Notes to the consolidated financial statements for the year ended 31 December 2019

Millions of US Dollars, unless otherwise stated

1. General information

Organisation and principal activities.
Joint Stock Company ('JSC') 'Siberian Coal Energy Company' ('SUEK' or the 'Company') was founded on 1 December 1999. The Company and its subsidiaries are collectively referred to as the Group. The address of registered office is Dubininskaya st. 53, bld. 7, Moscow, Russian Federation. The principal activities of the Group are the extraction and sales of coal and generation and sales of electricity, heat and capacity.

AIM Capital SE, registered in the Republic of Cyprus, is the immediate parent company of SUEK with 92.2% interest in the Company's share capital.

A company that holds business interests beneficially for Mr. Andrey Melnichenko indirectly owns 100% of AIM Capital SE.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for:

- mining assets carried at fair value; and
- derivative financial instruments which are stated at fair value.

Functional currency.
The functional currency of subsidiaries of the Group is the currency of the primary economic environment where these entities operate. The functional currency of foreign trading subsidiaries and predominantly export-oriented Russian subsidiaries is US Dollar ('USD'). The functional currency of the Company and Russian subsidiaries that are not predominantly export-oriented is the Russian Rouble ('RUB').

Presentation currency.
The presentation currency is the USD. The translation of the consolidated financial statements into the presentation currency was performed in accordance with the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

The following RUB/USD exchange rates were applied at 31 December and during the years then ended:

	2019	2018
Year end	61.91	69.47
Average rate	64.74	62.71

Adoption of a new standard
The Group has applied IFRS 16 'Leases' from 1 January 2019 using the modified retrospective approach as of 1 January 2019 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any repayments of lease made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives

of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the payments of lease discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The weighted-average rate applied is 8.03%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, payments of lease in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future payments of lease arising from a change in an index or rate. If there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

If the terms of the asset's lease agreement provide for a purchase option and the Group is reasonably certain that it exercises this option, the Group depreciates the right-of-use asset from the commencement date till the end of the useful life of the underlying asset. Depreciation will be calculated based on the useful life of assets under lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (with a value of USD 5,000 or less upon purchase). The Group recognises the payments of lease associated with these leases as an expense on a straight-line basis over the lease term.

A number of other new standards and amendments to the existing standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements, except for those described above.

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- amendments to references to conceptual framework in IFRS standards;
- definition of a business (amendments to IFRS 3);
- definition of material (amendments to IAS 1 and IAS 8); and
- IFRS 17 'Insurance Contracts'.

3. Significant accounting policies

The accounting policies and judgements applied by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of IFRS 16 'Leases' described above.

3.1. Basis of consolidation

Subsidiaries.
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The acquisition of subsidiaries from third parties is accounted for using the purchase method of accounting. The identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values as at the date of acquisition. Non-controlling (minority) interest is measured at its proportionate interest in the identifiable assets and liabilities of the acquiree. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in ownership interests by the Group in a subsidiary, while maintaining control, are recognised as an equity transaction.

Upon a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Business combination under common control.
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recorded previously in the predecessor's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Difference between the purchase consideration and carrying value of net assets acquired is recognised directly in equity.

3.2. Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to the respective functional currency at the exchange rate ruling at the balance sheet date. Exchange differences arising from changes in exchange rates are recognised in profit or loss, except that exchange differences arising from the revaluation of the intra-group debt accounted for as a part of net investments in foreign entities are recognised in other comprehensive income in the consolidated financial statements.

The translation of the financial statements from functional currency into presentation currency is performed in accordance with the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' as follows:

- all assets and liabilities, both monetary and non-monetary, are translated at closing exchange rates at the dates of each consolidated statement of financial position presented;
- all income and expenses in the consolidated statement of profit or loss are translated at the average exchange rates for the years presented;
- resulting exchange differences are included in equity and presented separately; and
- in the consolidated statement of cash flows, cash balances at the beginning and end of each year presented are translated at exchange rates at the respective dates. All cash flows are translated at the annual average exchange rates for the years presented. Resulting exchange differences are presented as foreign exchange effect on cash and cash equivalents.

3.3. Property, plant and equipment

Basis of carrying value of property, plant and equipment.
Mining assets.
Mining assets include mineral rights with capitalised mine development costs and certain types of operating equipment, such as equipment which represents an integral part of a particular mine or a particular open-pit, or such items of mining equipment whose use on an alternative mine or open-pit is impracticable or not economically feasible. The remaining part of tangible fixed assets besides listed above is defined as operating tangible fixed assets.

Mining assets are carried at fair value since the date of the creation of this new class of property, plant and equipment. Mineral rights were classified as property, plant and equipment and carried at fair value starting from 1 January 2013.

The fair value is determined by discounting future cash flows which can be obtained from operations of the mines based on the life-of-mine plans and deducting the fair value of the operating tangible fixed assets.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the mining assets and the net amount is restated to the revalued amount of the asset. Revaluations are performed on an annual basis.

A revaluation increase is recognised in other comprehensive income and accumulated in equity except to the extent it reverses a previous revaluation decrease recognised in profit or loss, in which case it is recognised in profit or loss. A revaluation decrease is recognised in profit or loss except to the extent that it reverses a revaluation increase recognised directly in equity, in which case it is recognised directly in equity.

At the year end a portion of the revaluation reserve, which is equal to the difference between depreciation based on the revalued carrying amount of the mining assets and depreciation based on the asset's historical cost, is transferred from the revaluation reserve to retained earnings.

The mineral rights of new greenfields are carried at historical value until detailed technical and financial plans for the assets are finalised.

Property, plant and equipment, other than mining assets.
Property, plant and equipment, other than mining assets, is stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads, and the corresponding capitalised borrowing costs. Where an item of property, plant and equipment, other than mining assets, comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Starting from 2019 railcars wheel pairs are also accounted for as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment, other than mining assets, that is accounted for separately, is capitalised to the carrying amount of the component that has been replaced being written off. Subsequent expenditure is capitalised if future economic benefits arise from the expenditure. All other expenditure, including repairs and maintenance, is recognised in profit or loss as an expense as incurred.

Generating assets and railcars.
In 2019, the Group has changed its accounting policy and established two new categories of property, plant and equipment – Generating assets and Railcars. Generating assets include buildings, machinery, equipment and utilities which are used in generation of energy. Management believes that the new accounting policy presents more fairly the consolidated financial position of the Group by recognising the whole value of the energy resource base, which is the Energy segment's core asset in its consolidated statement of financial position.

Depreciation.
Mining assets are depreciated using the unit-of-production method, based on the estimated proven and probable coal reserves to which they relate, or are written off if the mine is abandoned or where there is an impairment in value. The impairment loss is recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. Estimated proven and probable coal reserves determined in accordance with internationally recognised standards for reporting coal reserves reflect the economically recoverable coal reserves which can be legally recovered in the future from coal deposits.

Tangible assets, other than mining assets, are depreciated using the straight-line method based on estimated useful lives. For each item the estimated useful life has due regard to both its own physical life limitations and, if applicable, the present assessment of the economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all tangible assets, with annual reassessments for major items.

