borrowing rate, that was 8,31 percent. The Group applied unified approach to all classes of lease contracts excluding short-term leases and leases of low-value assets.

Right-of-use assets were recognised in an amount equal to the lease liability, adjusted by the amount of lease payments made or accrued in advance in connection with such lease, which is recognised in the Statement of Financial Position immediately prior to the date of initial application. In addition, impairment of right-of-use assets in the amount of RR 61 million was recognised in respect of cash-generating units with negative discounted cash flows,

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. The requirements of IFRS 16, Leases, were applied to these leases from 1 January 2019.

The Group did not recognise assets and liabilities under operating lease agreements for which the rental payment is variable, depends on the cadastral value of the land and is variable.

Reconciliation of lease liabilities as at 1 January 2019 to the non-cancelable operating lease commitments as at 31 December 2018 is presented below:

Operating lease commitments as at 31 December 2018	37,322
Adjusted at:	
Commitments relating to land lease agreements with variable payments	(26,564)
Commitments relating to short-term leases	(110)
Commitments relating to leases of low-value assets	(82)
Commitments relating to rendering service contracts previously classified as leases	(1,545)
Revised lease terms and other adjustments	(2,274)
Adjusted operating lease commitments as at 31 December 2018	6,747
Present value of operating lease commitments as at 1 January 2019	5,190
Commitments relating to leases previously classified as finance leases	729
Lease liabilities as at 1 January 2019	5,919

The carrying amount of the right-of-use assets recognised due to implementation of IFRS 16, Leases, relates to the following groups of property, plant and equipment:

	1 January 2019
Buildings	1,402
Facilities	2,575
Plant and equipment	1,075
Other	77
Total right-of-use assets due to adoption of IFRS 16	5,129

Changes in right-of-use assets are disclosed in Note 6.

The effect of adoption of IFRS 16, Leases, on certain types of assets, liabilities and equity as at 1 January 2019 is as follows:

	31 December 2018	Change	1 January 2019
Assets			
Property, plant and equipment	669,424	5,129	674,553
TOTAL ASSETS	669,424	5,129	674,553
Equity and liabilities			
Non-current debt	157,948	4,107	162,055
Current debt and current portion of non-current debt	38,899	1,083	39,982
Retained earnings and other reserves	115,523	(61)	115,462
TOTAL EQUITY AND LIABILITIES	312,370	5,129	317,499

Information about lease liabilities is disclosed in Note 14.

New accounting policies applied by the Group upon adoption of IFRS 16, Leases from 1 January 2019 are set out below.

Right-of-use assets. The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a renewal option if it is reasonably certain that the Group will exercise this option, and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the lease commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Group applies recognition exemption to its short-term leases with a lease term of 12 months or less from the commencement date and without renewal option. The Group also applies recognition exemption to leases of assets with a low value of less than RR 300 thousand. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, considers all relevant factors that create an economic incentive for the Group to exercise the renewal option or not to exercise an option to terminate a lease.

Change of comparative data. With effect from 1 January 2018, the Group changed its accounting policy to measuring property, plant and equipment at cost less accumulated depreciation and not at revalued amounts. This change was first applied in the Group's Consolidated Financial Statements for the year ended 31 December 2018. As a result of the retrospective application of this accounting policy the comparatives of this Condensed Consolidated Interim Financial Information have been changed from those reported during 2018 in the interim financial information. Impact of this change on the figures of the Condensed Consolidated Interim Income Statement, Condensed Consolidated Interim Statement of Comprehensive Income, Condensed Consolidated Interim Statement of Cash Flows are presented below.



	Nine months ended 30 September 2018			Three months ended 30 September 2018		
	As reported	Changes in accounting policies in respect of property, plant and equipment	Restated	As reported	Changes in accounting policies in respect of property, plant and equipment	Restated
Operating expenses (excluding impairment losses), including	(228,360)	3,355	(225,005)	(73,877)	1,070	(72,807)
Depreciation of property, plant and equipment and amortisation of intangible assets	(19,956)	3,199	(16,757)	(6,825)	1,001	(5,824)
Loss on disposal of property, plant and equipment, net	(751)	156	(595)	(730)	69	(661)
Operating profit excluding impairment losses	65,650	3,355	69,005	13,952	1,070	15,022
Impairment of property, plant and equipment	(2,275)	50	(2,225)	(1,131)	28	(1,103)
Operating profit	60,593	3,405	63,998	12,443	1,098	13,541
Share of results of associates and joint ventures	1,288	5	1,293	607	(1)	606
Profit before income tax	56,233	3,410	59,643	10,508	1,097	11,605
Income tax expense	(13,200)	(458)	(13,658)	(4,163)	(37)	(4,200)
Profit for the period	43,033	2,952	45,985	6,345	1,060	7,405
Attributable to:						
Shareholders of PJSC RusHydro	44,643	2,580	47,223	8,983	928	9,911
Non-controlling interest	(1,610)	372	(1,238)	(2,638)	132	(2,506)
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.1057	0.0061	0.1118	0.0213	0.0022	0.0235
Total comprehensive income for the period	43,177	2,952	46,129	6,291	1,060	7,351
Attributable to:						
Shareholders of PJSC RusHydro	44,756	2,580	47,336	8,929	928	9,857
Non-controlling interest	(1,579)	372	(1,207)	(2,638)	132	(2,506)

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 2018 with the exception of changes due to IFRS 16, Leases effective from 1 January 2019, as described above, changes in estimates that are required in determining the expected weighted average annual income tax rate (Note 13), judgements in respect of the non-deliverable forward contract for the shares (Note 15), and the discount rate used in determining pension benefit obligations which decreased from 8.50 percent as at 31 December 2018 to 7.40 percent as at 30 September 2019.