The estimated useful lives of property, plant and equipment, including mining assets, are as follows:

- mining assets average of 64 years
- generating assets 4 – 53 years
- machinery, equipment, transport and other 2 – 37 years
- buildings, structures and utilities 6 – 60 years
- railcars 7 – 32 years

3.4. Capital construction-in-progress

Capital construction-in-progress comprises costs directly related to mine development, construction of buildings, infrastructure, processing plant, machinery and equipment. Amortisation or depreciation of these assets commences when the assets are put in the location and condition necessary for them to be capable of operating in the manner intended by management. Capital construction-in-progress is reviewed regularly to determine whether its carrying value is recoverable.

3.5. Impairment

The Group reviews the carrying amounts of its tangible and intangible assets regularly to determine whether there are indicators of impairment. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

A recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment losses are recognised in profit or loss for the year. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6. Research and exploration expenditure

Pre-exploration costs are recognised in profit or loss as incurred.

Exploration and evaluation costs (including geophysical, topographical, geological and similar types of expenditure) are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The technical feasibility and commercial viability of extracting coal is considered to be determinable when proven coal reserves are determined to exist. Expenditure deemed to be unsuccessful is recognised immediately in profit or loss.

3.7. Inventories

Coal.
Coal is measured at the lower of production cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Production costs include on-mine and processing costs, as well as transportation costs to the point of sale.

Consumable stores and materials.
The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.8. Financial instruments

Non-derivative financial instruments.
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Group recognises a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets at amortised cost.
Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ('FVTPL'):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through other comprehensive income ('FVOCI').
Financial assets are classified and measured at fair value through other comprehensive income if they meet both of the following conditions and are not designated as at FVTPL:

- they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Financial assets at fair value through profit or loss.
Any financial assets that are not held in one of the two business models mentioned above are measured at fair value through profit or loss. This includes all derivative financial assets.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

If the Group changes its business model for managing financial assets it must reclassify all affected financial assets.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset, or it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

Cash and cash equivalents.
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities.
All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading, and liabilities that the Group designates to be measured at fair value through profit or loss. After initial recognition, the Group cannot reclassify any financial liability.

The Group derecognises a financial liability (or a part of a financial liability) when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets.
The Group assesses on a forward looking basis the expected credit losses ('ECL') associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. This will require considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The impairment model applies to the financial instruments that are not measured at FVTPL.Loss allowance is recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected

life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.The Group measures loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date;
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

For loans, the Group measures ECL on an individual basis, or on a collective basis for portfolios that share similar economic risk characteristics.

An impairment loss in respect of the financial assets is calculated as present value of the difference between the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach permitted by the standard, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. In assessing the impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset. Impairment losses on financial assets are presented under 'other expenses' in the operating profit or loss, similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations.

Derivative financial instruments.
The Group may enter into a variety of derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk, interest rate risk and risk of changes in the price of freight.

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. The subsequent changes are recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedges of a highly probable forecast transaction (cash flow hedge). When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss (to revenue or foreign exchange gain/loss depending on a hedged item) in the same period in which the hedged item affects profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, or the designation is revoked, then hedge accounting is discontinued prospectively. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is reclassified to profit or loss.

3.9. Provisions

Provisions are recognised when the Group has legal or constructive obligations, as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.10. Employee benefit obligations

Remuneration to employees in respect of services rendered during a reporting year is recognised as an expense in that reporting year.

Defined contribution plan.
The Group contributes to the Pension Fund of the Russian Federation, a defined contribution pension plan. The only obligation of the Group is to make the specified contributions in the year in which they arise and these contributions are expensed as incurred.

Defined benefit plans.
In accordance with current legislation and internal documentation the Group operates defined benefit plans whereby field workers of its coal-producing subsidiaries are entitled to a lump sum payment. The amount of benefits depends on age, years of service, compensation and other factors.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. Actuarial gains and losses are recognised directly in other comprehensive income.

The defined benefit obligation is calculated annually by the Group. The Projected Unit Credit Method is used to determine the present value of defined benefit obligations and the related current service cost. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

3.11. Income tax

Income tax expense comprises current and deferred taxation.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and includes any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In addition, deferred tax is not recognised for temporary differences arising on the initial recognition of goodwill and temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

3.12. Revenue recognition

Revenue comprises the sales value of coal, energy and other goods and services supplied to customers during the period, excluding value-added tax. The sales of goods are recognised when control of the products has transferred to the customer. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Energy sales are carried out on both regulated and unregulated energy markets. Regulated market revenue is based on the application of authorised tariffs as approved by the Federal Antimonopoly Service and Regional Energy Commission of Russian Federation. Revenue is recognised on a monthly basis upon the delivery of the electricity and heat.

The amounts of revenue and expenses of self-produced and consumed electricity volume are shown net for presentation purposes based on selling prices on a day-ahead market. Management believes that such presentation provides more relevant and meaningful information about the operation of the Group.

3.13. Dividends declared

Dividends and related taxation thereon are recognised as a liability in the year in which they have been declared and become legally payable.

Retained earnings legally distributable by the Group are based on the amounts available for distribution in accordance with the applicable legislation and as reflected in the statutory financial statements of the individual Group entities. These amounts may differ significantly from the amounts recognised in the Group's consolidated IFRS financial statements.

3.14. Development expenditure

Development costs are capitalised when shaft sinking is done to prepare a certain part of a deposit for mining and used throughout the life of a mine. Development costs are expensed in case longwalls are being prepared for extraction.

3.15. Overburden removal expenditure

In open-pit coal mining operations, it is necessary to remove the overburden and other waste in order to access the economically recoverable coal.

Stripping costs incurred during the pre-production phase of the open-pit mine are capitalised as the cost of the development of the mining property and amortised over the life of the mine.

Due to the specifics of the geology of the Group's mining assets, the period required to gain access to a coal seam is short, and the stripping ratio (volume of overburden removed over the volume of coal extracted) is relatively constant over the periods. Therefore, stripping costs incurred during the production phase of the open-pit mine are recognised in the profit or loss as incurred.

3.16. Environmental obligation

Environmental obligation includes provision for decommissioning and site restoration costs.

Environmental provision is recognised when the Group has a present legal or constructive obligation as a result of past events that existed at the balance sheet date:

- to dismantle and remove its items of property, plant and equipment (decommissioning); and
- to restore site damage after the commencement of coal production to bring the land into a condition suitable for its further use (site restoration).

Estimated future costs are provided for at the present value of estimated future expenditures expected to be incurred to settle the obligation, using estimated cash flows, based on current prices adjusted for the inflation.

The increase in the provision through unwinding of the obligation, due to the passage of time, is recognised as a finance cost in profit or loss.

Changes in the obligation, reassessed regularly, related to new circumstances or changes in law or technology, or in the estimated amount of the obligation, or in the pre-tax discount rates, are recognised as an increase or decrease of the cost of the relevant asset to the extent of the carrying amount of the asset; the excess is recognised immediately in profit or loss.

Gains from the expected disposal of mining assets at the end of the life of the mine are not taken into account when determining the provision.

3.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss for the year in which they are incurred.

3.18. Goodwill

Goodwill arises on acquisitions and is recognised as an asset initially measured at cost, being the excess of the cost of the business combination over the Group's share of the net fair value of acquiree's identifiable assets, liabilities

and contingent liabilities recognised at the date of acquisition. If the Group's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, after reassessment, exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Transaction costs incurred in a business combination are expensed.