New standards, amendments and interpretations

The Group has adopted all new standards, amendments and interpretations that were effective from 1 January 2019. Apart from IFRS 16, Leases, the impact of which is described above, the impact of the adoption of other new standards, amendments and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

During the nine months ended 30 September 2019 the following interpretations and amendments were issued which are applicable to the Group:

- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 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 one of which is represented by the Group's parent company – PJSC RusHydro (Note 4). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 30 September 2019 and 31 December 2018.

ESC RusHydro subgroup segment

ESC RusHydro subgroup 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 September 2019		31 December 2018	
		% of ownership	% of voting	% of ownership	% of voting
JSC	ESC RusHydro	100.00%	100.00%	100.00%	100.00%
PJSC	Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
PJSC	Ryazanenergosbyt	90.52%	90.52%	90.52%	90.52%
JSC	Chuvashskaya Electricity Sales Company	100.00%	100.00%	100.00%	100.00%

RAO ES East subgroup segment

RAO ES East subgroup segment consists of JSC RAO ES East and its subsidiaries that generate, distribute and sell electricity and heat in the Far East region of the Russian Federation and render transportation, construction, repair and other services.

(in millions of Russian Rubles unless noted otherwise)

Principal subsidiaries of this segment are presented below:

		30 September 2019		31 December 2018	
		% of ownership	% of voting	% of ownership	% of voting
JSC	RAO ES East	99.98%	99.98%	99.98%	99.98%
PJSC	DEK	52.11%	52.17%	52.11%	52.17%
JSC	DGK	52.11%	100.00%	52.11%	100.00%
JSC	DRSK	52.11%	100.00%	52.11%	100.00%
PJSC	Kamchatskenergo	98.72%	98.74%	98.72%	98.74%
PJSC	Magadanenergo*	48.99%	49.00%	48.99%	49.00%
PJSC	Sakhalinenergo	76.59%	76.60%	57.80%	57.82%
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 engaged in production and sale of electricity and capacity;
- 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 September 2019		31 December 2018	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Blagoveschensk TPP	100.00%	100.00%	100.00%	100.00%
JSC	VNIIG named after B. E. Vedeneev	100.00%	100.00%	100.00%	100.00%
JSC	Geotherm	99.74%	99.74%	99.74%	99.74%
JSC	Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC	Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC	Zaramag HS	99.75%	99.75%	99.75%	99.75%
JSC	Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
PJSC	Kolimaenergo	98.76%	98.76%	98.76%	98.76%
JSC	Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC	NIIES	100.00%	100.00%	100.00%	100.00%
JSC	Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%
JSC	Sakhalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC	Sulak HidroKaskad	100.00%	100.00%	100.00%	100.00%
JSC	TPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC	Ust'-Srednekanskaya HPP named after A. F. Dyakov	99.63%	100.00%	99.63%	100.00%
JSC	Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
JSC	Yakutskaya GRES-2	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 consolidated financial statements prepared in accordance with IFRS, 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: PJSC RusHydro (the Group's parent company), ESC RusHydro subgroup, RAO ES East subgroup 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, 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 other assets, impairment of financial assets, loss on disposal of property, plant and equipment, loss on disposal of other non-current assets 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 prepared in accordance with IFRS.

Intersegment sales are carried out at market prices.

Segment information for the three and nine months ended 30 September 2019 and 30 September 2018 and as at 30 September 2019 and 31 December 2018 is presented below.

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Nine months ended 30 September 2019	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	88,804	43,024	129,924	25,797	287,549	(29,265)	258,284
<i>including:</i>							
<i>from third parties</i>	80,721	42,978	129,536	5,049	258,284	-	258,284
<i>sales of electricity</i>	54,981	42,235	78,109	721	176,046	-	176,046
<i>sales of capacity</i>	25,545	-	8,955	497	34,997	-	34,997
<i>sales of heat and hot water</i>	95	-	27,017	1	27,113	-	27,113
<i>other revenue</i>	100	743	15,455	3,830	20,128	-	20,128
<i>from intercompany operations</i>	8,083	46	388	20,748	29,265	(29,265)	-
Government grants	-	9	28,981	346	29,336	-	29,336
Operating expenses (excluding depreciation and other non-monetary items)	(31,436)	(42,144)	(148,924)	(24,484)	(246,988)	29,797	(217,191)
EBITDA	57,368	889	9,981	1,659	69,897	532	70,429
Other operating income	27	-	203	202	432	-	432
Depreciation of property, plant and equipment	(9,357)	(107)	(6,971)	(2,612)	(19,047)	153	(18,894)
Other non-monetary items of operating income and expenses	(845)	(1,070)	(4,445)	44	(6,316)	-	(6,316)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(1,227)	-	(1,187)	-	(2,414)	-	(2,414)
<i>impairment of other assets</i>	-	-	(2,045)	-	(2,045)	-	(2,045)
<i>reversal of impairment / (impairment) of financial assets, net</i>	419	(1,059)	(983)	120	(1,503)	-	(1,503)
<i>gain arising on financial assets at fair value through profit or loss</i>	-	-	-	182	182	-	182
<i>loss on disposal of other non-current assets</i>	-	-	-	(254)	(254)	-	(254)
<i>loss on disposal of property, plant and equipment, net</i>	(34)	(11)	(212)	(4)	(261)	-	(261)
<i>loss on disposal of subsidiaries</i>	(3)	-	(18)	-	(21)	-	(21)
Operating profit / (loss)	47,193	(288)	(1,232)	(707)	44,966	685	45,651
Finance income							8,867
Finance costs							(7,022)
Share of results of associates and joint ventures							505
Profit before income tax							48,001
Income tax expense							(12,844)
Profit for the period							35,157
Capital expenditure	21,453	63	16,619	22,301	60,436	-	60,436
30 September 2019							
Non-current and current debt	127,113	1,897	66,065	5,879	200,954	-	200,954