The Group elected not to restate past business combinations at the date of adoption of IFRS.

4. Critical accounting judgements and estimates

In the process of applying the Group's accounting policies management has made the following principal judgements and estimates that have a significant effect on the amounts recognised in the consolidated financial statements. Actual results may differ from these estimates.

Coal reserve estimates.
Coal reserve estimates are used as the basis for future cash flows, which enter into the valuation of mining rights, the determination of provision for environmental obligations, calculations of amortisation and depreciation of mining assets, the unwinding of discount on environmental obligations and the related deferred taxes.

The coal reserve estimates represent the quantity of coal expected to be mined, processed and sold at prices at least sufficient to recover the estimated total costs, the carrying value of the investment and anticipated additional expenditures ('proven and probable coal reserves' in international mining terminology). The estimates are based on several assumptions about the physical existence of coal reserves, future mining and recovery factors, production costs and coal prices and have been calculated using the assessment of available exploration and other data. The Group undertakes revisions of the coal reserve estimates, which are confirmed by independent consulting mining engineers, as appropriate.

Although management's long-term mine plans exceed the remaining useful life of some of the mining licenses of the Group, the Group has a legal right to apply for the extension of the licenses for its existing mining resources and therefore management is confident that the licenses will be extended provided that it is the same coal resource within the original mining license and that certain other conditions are met. Extensions to new seams or adjacent areas are often subject to open auctions. Delay or failure in securing relevant government approvals or licences, as well as any adverse change in government policies, may cause a significant adjustment to development and acquisition plans, which may have a material adverse effect on the Group's financial position and performance.

Valuation of mining assets.
Mining assets for coal extraction are stated at their fair value based on reports prepared by internal specialists of the Group at each year end.

Since there is no active market for mining assets, the fair value is determined by discounting future cash flows, which can be obtained from the operations of the mines based on the life-of-mine plans, and deducting the fair value of the operating tangible fixed assets. The Group did not identify any material intangible assets which should be deducted in arriving at the fair value of the mining assets.

Since the operating tangible fixed assets are carried at historical cost, for the purposes of regular revaluation of mining assets their fair value is determined either based on market prices for similar items of tangible fixed assets recently acquired or constructed by the Group or, in absence of such items, by applying a price index for the relevant year of acquisition of mining equipment to the residual value of items.

At 31 December 2019 the fair value of mining assets was determined based on the following key assumptions:

- the cash flows were projected based on actual operating results and life-of-mine models constructed for each cash-generating mining unit and based on an assessment of proven and probable reserves using projected volumes of coal and the available capacity of the transport infrastructure in the foreseeable period and thereafter;
- in 2019 the Group performed appraisal of proven and probable reserves as at 1 January 2019. The appraisal was performed by external professional consultants;
- export coal sales volumes were estimated to grow at an average of 2% for the foreseeable forecasted period 2020-2030;
- export coal prices for Asian markets are estimated to fall by 7% in 2020 in comparison to 2019 and to grow at an average of 3% for 2021-2023. Export coal prices for European markets are estimated to stay in 2020 at the level of 2019 and to grow at an average of 6% for 2021-2023. Forecast for 2020-2023 is based on the forward rates

and consensus forecast of investment banks, forecast after 2023 is estimated to be in line with long-term USD inflation;

- domestic coal sales volumes were estimated to grow at an average of 1% for the foreseeable forecasted period 2020-2030;
- domestic coal prices were estimated to grow at an average of 5% in 2020 and to grow in line with RUB inflation thereafter;
- regulated railroad tariffs for 2020 were estimated to grow at an average of 3.5% and to grow in line with RUB inflation less than 0.1% thereafter;
- the RUB/USD exchange rate was estimated in 2020 at the level of 65.5 RUB/USD. For 2020-2021 the estimate was based on the RUB/USD forward rate and a consensus forecast of investment banks and was indexed by the ratio between the expected RUB inflation of the corresponding year and the long-term USD inflation thereafter;
- cash flow forecasts were discounted to their present value at the nominal weighted average cost of capital of 12.5% in RUB for brown coal mining units and at the nominal weighted average cost of capital of 9.5% in USD for hard coal mining units.

At 31 December 2019 the total effect of the revaluation of the mining assets was a decrease of 810 million USD (31 December 2018 – an increase of 1,322 million USD); the after-tax effect on equity was a decrease of 648 million USD (31 December 2018 – an increase of 1,058 million USD).

Example changes in key assumptions applied to the first forecasted year would have the following effect on the fair value of the mining assets:

	(Decrease)/increase of the fair value
Increase in weighted average cost of capital by 1 percentage point	(954)
Increase in export coal prices of 1%	400
Increase in RUB/USD exchange rate of 1%	255
Increase in export coal sales volumes of 1%	157
Increase in regulated railroad tariffs growth of 1%	(186)
Increase in domestic coal prices of 1%	134
Increase in domestic coal sales volumes of 1%	62

Determination of recoverable amount of property, plant and equipment of the Coal segment (other than mining assets).

The recoverable amount of the property, plant and equipment of the coal segment (other than mining assets) as at 31 December 2019 was determined either based on market prices for similar items of machinery and equipment recently acquired by the Group or, if no such purchases occured, by applying a price index for the relevant year of acquisition for mining equipment to the residual value of items. As a result of the testing no impairment loss was recognised.

5. Segmental information

The Group evaluates performance and makes investment and strategic decisions based on a review of the profitability of the Group as a whole, and based on operating segments. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by management.

Starting from 1 January 2019 operating segments identified by management are coal, logistics, energy and corporate segments. The coal segment includes coal extraction, coal washing, sales and distribution in the Russian Federation and abroad; the logistics segment includes railroad transportation and transshipment in ports; the energy segment includes generation and sales of electricity, heat and capacity and the corporate segment includes operations of holding companies.

Management believes that the new disclosure structure presents more fairly the operating segment information. Changes were caused by evolutionary approach resulting from acquisition and development of business other than coal. The comparative information for the year ended and as at 31 December 2018 has been restated for the effect of these changes.

Operating segment information for the Group at 31 December 2019 and for the year then ended is as follows:

	Coal	Logistics	Energy	Corporate	Inter-segment elimination	Total
Segment revenue and profitability						
Segment external revenues	5,140	218	2,189	—	—	7,547
Russian Federation	614	218	2,189	—	—	3,021
Pacific region	2,712	—	—	—	—	2,712
Atlantic region	1,814	—	—	—	—	1,814
Inter-segment revenues	664	1,903	8	53	(2,628)	—
Segment expenses	(5,650)	(1,632)	(1,720)	(111)	2,628	(6,485)
Operating profit/(loss)	**154**	**489**	**477**	**(58)**	**—**	**1,062**
Depreciation and amortisation	(597)	(265)	(184)	(7)	—	(1,053)
Interest expense and interest on lease	(157)	(94)	(121)	(239)	206	(405)
Interest income	5	7	4	210	(206)	20
(Loss)/profit before tax	(88)	444	357	127	—	840
Income tax benefit/(expense)	51	(89)	(71)	(25)	—	(134)
Net (loss)/profit for the year	**(37)**	**355**	**286**	**102**	**—**	**706**
Capital expenditures incurred during the year	972	89	158	12	—	1,231
Additions of right-of-use assets	**13**	**932**	**4**	**—**	**—**	**949**
Segment assets and liabilities						
Total segment assets	**13,271**	**2,601**	**3,682**	**1,210**	**(4,293)**	**16,471**
Total segment liabilities	**5,013**	**1,409**	**2,493**	**6,348**	**(4,293)**	**10,970**

Operating segment information for the Group at 31 December 2018 and for the year then ended is as follows:

	Coal	Logistics	Energy	Corporate	Inter-segment elimination	Total
Segment revenue and profitability						
Segment external revenues	6,031	135	2,130	—	—	8,296
Russian Federation	679	135	2,130	—	—	2,944
Pacific region	3,054	—	—	—	—	3,054
Atlantic region	2,298	—	—	—	—	2,298
Inter-segment revenues	568	1,875	7	54	(2,504)	—
Segment expenses	(5,406)	(1,687)	(1,746)	(89)	2,504	(6,424)
Operating profit/(loss)	**1,193**	**323**	**391**	**(35)**	**—**	**1,872**
Depreciation and amortisation	(438)	(50)	(177)	(4)	—	(669)
Interest expense	(141)	(14)	(135)	(180)	178	(292)
Interest income	7	16	7	171	(178)	23
Profit/(loss) before tax	1,032	294	259	(107)	—	1,478
Income tax (expense)/benefit	(224)	(59)	(52)	21	—	(314)
Net profit/(loss) for the year	**808**	**235**	**207**	**(86)**	**—**	**1,164**
Capital expenditures incurred during the year	802	80	101	7	—	990
Segment assets and liabilities						
Total segment assets	**12,727**	**952**	**2,786**	**834**	**(3,260)**	**14,039**
Total segment liabilities	**4,244**	**288**	**1,976**	**5,556**	**(3,260)**	**8,804**

6. Revenue

	2019	2018
Coal	4,877	5,706
Capacity	732	720
Heat	707	734
Electricity	693	588
Petroleum coke	153	250
Other	385	298
Total	**7,547**	**8,296**

7. Cost of sales

	2019	2018
Coal and petroleum coke purchased from third parties	1,090	1,155
Labour	846	784
Depreciation and amortisation	794	627
Consumables and spares	454	373
Purchased fuel	279	256
Purchased energy	197	223
Repairs and maintenance services	164	137
Transportation services	58	51
Property and other taxes	54	72
Drilling and blasting services	22	44
Tax on mining	41	40
Personnel transportation services	37	33
Fire and rescue brigade expenses	36	32
Transfer of heat	28	27
Special equipment services	15	16
Land rent	6	17
Other	154	223
Total	**4,275**	**4,110**

Proceeds from the sale of electricity and purchased energy are presented after deduction of cost of electricity generated by the Group and consumed for own process needs in the amount of 96 million USD for the year ended 31 December 2019 (for the year ended 31 December 2018 – 87 million USD).

8. Distribution costs

	2019	2018
Railway services	1,172	1,234
Freight	289	282
Depreciation and amortisation	259	42
Stevedoring from third parties	138	139
Repair and maintenance services	44	50
Labour	44	47
Consumables and spares	9	20
Customs expenses and export duties	8	18
Property and other taxes	2	3
Rent of rail cars	—	193
Other	13	19
Total	**1,978**	**2,047**

9. General and administrative expenses

	2019	2018
Salaries	140	131
Consulting, legal, audit and other professional services	38	38
Charitable donations	26	38
Office rent	—	8
Other	25	24
Total	**229**	**239**

10. Finance Costs, NET

	2019	2018
Interest expense	317	292
Interest on lease	88	—
Bank commissions and charges	24	32
Unwinding of discount on provisions	13	10
Interest income	(20)	(23)
Total	**422**	**311**

11. Property, plant and equipment

	Mining assets	Generating assets	Machinery, equipment, transport and other	Buildings, structures and utilities	Railcars	Construction-in-progress	Total
Cost							
Balance at 1 January 2018	**6,636**	**2,162**	**2,422**	**1,680**	**314**	**349**	**13,563**
Revaluation of mining assets	1,322	—	—	—	—	—	1,322
Business combination	—	644	6	161	—	33	844
Additions	40	19	5	15	—	911	990
Transfers	351	20	443	(209)	34	(639)	—
Disposals	—	(4)	(60)	(4)	—	(9)	(77)
Translation difference	(358)	(485)	(140)	(130)	(32)	(38)	(1,183)
Balance at 31 December 2018	**7,991**	**2,356**	**2,676**	**1,513**	**316**	**607**	**15,459**
Revaluation of mining assets	(810)	—	—	—	—	—	(810)
Business combination (see note 33)	28	314	15	36	—	40	433
Additions	55	—	4	55	—	1,117	1,231
Transfers	108	52	599	138	41	(938)	—
Disposals	(5)	(8)	(74)	(15)	—	(13)	(115)
Translation difference	207	305	108	76	23	29	748
Balance at 31 December 2019	**7,574**	**3,019**	**3,328**	**1,803**	**380**	**842**	**16,946**
Accumulated depreciation and amortisation							
Balance at 1 January 2018	**722**	**623**	**1,399**	**658**	**19**	**—**	**3,421**
Depreciation and amortisation (including transfers)	368	125	238	(67)	14	—	678
Disposals	—	(3)	(58)	(3)	—	—	(64)
Translation difference	(65)	(118)	(66)	(46)	(5)	—	(300)
Balance at 31 December 2018	**1,025**	**627**	**1,513**	**542**	**28**	**—**	**3,735**
Depreciation and amortisation	305	114	295	82	38	—	834
Disposals	(5)	—	(45)	(2)	—	—	(52)
Translation difference	44	81	54	22	2	—	203
Balance at 31 December 2019	**1,369**	**822**	**1,817**	**644**	**68**	**—**	**4,720**
Net book value at 31 December 2018	**6,966**	**1,729**	**1,163**	**971**	**288**	**607**	**11,724**
Net book value at 31 December 2019	**6,205**	**2,197**	**1,511**	**1,159**	**312**	**842**	**12,226**

Group assets include advances issued for capital expenditures of 64 million USD (31 December 2018 – 100 million USD).

If mining assets had been carried at the historical cost, the net book value of property, plant and equipment at 31 December 2019 would have been 6,776 million USD (31 December 2018 – 5,372 million USD).

12. Right-of-use assets

	Generating assets	Buildings, structures and utilities	Machinery, equipment, transport and other	Railcars	Total
Cost					
Balance at 1 January 2019	**79**	**85**	**28**	**591**	**783**
Additions	4	11	2	932	949
Modifications	(5)	13	(1)	(1)	6
Disposals	—	—	—	(38)	(38)
Translation difference	10	13	1	111	135
Balance at 31 December 2019	**88**	**122**	**30**	**1,595**	**1,835**
Accumulated depreciation					
Balance at 1 January 2019	**—**	**—**	**4**	**—**	**4**
Depreciation	10	10	8	192	220
Modifications	—	—	—	(4)	(4)
Disposals	—	—	—	(25)	(25)
Translation difference	1	—	—	8	9
Balance at 31 December 2019	**11**	**10**	**12**	**171**	**204**
Net book value at 1 January 2019	**79**	**85**	**24**	**591**	**779**
Net book value at 31 December 2019	**77**	**112**	**18**	**1,424**	**1,631**

In the first half of 2019, the Group acquired a company which owned railcars in lease for a consideration of 425 million USD from a third party. The Group treated this transaction as an acquisition of assets and recognised railcars in the form of a right-of-use assets of 832 million USD. Lease liabilities related to these railcars are disclosed in note 22. The consideration paid is included in the Property, plant and equipment line in the consolidated statement of cash flows in accordance with its substance.