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Nine months ended 30 September 2018	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	95,840	42,157	124,735	27,764	290,496	(31,441)	259,055
<i>including:</i>							
<i>from third parties</i>	87,679	42,118	124,450	4,808	259,055	-	259,055
<i>sales of electricity</i>	62,633	41,266	74,564	612	179,075	-	179,075
<i>sales of capacity</i>	24,815	-	6,838	437	32,090	-	32,090
<i>sales of heat and hot water</i>	107	-	26,890	1	26,998	-	26,998
<i>other revenue</i>	124	852	16,158	3,758	20,892	-	20,892
<i>from intercompany operations</i>	8,161	39	285	22,956	31,441	(31,441)	-
Government grants	-	-	29,440	175	29,615	-	29,615
Operating expenses (excluding depreciation and other non-monetary items)	(30,766)	(42,043)	(140,817)	(25,511)	(239,137)	31,483	(207,654)
EBITDA	65,074	114	13,358	2,428	80,974	42	81,016
Other operating income	509	-	66	904	1,479	-	1,479
Depreciation of property, plant and equipment	(9,207)	(104)	(5,289)	(2,302)	(16,902)	145	(16,757)
Other non-monetary items of operating income and expenses	(562)	(592)	(2,373)	1,761	(1,766)	26	(1,740)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(1,017)	-	(1,208)	-	(2,225)	-	(2,225)
<i>(impairment) / reversal of impairment of financial assets, net</i>	(1,175)	(547)	(1,077)	17	(2,782)	-	(2,782)
<i>gain arising on financial assets at fair value through profit or loss</i>	1,551	-	6	2,304	3,861	-	3,861
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	69	(14)	(116)	(560)	(621)	26	(595)
<i>profit / (loss) on disposal of subsidiaries and joint ventures, net</i>	10	(31)	22	-	1	-	1
Operating profit / (loss)	55,814	(582)	5,762	2,791	63,785	213	63,998
Finance income							4,045
Finance costs							(9,693)
Share of results of associates and joint ventures							1,293
Profit before income tax							59,643
Income tax expense							(13,658)
Profit for the period							45,985
Capital expenditure	11,429	40	16,545	23,660	51,674	-	51,674
31 December 2018							
Non-current and current debt	144,751	1,769	44,759	5,568	196,847	-	196,847

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Three months ended 30 September 2019	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	29,467	12,461	36,221	9,527	87,676	(10,282)	77,394
<i>including:</i>							
<i>from external companies</i>	26,985	12,447	36,132	1,830	77,394	-	77,394
<i>sales of electricity</i>	18,663	12,212	23,125	173	54,173	-	54,173
<i>sales of capacity</i>	8,275	-	3,084	197	11,556	-	11,556
<i>sales of heat and hot water</i>	13	-	3,069	-	3,082	-	3,082
<i>other revenue</i>	34	235	6,854	1,460	8,583	-	8,583
<i>from intercompany operations</i>	2,482	14	89	7,697	10,282	(10,282)	-
Government grants	-	2	9,984	106	10,092	-	10,092
Operating expenses (excluding depreciation and other non-monetary items)	(10,415)	(11,967)	(46,723)	(9,068)	(78,173)	10,346	(67,827)
EBITDA	19,052	496	(518)	565	19,595	64	19,659
Other operating income	12	-	14	187	213	-	213
Depreciation of property, plant and equipment	(3,187)	(35)	(2,261)	(992)	(6,475)	41	(6,434)
Other non-monetary items of operating income and expenses	(93)	(281)	34	135	(205)	-	(205)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(300)	-	(169)	-	(469)	-	(469)
<i>reversal of impairment / (impairment) of financial assets, net</i>	100	(277)	300	167	290	-	290
<i>gain arising on financial assets at fair value through profit or loss</i>	-	-	-	(69)	(69)	-	(69)
<i>loss on disposal of other non-current assets</i>	-	-	-	2	2	-	2
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	107	(4)	(97)	35	41	-	41
Operating profit / (loss)	15,784	180	(2,731)	(105)	13,128	105	13,233
Finance income							1,745
Finance costs							(4,849)
Share of results of associates and joint ventures							42
Profit before income tax							10,171
Income tax expense							(4,399)
Profit for the period							5,772
Capital expenditure	5,603	34	6,142	9,089	20,868	-	20,868

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Three months ended 30 September 2018	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	32,137	12,428	34,199	11,342	90,106	(12,312)	77,794
<i>including:</i>							
<i>from third parties</i>	29,575	12,416	34,091	1,712	77,794	-	77,794
<i>sales of electricity</i>	21,616	12,163	21,928	221	55,928	-	55,928
<i>sales of capacity</i>	7,907	-	2,575	188	10,670	-	10,670
<i>sales of heat and hot water</i>	13	-	2,892	-	2,905	-	2,905
<i>other revenue</i>	39	253	6,696	1,303	8,291	-	8,291
<i>from intercompany operations</i>	2,562	12	108	9,630	12,312	(12,312)	-
Government grants	-	-	9,531	60	9,591	-	9,591
Operating expenses (excluding depreciation and other non-monetary items)	(10,524)	(12,405)	(44,747)	(10,774)	(78,450)	12,132	(66,318)
EBITDA	21,613	23	(1,017)	628	21,247	(180)	21,067
Other operating income	214	-	34	8	256	-	256
Depreciation of property, plant and equipment	(3,272)	(34)	(1,779)	(786)	(5,871)	47	(5,824)
Other non-monetary items of operating income and expenses	(221)	(320)	(1,051)	(368)	(1,960)	2	(1,958)
<i>including:</i>							
<i>impairment of property, plant and equipment (impairment) / reversal of impairment of financial assets, net</i>	(322)	-	(781)	-	(1,103)	-	(1,103)
<i>gain arising on financial assets at fair value through profit or loss</i>	(64)	(314)	(42)	42	(378)	-	(378)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	102	-	(37)	123	188	-	188
<i>profit / (loss) on disposal of subsidiaries and joint ventures, net</i>	56	(6)	(180)	(533)	(663)	2	(661)
<i>profit / (loss) on disposal of subsidiaries and joint ventures, net</i>	7	-	(11)	-	(4)	-	(4)
Operating profit / (loss)	18,334	(331)	(3,813)	(518)	13,672	(131)	13,541
Finance income							1,282
Finance costs							(3,824)
Share of results of associates and joint ventures							606
Profit before income tax							11,605
Income tax expense							(4,200)
Profit for the period							7,405
Capital expenditure	3,139	32	7,171	11,073	21,415	-	21,415

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 nine months ended 30 September 2019 and 30 September 2018 and as at 30 September 2019 and 31 December 2018 were associates and joint ventures of the Group, government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	30 September 2019	31 December 2018
Long-term promissory notes receivable	8,095	7,551

The Group had the following transactions with its joint ventures:

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Sales of electricity and capacity	334	229	251	61
Other revenue	111	311	83	79
Purchased electricity and capacity	311	365	179	93

Associates

The Group had the following balances with its associates:

	30 September 2019	31 December 2018
Trade and other receivables	308	513
Accounts payable	1,660	1,593

The Group had the following transactions with its associates:

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Sales of electricity and capacity	2,050	1,905	1,005	354
Other revenue	76	79	50	22
Rent	466	461	311	153

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 nine months ended 30 September 2019 and 30 September 2018 and balances outstanding as at 30 September 2019 and 31 December 2018 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 nine months ended 30 September 2019 (for the three and nine months ended 30 September 2018: 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 nine months ended 30 September 2019 the Group received government subsidies of RR 29,336 million (for the nine months ended 30 September 2018: RR 29,615 million). During the three months ended 30 September 2019 the Group received government subsidies of RR 10,092 million (for the three months ended 30 September 2018: RR 9,591 million) (Note 20).

Government subsidies receivable comprised RR 1,734 million as at 30 September 2019 (31 December 2018: RR 2,539 million) (Note 9). Accounts payable on free-of-charge targeted contributions of the Group comprised RR 2,916 million as at 30 September 2019 (31 December 2018: 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 nine months ended 30 September 2019 (for the three and nine months ended 30 September 2018: 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 nine months ended 30 September 2019 (for the for the three and nine months ended 30 September 2018: 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 the RAO ES East subgroup segment.

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 nine months ended 30 September 2019 comprised RR 878 million (for the nine months ended 30 September 2018: RR 906 million). Short-term remuneration paid to the key management of the Group for the three months ended 30 September 2019 comprised RR 219 million (for the three months ended 30 September 2018: RR 419 million).