13. Other assets

	2019	2018
Contract assets under concession agreements	49	24
Other assets	49	82
Total	**98**	**106**

14. Trade accounts and other receivables

	2019	2018
Trade accounts receivable	985	859
Advances issued	115	127
Other receivables	55	67
Subtotal	**1,155**	**1,053**
Less: Allowance for doubtful debts	198	171
Total	**957**	**882**

15. Inventories

	2019	2018
Coal stock	356	416
Consumable stores and materials	455	350
Less: Allowance for obsolescence	45	31
Net consumable stores and materials	410	319
Total	**766**	**735**

16. Derivative financial instruments

		2019		2018
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps – cash flow hedges	104	5	—	—
Coal contracts – cash flow hedges	37	7	35	4
Other derivatives	1	—	2	—
Total	**142**	**12**	**37**	**4**

Derivative financial instruments were valued using observable inputs, which correspond to Level 2 of the hierarchy of the fair value measurements (see note 31). Details of the effective portion of changes in fair value of cash flow hedges were as follows:

		2019	2018	
	Gain recognised in comprehensive income	Gain recycled from comprehensive income to the profit or loss	Loss recognised in comprehensive income	Loss recycled from comprehensive income to the profit or loss
Effective portion of changes in fair value of cash flow hedges	344	(241)	(17)	114
Deferred tax	(33)	21	1	(10)
Total	**311**	**(220)**	**(16)**	**104**

Cross-currency swaps. In the second half of 2019 the Group entered into cross-currency swap contracts to manage exposure of fluctuations in foreign currency exchange rates.

At 31 December 2019 the outstanding principle amount of hedge is 1,908 million USD. Details of the cross-currency swaps designated as cash flow hedges were as follows:

		2019		2018
	Volume, million USD	Derivative	Volume, million USD	Derivative
Derivative assets				
2021	177	17	—	—
2022	676	62	—	—
2023	392	25	—	—
Total	**1,245**	**104**	**—**	**—**
Derivative liabilities				
2023	662	5	—	—
Total	**662**	**5**	**—**	**—**

Coal contracts.
The Group uses coal forwards to hedge the coal price index used in index price coal sales and purchase contracts. Details of the coal forwards designated as cash flow hedges were as follows:

	2019		2018	
	Volume, '000 tonne	Derivative	Volume, '000 tonne	Derivative
Derivative assets				
0 – 3 months	1,014	9	2,623	12
3 – 6 months	738	11	2,043	9
6 – 9 months	738	9	1,923	9
9 – 12 months	828	8	1,743	7
Total	**3,318**	**37**	**8,332**	**37**
Derivative liabilities				
0 – 3 months	192	2	210	2
3 – 6 months	112	2	150	1
6 – 9 months	125	2	30	1
9 – 12 months	105	1	30	—
Total	**534**	**7**	**420**	**4**

At 31 December 2019 the average coal sales price under the hedge coal forward contracts was 70 USD per ton (31 December 2018 – 92 USD per ton) and the average coal puchase price under the coal forward contracts was 69 USD per ton (31 December 2018 – 94 USD per ton).

17. Prepaid and recoverable taxes

	2019	2018
Value-added tax recoverable	195	122
Income tax receivable	65	51
Prepaid other taxes	5	2
Total	**265**	**175**

18. Cash and cash equivalents

		2019	2018
Current accounts	— RUB	83	62
	— foreign currency	56	61
Deposits	— RUB	24	19
	— foreign currency	9	9
Other cash equivalents	— foreign currency	4	15
Total		**176**	**166**

19. Share capital and reserves

	Number of shares, in thousands	
	2019	2018
Authorised share capital		
Ordinary shares	236,060	236,060
Issued share capital		
Ordinary shares	236,060	236,060

Ordinary shares of the Company have a par value of 0.005 RUB. All issued shares were fully paid.

20. Earnings per share

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as there is no dilution effect.

	2019	2018
Profit for the year attributable to ordinary shareholders of the parent	699	1,144
Weighted average number of ordinary shares in issue (in thousands)	236,060	234,393
Basic and diluted earnings per share (in USD)	**2.96**	**4.88**

21. Borrowings

	Effective interest rate	2019	2018
Long-term borrowings			
Variable rate borrowings		**2,952**	**3,050**
Unsecured USD-denominated borrowings	6M LIBOR + 0.9% to 1M LIBOR + 3%	2,780	2,692
Unsecured EUR-denominated borrowings	6M EURIBOR + 0.38% to 6M EURIBOR + 2.25%	172	141
Unsecured RUB-denominated borrowings		—	217
Fixed rate borrowings		**3,631**	**1,241**
Unsecured USD-denominated borrowings	3.2% to 5.1%	1,814	—
Unsecured RUB-denominated borrowings	0.05% to 8.03%	977	970
Unsecured RUB-denominated bonds	7.4% to 8.3%	840	271
Subtotal		**6,583**	**4,291**
Less: Current portion of long-term borrowings		1,644	1,019
Total long-term borrowings		**4,939**	**3,272**
Short-term borrowings			
Fixed rate borrowings		**155**	**62**
Unsecured USD-denominated borrowings	2.25% to 2.3%	150	—
Undecured RUB-denominated borrowings	7.6% to 7.75%	—	60
Other borrowings		5	2
Subtotal		**155**	**62**
Current portion of long-term borrowings		1,644	1,019
Total short-term borrowings		**1,799**	**1,081**

The Group's long-term borrowings have restrictive covenants including, but not limited to, the requirement to maintain minimum ratios associated with:

- consolidated net indebtedness to earnings before interest, tax, depreciation and amortisation ('EBITDA'); and
- EBITDA to consolidated interest expense.

The covenants are calculated based on the IFRS financial statements of the Group on a semi-annual basis.
As at 31 December 2019 the Group was in compliance with all such covenants.

22. Lease liabilities

	2019	2018
Recognition at the beginning of the period	**799**	**—**
Additions	521	—
Modifications	11	
Interest on lease	88	—
Payments of lease liabilities	(311)	—
Disposals	(16)	—
Translation difference	117	—
Closing balance	**1,209**	**—**

Closing balance of a lease liability of 399 million USD relates to railcars in lease disclosed in Note 12.

23. Changes in liabilities arising from financial activities

The table below provides information of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes:

	Long-term borrowings	Short-term borrowings	Lease liabilities	Acquisition of NCI	Other	Total
Balance as at 1 January 2018	**4,650**	**177**	**—**	**—**	**—**	**4,827**
Cash flows	(550)	(136)	—	(164)	(38)	(888)
Foreign exchange (gain)/loss	(297)	(28)	—	—	1	(324)
Interest expenses	289	3	—	—	—	292
Business combination	167	46	—	—	—	213
Bank commissions	32	—	—	—	—	32
Other payables	—	—	—	164	37	201
Balance as at 31 December 2018	**4,291**	**62**	**—**	**—**	**—**	**4,353**
Balance as at 1 January 2019	**4,291**	**62**	**799**	**—**	**—**	**5,152**
Cash flows	1,828	5	(311)	(17)	(12)	1,493
Foreign exchange loss	144	67	117	—	—	328
Interest expenses and interest on lease	296	21	88	—	—	405
Change in lease obligations	—	—	516	—	—	516
Bank commissions	24	—	—	—	—	24
Other payables	—	—	—	17	12	29
Balance as at 31 December 2019	**6,583**	**155**	**1,209**	**—**	**—**	**7,947**

24. Other long-term liabilities

	2019	2018
Provision for environmental obligation	175	79
Provision for defined benefit obligation	64	49
Payables for the acquisition of SGC group	—	1,916
Other long-term liabilities	132	104
Total	**371**	**2,148**

Provision for environmental obligation.
The extent and cost of future site restoration programmes are inherently difficult to estimate and depend on the estimated lives of the assets, the scale of any possible disturbance and contamination as well as the timing and extent of corrective actions. The following is a summary of the key assumptions on which the discounted carrying amounts of the obligations are based:

	2019	2018
Discount rate	7%	9%
Inflation rate	4%	5%

Provision for defined benefit obligation.
Actuarial assumptions used for the calculation of the defined benefit obligation were as follows:

	2019	2018
Discount rate	7%	9%
Inflation rate	4%	5%
Future increases in salaries	4%	5%

25. Trade accounts and other payables

	2019	2018
Trade accounts payable and accruals	518	302
Advances from customers	198	57
Accrual for vacation payments	72	56
Wages and salaries	66	57
Payables for the acquisition of Reftinskaya GRES (see note 33)	65	—
Other creditors	79	34
Total	**998**	**506**

26. Taxes payable

	2019	2018
Value-added tax	72	80
Income tax	46	9
Social security contributions	28	18
Other	20	23
Total	**166**	**130**

27. Taxation

	2019	2018
Current income tax expense	209	243
Deferred income tax (benefit)/expense	(75)	71
Income tax expense	**134**	**314**

The reconciliation of theoretical income tax, calculated at the rate effective in the Russian Federation, where the Company is domiciled, to the amount of actual income tax expense recorded in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2019	2018
Profit before tax	**840**	**1,478**
Theoretical income tax expense at 20%	168	296
Impact of specific tax rates in Switzerland	(38)	(20)
Impact of tax rate change in Switzerland	(22)	—
Impact of specific tax rates in Russian Federation	(2)	(3)
Tax effect of non-deductible expenses	28	41
Total income tax expense	**134**	**314**

The tax effects of temporary differences that give rise to deferred taxation are presented below:

	Opening balance	Effect of IFRS 16	Recognised in equity	Recognised in profit or loss	Effect of translation to presentation currency	Closing balance
2019						
Deferred tax assets	**247**	**156**	**9**	**80**	**35**	**527**
Lease liabilities	—	156	—	62	10	228
Tax losses carried forward	193	—	6	(24)	16	191
Prepaid expenses and accruals	13	—	2	—	(1)	14
Environmental and other provisions	19	—	1	17	2	39
Employee benefit obligations	14	—	—	2	1	17
Trade accounts and other receivables	8	—	—	2	1	11
Inventory	—	—	—	—	5	5
Other	—	—	—	21	1	22
Deferred tax liabilities	**(1,774)**	**(156)**	**149**	**(5)**	**(85)**	**(1,871)**
Property, plant and equipment	(1,757)	—	161	39	(63)	(1,620)
Right-of-use	—	(156)	—	(62)	(10)	(228)
Derivative financial assets	(3)	—	(12)	—	—	(15)
Inventory	(7)	—	—	10	(3)	—
Other	(7)	—	—	8	(9)	(8)
Net deferred tax liabilities	**(1,527)**	**—**	**158**	**75**	**(50)**	**(1,344)**

	Opening balance	Recognised in equity	Recognised in profit or loss	Effect of translation to presentation currency	Closing balance
2018					
Deferred tax assets	**302**	**—**	**(17)**	**(38)**	**247**
Tax losses carried forward	242	—	(18)	(31)	193
Environmental and other provisions	17	2	2	(2)	19
Employee benefit obligations	15	1	(1)	(1)	14
Prepaid expenses and accruals	10	1	4	(2)	13
Trade accounts and other receivables	13	1	(4)	(2)	8
Derivative financial liabilities	5	(5)	—	—	—
Deferred tax liabilities	**(1,437)**	**(395)**	**(54)**	**112**	**(1,774)**
Property, plant and equipment	(1,424)	(392)	(53)	112	(1,757)
Inventory	(4)	—	(1)	(2)	(7)
Derivative financial assets	—	(3)	—	—	(3)
Other	(9)	—	—	2	(7)
Net deferred tax liabilities	**(1,135)**	**(395)**	**(71)**	**74**	**(1,527)**

In 2018 net effect of business combination, included in recognised in equity column above, amounted to 121 million USD.

Unrecognised temporary differences, related to investments in subsidiaries where the Group is able to control the timing of the reversal and distribution of dividends, including distribution on a tax-free basis when certain conditions are met, and it is probable that the temporary difference will not be reversed in the foreseeable future, amounted to 3,229 million USD (31 December 2018 – 4,032 million USD).

Management believes that sufficient taxable profits will be available, against which the unused tax losses can be utilised by the Group in the unlimited future period.

For disclosure purposes certain deferred tax assets and liabilities are offset in accordance with the accounting policy.

	2019	2018
Deferred tax assets	132	136
Deferred tax liabilities	(1,476)	(1,663)
Net deferred tax liabilities	**(1,344)**	**(1,527)**

28. Related party transactions

Related parties are considered to include the ultimate beneficiary, affiliates and entities under common ownership and control of the same principal ultimate beneficiary. The Company and its subsidiaries, in the ordinary course of their business, enter into various sales, purchases and service transactions with related parties.

Transactions with related parties not dealt with elsewhere in the consolidated financial statements are as follows:

	2019	2018
Coal sales to DEC group, an associate of a company with the same principal ultimate beneficiary	134	136
Other energy sales	61	58
Other revenue from EuroChem group	25	7
Other coal sales	—	36
Other expenses	31	64
Interest expense	1	2
Remuneration of the Board of Directors and the Management members	16	18

The outstanding balances with related parties are as follows:

	2019	2018
Trade accounts and other receivables from DEC group	14	14
Payables for the acquisition of SGC group to a related company	—	1,916
Other receivables	—	30

29. Commitments

Capital commitments.
The following key capital expenditures were approved:

	2019	2018
Contracted	1,025	559
Not yet contracted	284	117
Total	**1,309**	**676**

30. Contingencies

Insurance.
The insurance industry in the Russian Federation is in the process of development, and some forms of insurance protection common in developed markets are not yet generally available at commercially acceptable terms. The Group has limited coverage for its mining, processing, transportation and energy generating facilities for business interruption or for third-party liabilities in respect of property or environmental damage arising from accidents on the Group's property or relating to the Group's operations. Management understands that until the Group obtains adequate insurance coverage there is a risk that the loss or destruction of certain operating assets could have a material adverse effect on the Group's operations and financial position.

Litigation.
The Group has a number of small claims and litigations relating to regular business activities and small fiscal claims. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

Taxation contingencies in the Russian Federation.
Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. It is therefore possible that significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on management's best estimate of the probable outflow of resources embodying economic benefits which will be required to settle such liabilities.