Note 6. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Balance as at 31 December 2018	87,468	322,228	396,499	308,999	15,343	1,130,537
Recalculation due to adoption of IFRS 16	1,431	2,601	1,075	-	83	5,190
Balance as at 1 January 2019 (restated)	88,899	324,829	397,574	308,999	15,426	1,135,727
Reclassification	293	(414)	131	-	(10)	-
Additions	340	804	943	56,778	1,571	60,436
Transfers	4,219	51,411	30,249	(86,166)	287	-
Disposals of subsidiaries	(16)	(93)	(5)	-	(3)	(117)
Disposals and write-offs	(271)	(449)	(1,180)	(1,239)	(432)	(3,571)
Balance as at 30 September 2019	93,464	376,088	427,712	278,372	16,839	1,192,475
Accumulated depreciation (including impairment)						
Balance as at 31 December 2018	(40,838)	(184,544)	(185,341)	(39,933)	(10,457)	(461,113)
Recalculation due to adoption of IFRS 16	(29)	(26)	-	-	(6)	(61)
Balance as at 1 January 2019 (restated)	(40,867)	(184,570)	(185,341)	(39,933)	(10,463)	(461,174)
Reclassification	(18)	165	(180)	-	33	-
Impairment charge	(28)	(811)	(199)	(1,372)	(4)	(2,414)
Depreciation charge	(1,428)	(5,199)	(11,519)	-	(887)	(19,033)
Transfers	(815)	(11,103)	(3,523)	15,454	(13)	-
Disposals of subsidiaries	16	93	3	-	3	115
Disposals and write-offs	133	336	1,103	83	227	1,882
Balance as at 30 September 2019	(43,007)	(201,089)	(199,656)	(25,768)	(11,104)	(480,624)
Net book value as at 30 September 2019	50,457	174,999	228,056	252,604	5,735	711,851
Net book value as at 31 December 2018	46,630	137,684	211,158	269,066	4,886	669,424

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
Lease assets previously classified as finance leases as at 1 January 2019	-	388	62	-	450
Recalculation due to adoption of IFRS 16	1,402	2,575	1,075	77	5,129
Balance as at 1 January 2019	1,402	2,963	1,137	77	5,579
Reclassification	234	(273)	18	21	-
Additions	297	876	330	9	1,512
Depreciation charge	(308)	(296)	(263)	(28)	(895)
Impairment charge	-	(777)	-	(2)	(779)
Disposals and write-offs	(81)	(30)	(2)	(1)	(114)
Balance as at 30 September 2019	1,544	2,463	1,220	76	5,303

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 September 2019 such advances amounted to RR 38,074 million (31 December 2018: RR 33,281 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 7,205 million, the capitalisation rate was 7.84 percent (for the nine months ended 30 September 2018: RR 5,703 million, the capitalisation rate was 8.41 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 151 million (for

the nine months ended 30 September 2018: RR 136 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 2018 were identified as a result of this analysis.

Based on the same assumptions, the Group recognised an impairment loss in the amount of RR 2,414 million for the nine months ended 30 September 2019 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the nine months ended 30 September 2018: RR 2,225 million). For the three months ended 30 September 2019, the impairment loss was RR 469 million (for the three months ended 30 September 2018: RR 1,103 million).

Note 7. Other non-current assets

	30 September 2019	31 December 2018
Long-term promissory notes	39,941	40,475
Discount on long-term promissory notes	(13,991)	(14,826)
Expected credit loss allowance for long-term promissory notes	(14,025)	(14,025)
Long-term promissory notes, net	11,925	11,624
VAT recoverable	1,080	2,115
Goodwill	481	481
	96	44
Cross-currency and interest rate swap	-	1,238
Other non-current assets	6,218	6,570
Total other non-current assets	19,704	22,028

Cross-currency and interest rate swap. As at 30 September 2019, a liability in the amount of RR 600 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 September 2019	31 December 2018
Cash equivalents	31,129	45,451
Cash at bank	19,063	19,961
Cash in hand	20	20
Total cash and cash equivalents	50,212	65,432

Cash equivalents held as at 30 September 2019 and 31 December 2018 comprised short-term bank deposits with original maturities of three months or less.

Note 9. Accounts receivable and prepayments

	30 September 2019	31 December 2018
Trade receivables	63,241	65,147
Expected credit loss allowance for trade receivables	(28,311)	(28,891)
Trade receivables, net	34,930	36,256
VAT recoverable	10,737	8,175
Advances to suppliers and other prepayments	12,034	11,400
Provision for impairment of advances to suppliers and other prepayments	(775)	(834)
Advances to suppliers and other prepayments, net	11,259	10,566
Other receivables	21,278	22,720
Expected credit loss allowance for other receivables	(5,737)	(5,067)
Other receivables, net	15,541	17,653
Government grants receivables	1,734	2,539
Total accounts receivable and prepayments	74,201	75,189

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

Note 10. Inventories

	30 September 2019	31 December 2018
Fuel	24,945	20,146
Materials and supplies	10,387	7,915
Spare parts	3,049	2,438
Other materials	290	368
Total inventories before provision for impairment	38,671	30,867
Provision for impairment of inventories	(99)	(146)
Total inventories	38,572	30,721

There are no inventories pledged as collateral for borrowings as at 30 September 2019 and as at 31 December 2018.

Note 11. Other current assets

	30 September 2019	31 December 2018
Deposits	17,705	29,967
Special funds	10,180	3,821
Loans issued	2,890	3,072
Expected credit loss allowance for loans issued	(2,869)	(3,050)
Loans issued, net	21	22
Other short-term investments	96	63
Total other current assets	28,002	33,873

As at 30 September 2019, the balance of special funds in the amount of RR 10,180 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 2018: RR 3,821 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 September 2019	426,288,813,551
As at 31 December 2018	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 30 September 2019 the Company recorded a respective liability in the amount of RR 7,000 million.