Management believes that it has provided adequately for all tax liabilities based on its interpretation of the tax legislation. However, the relevant authorities may have differing interpretations, and the effect could be significant.

Environmental matters.
The Group is subject to extensive federal, state and local environmental controls and regulations in the regions in which it operates. The Group's operations involve disturbance of land, discharge of materials and contaminants into the environment and other environmental concerns.

The Group's management believes that it is in compliance with all current existing health, safety and environmental laws and regulations in the regions in which it operates. However, changes in environmental regulations are currently under consideration in the Russian Federation. The Group is continually evaluating its obligations relating to new and changing legislation. The Group is unable to predict the timing or extent to which environmental laws and regulations may change. Such change, if it occurs, may require the Group to modernise technology and incur future additional material costs to meet more stringent standards.

Russian Federation risk.
The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. This change in the environment did not have a significant effect on the Group's operations, however, the longer-term effects of the imposed and possible additional sanctions are difficult to determine. The Group implemented relevant compliance policy, continuously monitors economic sanctions and analyses their effect on the Group's financial position and operation results.

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

31. Fair value measurement

The fair value of assets and liabilities is determined with reference to various market information and other valuation methods as considered appropriate. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in valuation techniques, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial instruments carried at amortised cost.

At 31 December 2019, the fair values of financial instruments carried at amortised cost, which are mainly loans and receivables, did not materially differ from the carrying values.

Financial instruments carried at fair value.

Fair values of derivative financial assets and liabilities were determined using inputs from observable market data, which correspond to Level 2 of the hierarchy of fair values.

Mining assets carried at fair value.

The fair value of mining assets was determined using discounted cash flow method corresponding to Level 3 of the hierarchy of fair values (see note 4).

32. Financial risk management

In the normal course of its operations, the Group is exposed to market (including foreign currency and interest rate), credit and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out through regular meetings of a risk management committee of operational management and by the central treasury department. The Board of Directors approves principles for overall risk management. In addition, operational management have developed policies covering specific areas, such as foreign currency risk, interest rate risk and the use of derivative and non-derivative financial instruments.

32.1. Market risk

Market risk is the risk that changes in market prices, such as coal prices, foreign exchange rates and interest rates will negatively impact the Group's results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk management includes the analysis of foreign currency and interest rate risks.

Interest rate risk
Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group. The total net unhedged liability which exposes the Group to interest rate risk amounts to 2,952 million USD (31 December 2018 – 3,050 million USD).

The Group's interest rate risk arises primarily from long-term borrowings. The Group's borrowings at variable interest rates are primarily denominated in USD. Borrowings at variable interest rates expose the Group to a cash flow interest rate risk. The Group monitors the risk and, if necessary, manages its exposure by entering into variable-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from variable interest rates to fixed interest rates.

An increase or decrease in the floating interest rate by 1 percentage point, provided that the amount of outstanding balance remained constant for the whole year, would have decreased or increased profit for the year by 30 million USD (2018 – 31 million USD).

Foreign currency risk
Foreign currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed.

A significant portion of the Group's revenues are denominated in USD, whereas the majority of the Group's expenditures are denominated in RUB. Accordingly, operating profits may be adversely impacted by the appreciation of the RUB against the USD. The risk of negative fluctuations in the USD/RUB exchange rate for future revenue streams is naturally hedged by the USD borrowings.

The Group had the following monetary assets and liabilities denominated in currencies other than the functional currency of the respective Group entity:

				2019				2018
	RUB	USD	EUR	Total	RUB	USD	EUR	Total
Balances with third and related parties	**(203)**	**(1,787)**	**(312)**	**(2,302)**	**(108)**	**(1,918)**	**(225)**	**(2,251)**
Prepaid and recoverable taxes	137	—	—	137	93	—	—	93
Cash and cash equivalents	49	7	—	56	30	1	—	31
Trade accounts receivable	45	—	1	46	38	—	1	39
Other receivables	23	—	—	23	3	—	—	3
Borrowings	—	(1,772)	(185)	(1,957)	—	—	(141)	(141)
Other long-term liabilities	(245)	—	(6)	(251)	(97)	—	(14)	(111)
Trade accounts payable and accruals	(142)	(22)	(76)	(240)	(114)	(3)	(49)	(166)
Other creditors	(1)	—	(46)	(47)	(7)	—	(22)	(29)
Taxes payable	(25)	—	—	(25)	(17)	—	—	(17)
Accrual for vacation payments	(24)	—	—	(24)	(19)	—	—	(19)
Wages and salaries	(20)	—	—	(20)	(18)	—	—	(18)
Payables for acquisition of SGC	—	—	—	—	—	(1,916)	—	(1,916)
Intra-group balances	**(696)**	**(202)**	**4**	**(894)**	**(467)**	**(164)**	**1**	**(630)**
Intra-group receivables	254	12	160	426	204	38	146	388
Intra-group borrowings	(450)	(206)	(156)	(812)	(344)	(202)	(144)	(690)
Intra-group payables	(500)	(8)	—	(508)	(327)	—	(1)	(328)
Total net liabilities	**(899)**	**(1,989)**	**(308)**	**(3,196)**	**(575)**	**(2,082)**	**(224)**	**(2,881)**

A 10% devaluation of functional currencies against foreign currencies at the reporting date would have the following effect on the equity and profit or loss for the year:

				2019
	RUB	USD	Other	Total
(Increase)/decrease in equity	(41)	145	15	119
(Increase)/decrease in profit or loss for the year	(74)	130	15	71

32.2. Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations to the Group on a timely basis, leading to a financial loss to the Group. The Group minimises its exposure to this risk by ensuring that credit risk is spread across a number of counterparties. Trade receivables comprise international companies and large Russian companies, and credit is only extended to these customers after rigid credit approval procedures. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

At 31 December 2019 8% of total trade receivables were due from the Group's largest customer and 26% of the total trade receivables were due from the Group's next 19 largest customers (31 December 2018 – 3% and 26%, respectively).

The table below analyses the Group's trade receivables into relevant groupings based on ageing.

	2019		2018	
	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts
Not past due	708	—	625	—
Past due for less than 12 months	153	61	107	41
Past due for more than one year	124	124	127	127
Total	**985**	**185**	**859**	**168**

The movement in the allowance for doubtful debts in respect of trade receivables during the year was as follows:

	2019	2018
Opening balance	**168**	**151**
Additional doubtful debts	99	94
Bad debt recovered	(95)	(70)
Bad debt written-off (impairment loss recognised)	(7)	(11)
Effect of translation to presentation currency	20	(9)
Adjustment of expected credit losses under IFRS 9	—	13
Closing balance	**185**	**168**

Analysis of credit quality of cash and cash equivalents, including bank deposits, based on credit ratings of independent agencies 'Standard & Poor's', 'Fitch Ratings' and others is listed in the table below:

	2019	2018
From A- to AAA	48	36
From BBB- to BBB+	85	42
From BB- to BB+	30	60
Other	13	28
Total	**176**	**166**

32.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due.