Treasury shares. As at 30 September 2019 treasury shares were represented by 3,852,259,324 ordinary shares in the amount of RR 4,613 million (31 December 2018: 3,852,259,680 ordinary shares in the amount of RR 4,613 million).

Changes in non-controlling interest. During the nine months ended 30 September 2019 non-controlling interest decreased by RR 652 million. The decrease was due to changes in the Group structure which did not have a significant impact on the interim financial information, as well as the recognition of a subsidiary JSC ZhKU as a bankrupt.

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 15,775 million excluding dividends to subsidiaries). On 27 June 2018, the Company declared dividends for the year ended 31 December 2017 of RR 0.0263 per share in the total amount of RR 11,226 million (RR 11,124 million excluding dividends to subsidiaries).

(in millions of Russian Rubles unless noted otherwise)

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 128 million for the nine months ended 30 September 2019 (for the nine months ended 30 September 2018: RR 219 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 nine months ended 30 September 2019 was 27 percent (for the nine months ended 30 September 2018: 23 percent).

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Current income tax expense	10,784	10,690	3,074	3,841
Deferred income tax expense	2,060	2,968	1,325	359
Total income tax expense	12,844	13,658	4,399	4,200

Note 14. Current and non-current debt

Non-current debt

	Due date	30 September 2019	31 December 2018
PJSC Bank VTB	2019–2025	53,793	24,045
PJSC Sberbank	2019–2020	29,257	45,487
Eurobonds (RusHydro Capital Markets DAC) issued in February 2018	2021	20,104	20,434
Eurobonds (RusHydro Capital Markets DAC) issued in September 2017	2022	19,895	20,275
Eurobonds (RusHydro Capital Markets DAC) issued in November 2018	2022	15,135	14,993
Eurobonds in Chinese Yuan (RusHydro Capital Markets DAC) issued in November 2018	2021	13,776	15,121
Russian bonds (PJSC RusHydro) issued in June 2017	2020	10,236	10,205
PJSC ROSBANK	2019–2022	7,627	9,172
JSC Far East and Baikal Region Development Fund	2019–2026	5,003	5,004
Bank GPB (JSC)	2020–2027	3,229	1,428
Municipal authority of Kamchatka region	2019–2034	1,659	1,560
EBRD	2019–2027	1,265	1,509
ASIAN Development bank	2019–2027	1,220	1,461
Russian bonds (PJSC RusHydro), issued in April 2016	-	-	15,191
Other long-term debt	-	3,736	4,124
Lease liabilities	-	7,110	729
Total		193,045	190,738
Less current portion of non-current debt		(39,045)	(32,688)
Less current portion of lease liabilities		(1,541)	(102)
Total non-current debt		152,459	157,948

Current debt

	30 September 2019	31 December 2018
PJSC Sberbank	5,123	21
Bank GPB (JSC)	1,797	381
JSC Raiffeisenbank	290	7
PJSC ROSBANK	-	3,899
BANK ROSSIYA	-	1,762
Other current debt	699	39
Current portion of non-current debt	39,045	32,688
Short term of lease liabilities	1,541	102
Total current debt and current portion of non-current debt	48,495	38,899
<i>Reference:</i>		
Interest payable	1,469	2,216

Compliance with covenants. The Group is subject to certain covenants under its loan agreements. As at 30 September 2019 and 31 December 2018 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 forwa
As at 31 December 2018	31,896
Change in the fair value of the non-deliverable forward contract for shares (Note 22)	(995)
Interim payments	(3,731)
As at 30 September 2019	27,170

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 September 2019	31 December 2018
Expected term of the forward transaction	2.42 years	3.17 years
Market value of the share	RR 0.5210	RR 0.4871
CB RF key refinancing rate	7.00 percent	7.75 percent
Volatility of shares	22.61 percent	28.82 percent
Risk-free rate	6.57 percent	8.06 percent
Discount rate	7.34 percent	9.05 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 September 2019	31 December 2018
Pension benefit obligations	8,666	7,418
Non-current advances received	2,253	6,743
Other non-current liabilities	7,324	7,826
Total other non-current liabilities	18,243	21,987

Note 17. Accounts payable and accruals

	30 September 2019	31 December 2018
Trade payables	29,862	31,119
Advances received	21,126	17,909
Settlements with personnel	7,043	9,156
Accounts payable on free-of-charge targeted contributions	2,916	-
Accounts payable under factoring agreements	2,237	2,753
Dividends payable	168	170
Other accounts payable	4,369	3,526
Total accounts payable and accruals	67,721	64,633

Accounts payable on free-of-charge targeted contributions as at 30 September 2019 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 September 2019	31 December 2018
VAT	9,450	9,185
Insurance contributions	2,547	2,996
Property tax	2,014	2,526
Other taxes	615	648
Total other taxes payable	14,626	15,355

Note 19. Revenue

	Nine months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
Sales of electricity and capacity in the retail market	110,302	107,459	32,092	31,372
Sales of electricity in the wholesale market	65,744	71,616	22,081	24,556
Sales of capacity in the wholesale market	34,997	32,090	11,556	10,670
Sales of heat and hot water	27,113	26,998	3,082	2,905
Rendering services for electricity transportation	10,250	10,684	3,313	3,420
Rendering services for connections to the grid	2,086	689	1,799	258
Other revenue	7,792	9,519	3,471	4,613
Total revenue	258,284	259,055	77,394	77,794

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

For the nine months ended 30 September 2019 the Group's revenue recognised over time comprised RR 248,406 million (for the nine months ended 30 September 2018: RR 248,847 million), recognised at a point in time – RR 9,878 million (for the nine months ended 30 September 2018: RR 10,208 million).

For the three months ended 30 September 2019 the Group's revenue recognised over time comprised RR 72,124 million (for the three months ended 30 September 2018: RR 72,923 million), recognised at a point in time – RR 5,270 million (for the three months ended 30 September 2018: RR 4,871 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 nine months ended 30 September 2019, the Group received government subsidies of RR 29,336 million (for the nine months ended 30 September 2018: RR 29,615 million). During the three months ended 30 September 2019, the Group received government subsidies of RR 10,092 million (for the

three months ended 30 September 2018: RR 9,591 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 nine months ended 30 September 2019 was RR 18,263 million (for the nine months ended 30 September 2018 RR 19,794 million). For the three months ended 30 September 2019 these subsidies amounted to RR 6,088 million (for the three months ended 30 September 2018: RR 6,598 million).

Note 21. Operating expenses (excluding impairment losses)

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018 (restated)	2019	2018 (restated)
Employee benefit expenses (including payroll taxes and pension benefit expenses)	57,383	55,183	18,308	18,025
Fuel expenses	49,905	44,902	11,871	10,642
Purchased electricity and capacity	33,957	29,136	9,385	9,126
Grid companies services on electricity distribution	27,548	29,249	8,725	9,178
Depreciation of property, plant and equipment and amortisation of intangible assets	18,894	16,757	6,434	5,824
Taxes other than on income	8,687	9,131	2,942	3,054
Other materials	7,788	7,180	3,626	3,172
Third parties services, including:				
Repairs and maintenance	5,136	3,916	2,436	2,130
Support of electricity and capacity market operation	2,981	2,770	1,019	943
Security expenses	2,674	2,557	906	887
Purchase and transportation of heat power	2,029	2,623	698	690
Insurance cost	1,746	1,641	555	550
Services of subcontracting companies	1,334	1,398	578	555
Consulting, legal and information expenses	991	1,202	345	396
Transportation expenses	932	988	591	515
Rent	678	1,462	243	493
Other third parties services	6,542	6,598	2,778	2,274
Water usage expenses	3,165	3,021	1,124	1,025
Purchase of oil products for sale	789	2,306	754	1,946
Travel expenses	754	698	283	273
Social charges	744	679	235	173
Loss / (profit) on disposal of property, plant and equipment, net	261	595	(41)	661
Other expenses	1,703	1,013	423	275
Total operating expenses (excluding impairment losses)	236,621	225,005	74,218	72,807

Note 22. Finance income, costs

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
<i>Finance income</i>				
Interest income	4,607	3,567	1,222	1,191
Foreign exchange gain	1,746	79	257	19
Income on discounting	1,408	147	233	28
Change of fair value of non-deliverable forward contract for shares (Note 15)	995	-	-	-
Other income	111	252	33	44
Total finance income	8,867	4,045	1,745	1,282
<i>Finance costs</i>				
Interest expense	(3,665)	(3,946)	(1,284)	(1,421)
Change of fair value of cross-currency and interest rate swap	(2,065)	-	(372)	-
Interest expense on lease liabilities	(422)	(72)	(143)	(23)
Expense on discounting	(216)	(280)	(41)	(128)
Foreign exchange loss	(35)	(627)	-	(322)
Change in fair value of the non-deliverable forward contract for shares	-	(4,161)	(2,817)	(1,728)
Other costs	(619)	(607)	(192)	(202)
Total finance costs	(7,022)	(9,693)	(4,849)	(3,824)

Note 23. Capital commitments

In accordance with consolidated investment programme approved under the consolidated business plan of the Group, as of 30 September 2019 the Group has to invest RR 295,734 million for the period 2019–2023 for reconstruction of the existing and construction of new power plants and grids, including capital commitments for 2019 in the amount of RR 39,951 million, for 2020 – RR 71,363 million, for 2021 – RR 69,284 million, for 2022 – RR 56,418 million, for 2023 – RR 58,718 million (31 December 2018: RR 357,859 million for the period 2019–2023).

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. 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 September 2019, 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 1,407 million as at 30 September 2019 (31 December 2018: RR 1,324 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 2018.

There have been no changes in the Group's risk management policies during the nine months ended 30 September 2019.

(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 September 2019 and 31 December 2018.