Recently global and Russian capital markets have experienced significant volatility, including a lack of available sources of financing and significant fluctuation of the Russian Rouble against the USD and the Euro. Despite stabilisation measures undertaken by various governments, markets remain volatile.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group expects that cash generated from operations will be the major source of the Group's liquidity in 2020 and will be sufficient to cover the capital expenditures programme of the Group. In addition, management believes that the Company will be able to attract additional sources of financing in order to refinance existing short-term facilities.

The central treasury department of the Group maintains flexibility in funding by ensuring the availability of credit line facilities. The unused portion of these lines at 31 December 2019 totalled 2,889 million USD (31 December 2018 – 3,427 million USD).

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the contractual undiscounted cash flows to maturity, including interest payments.

	Carrying amount	Contractual cash flows	Due in the first year	Due in the second year	Due thereafter
Balance at 31 December 2019					
Long-term borrowings	4,939	5,303	259	2,087	2,957
Short-term borrowings	1,799	1,799	1,799	—	—
Lease liabilities	1,209	1,793	282	273	1,238
Trade accounts payable and accruals	518	518	518	—	—
Payables for the acquisition of Reftinskaya GRES (see note 33)	65	65	65	—	—
Net-settled derivative liabilities	12	12	12	—	—
Other creditors	79	79	79	—	—
Total	**8,621**	**9,569**	**3,014**	**2,360**	**4,195**
Balance at 31 December 2018					
Long-term borrowings	3,272	3,820	246	1,409	2,165
Short-term borrowings	1,081	1,081	1,081	—	—
Payables for the acquisition of SGC group	1,916	1,997	—	1,997	—
Trade accounts payable and accruals	302	302	302	—	—
Net-settled derivative liabilities	4	4	4	—	—
Other creditors	34	34	34	—	—
Total	**6,609**	**7,238**	**1,667**	**3,406**	**2,165**

32.4. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to equity holders and benefits for other stakeholders.

The Group defines capital as shareholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders or issue new shares. This strategy remains unchanged from prior years.

33. Investments in significant subsidiaries

Subsidiaries by country of incorporation	Principal activity	2019	2018
Russian Federation			
Murmansk			
JSC 'Murmanskiy Morskoi Torgovyi Port'	Port facilities	100%	100%
Kemerovo			
JSC 'SUEK-Kuzbass'	Hard coal extraction	100%	100%
JSC 'Kuzbassenergo'	Energy generation	99.9%	99.9%
JSC 'Kemerovo Generation'	Energy generation	100%	100%
JSC 'Novo-Kemerovskaya CHPP'	Energy generation	100%	100%
JSC 'Kuznetskaya CHPP'	Energy generation	100%	100%
Krasnoyarsk			
JSC 'SUEK-Krasnoyarsk'	Brown coal extraction	100%	100%
JSC 'Razrez Berezovskiy'	Brown coal extraction	100%	100%
JSC 'Razrez Nazarovskiy'	Brown coal extraction	100%	100%
JSC 'Yenisei Territorial Generating Company (TGC-13)'	Energy generation	99.9%	99.9%
JSC 'Nazarovo GRES'	Energy generation	100%	100%
JSC 'Krasnoyarsk CHPP-1'	Energy generation	100%	100%
JSC 'Krasnoyarsk Heat Transportation Company'	Transfer of heat	100%	100%
Khakasia			
LLC 'SUEK-Khakasia'	Hard coal extraction	100%	100%
LLC 'Vostochno-Beyskiy razrez'	Hard coal extraction	50%	50%
JSC 'Razrez Izykhskiy'	Hard coal extraction	100%	100%
Buryatia			
JSC 'Razrez Tugnuiskiy'	Hard coal extraction	100%	100%
Zabaikalye			
JSC 'Razrez Kharanorskiy'	Brown coal extraction	100%	100%
LLC 'Chitaugol'	Brown coal extraction	100%	100%
Altai			
JSC 'Barnaul CHPP-3'	Energy generation	100%	100%
JSC 'Barnaul Generation'	Energy generation	100%	100%
JSC 'Byiskenergo'	Energy generation	100%	97.1%
JSC 'Barnaul Heat Network Company'	Transfer of heat	100%	100%
Novosibirsk			
JSC 'SIBECO'	Energy generation	100%	97.1%
Khabarovsk			
JSC 'Urgalugol'	Hard coal extraction	100%	100%
JSC 'Daltransugol'	Port facilities	100%	100%
Primorye			
LLC 'Primorskugol'	Brown coal extraction	100%	100%
Switzerland			
SUEK AG	Export sales of coal	100%	100%
Republic of Cyprus			
SUEK LTD	Debt holding company	100%	100%

Business combination.
In October 2019 the Group acquired generating and other assets of Reftinskaya GRES for 345 million USD, including a contingent consideration described below, from a third party. The core activity of the acquired business is generation and sales of energy. Along with the acquired assets the Group obtained control over all processes of generation and sales, acquired rights and obligations under key contracts were transferred to the Group. The Group recognizes the acquisition of the assets of Reftinskaya GRES as a business combination since assets represent a unified complex for generation of electricity and the Group also acquired all key processes, altogether representing the attributes of the business. Before the Group completes the process of obtaining permits and licenses required to operate Reftinskaya GRES, the acquired assets are leased back to the seller. Under the terms of the lease, the Group has control over business processes and financial results, thus, at the time of the transitional period, the Group consolidates Reftinskaya GRES. At 31 December 2019 the Group did not finalise purchase price allocation for this business combination, therefore, the carrying amounts of the acquired assets and assumed liabilities at the date of acquisition were estimated on a provisional basis at 353 million USD and 8 million USD, respectively.

By 31 December 2019 the Group paid 259 million USD for the acquisition. The Group also recognised a contingent consideration at fair value of 24 million USD and allocated it to the generating assets. The effect of the consolidation

of the acquired assets on the consolidated statement of profit or loss for the year ended 31 December 2019 is 22 million USD.

Acquisition of Krasnoyarskaya GRES-2.
In December 2019 the Group signed an agreement with a third party for the acquisition of generating and other assets of Krasnoyarskaya GRES-2 for 157 million USD. The transfer of ownership and payments will take place in the first half of 2020.

Acquisition of SGC group.
In August 2018 the Group acquired from a parent company 99.9% of LLC 'SGC' for 1,916 million USD. In 2019 the consideration of 1,916 million USD and interest accrued for deferred payment of 25 million USD were fully paid.

Non-controlling interests.
Information of LLC 'Vostochno-Beyskiy razrez' that has significant non-controlling interests is as follows:

	2019	2018
Non-current assets	285	311
Current assets	55	56
Non-current liabilities	(55)	(60)
Current liabilities	(15)	(14)
Net assets	**270**	**293**
Accumulated non-controlling interests	**135**	**147**
Revenue	139	155
Net (loss)/profit for the year	(2)	33
(Loss)/profit allocated to non-controlling interests	(1)	17
Revaluation of mining assets	(22)	28
Cash flows from operating activities	11	26
Cash flows used in investment activities	(11)	(20)
Cash flows used in financing activities	(13)	(8)
Dividends to non-controlling interests	6	4

34. Events subsequent to the balance sheet date

In January 2020 the Group issued 10-years rouble-denominated bonds with the nominal value of 477 million USD and a coupon rate of 6.9% p.a.

In January 2020 the Group paid 81 million USD net of VAT to a third party for the acquisition of generating and other assets of Krasnoyarskaya GRES-2.