As at 30 September 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)	12,760	-	-	12,760
Promissory notes	11,925	-	-	11,925
Long-term receivables	351	-	-	351
Long-term loans issued	484	-	-	484
Financial assets at fair value through profit or loss	-	590	-	590
Financial assets at fair value through other comprehensive income	-	-	576	576
Trade and other receivables (Note 9)	50,012	-	-	50,012
Trade receivables	34,930	-	-	34,930
Other financial receivables	15,082	-	-	15,082
Other current assets (Note 11)	27,906	-	-	27,906
Special funds	10,180	-	-	10,180
Deposits	17,705	-	-	17,705
Short-term loans issued	21	-	-	21
Cash and cash equivalents (Note 8)	50,212	-	-	50,212
Total financial assets	140,890	590	576	142,056
Non-financial assets				815,292
Non-current assets classified as held for sale				-
Total assets				957,348

As at 31 December 2018	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)	12,370	1,238	-	13,608
Promissory notes	11,624	-	-	11,624
Cross currency and interest rate swap	-	1,238	-	1,238
Long-term receivables	250	-	-	250
Long-term loans issued	496	-	-	496
Financial assets at fair value through profit or loss	-	656	-	656
Financial assets at fair value through other comprehensive income	-	-	594	594
Trade and other receivables (Note 9)	53,426	-	-	53,426
Trade receivables	36,256	-	-	36,256
Other financial receivables	17,170	-	-	17,170
Other current assets (Note 11)	33,810	-	-	33,810
Special funds	3,821	-	-	3,821
Deposits	29,967	-	-	29,967
Short-term loans issued	22	-	-	22
Cash and cash equivalents (Note 8)	65,432	-	-	65,432
Total financial assets	165,038	1,894	594	167,526
Non-financial assets				763,955
Non-current assets classified as held for sale				450
Total assets				931,931

As at 30 September 2019 financial liabilities of the Group carried at fair value are represented by the non-deliverable forward contract for shares in the amount of RR 27,170 million (Note 15) (31 December 2018: RR 31,896 million) and by the cross-currency and interest rate swap in the amount of RR600 million (31 December 2018: asset for cross-currency and interest rate swap of RR 1,238 million) (Note 7).

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:

30 September 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investments: Financial assets at fair value through profit or loss	590	-	-	590
Equity investments: Financial assets at fair value through other comprehensive income	-	-	576	576
Total assets requiring recurring fair value measurements	590	-	576	1,166
Financial liabilities				
Non-deliverable forward contract for shares	-	-	27,170	27,170
Cross currency and interest rate swap	-	-	600	600
Total liabilities requiring recurring fair value measurements	-	-	27,770	27,770
31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investments: Financial assets at fair value through profit or loss	656	-	-	656
Equity investments: Financial assets at fair value through other comprehensive income	-	-	594	594
Cross currency and interest rate swap	-	-	1,238	1,238
Total assets requiring recurring fair value measurements	656	-	1,832	2,488
Financial liabilities				
Non-deliverable forward contract for shares	-	-	31,896	31,896
Total liabilities requiring recurring fair value measurements	-	-	31,896	31,896

There were no changes in the valuation techniques, inputs and assumptions for recurring fair value measurements during the nine months ended 30 September 2019.

As at 30 September 2019 and 31 December 2018 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 September 2019 and 31 December 2018:

	Fair value	Valuation technique	Significant unobservable/observable inputs	Reasonably possible change	Reasonably possible values	Change of fair value measurement
Financial liability						
As at 30 September 2019						
Non-deliverable forward contract for shares	27,170	Monte-Carlo model	Dividend yield	-2%	5.00 percent	1,464
			Market value of the share	+2%	9.00 percent	2,192
				-20%	RR 0.4168	5,580
				+20%	RR 0.6252	(5,302)
As at 31 December 2018						
Non-deliverable forward contract for shares	31,896	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(157)
			Market value of the share	+2%	9.00 percent	254
				-20%	RR 0.3897	5,048
				+20%	RR 0.5845	(5,040)

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 0.5210 as at 30 September 2019 (31 December 2018: RR 0.4871) (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 30 September 2019 the fair value of bonds exceeded their carrying value by RR 1,993 million. As at 31 December 2018 the carrying value of bonds exceeded their fair value by RR 1,243 million.

As at 30 September 2019 the carrying value of non-current fixed rate debt was RR 71,776 million and exceeded its fair value by RR 1,871 million (31 December 2018: the carrying value of non-current fixed rate debt was RR 69,901 million and exceeded its fair value by RR 3,263 million).

Note 27. Subsequent events

Eurobond issue. In November 2019 the Group placed Eurobonds, issued by the special purpose company RusHydro Capital Markets DAC. The volume of the issue was RR 15,000 million. The term of the bonds is 5 years, the coupon rate is 6.8 percent per annum. VTB Capital, JP Morgan, Sberbank CIB and Gazprombank acted as joint lead managers of the issue. The placement and listing of the Eurobonds took place on the Irish Stock Exchange under Reg S rule.

Additional agreement to the non-deliverable forward contract for shares. In November 2019 the Company entered into an additional agreement with PJSC Bank VTB to the non-deliverable forward contract for shares concluded in March 2017 (Note 15) according to which the forward rate was reduced by 0.5 percent per annum and the possibility of extending the validity period for three years until March 2025 was provided.

Sale of CJSC International Energy Corporation (CJSC MEK). In December 2019 the Group concluded an agreement with OJSC Hrazdan Energy Company to sell 90 percent of CJSC MEK's shares for a cash consideration of RR 172.96 million. Under the terms of agreement, the shares will be transferred in the first quarter of 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.