

**PUBLIC JOINT STOCK COMPANY
“ACRON”**

**Consolidated Condensed Interim
Financial Information for the three months
ended 31 March 2019**



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Public Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Financial Position at 31 March 2019
(unaudited)
(in millions of Russian Roubles)



	Note	31 March 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	10	94,473	93,532
Subsoil licences and related costs	11	37,817	36,557
Investment in equity instruments measured at fair value through other comprehensive income		14,043	11,670
Long-term derivative financial instruments	12	2,603	2,844
Right-of-use assets	13	1,611	-
Deferred tax assets		175	164
Other non-current assets		3,094	3,092
Total non-current assets		153,816	147,859
Current assets			
Inventories	9	17,100	16,724
Accounts receivable	8	11,310	10,815
Cash and cash equivalents	7	14,562	10,460
Other current assets		660	926
Total current assets		43,632	38,925
TOTAL ASSETS		197,448	186,784
EQUITY			
Share capital	16	3,046	3,046
Treasury shares		(6)	(6)
Retained earnings		68,767	65,253
Revaluation reserve		(11,764)	(14,137)
Other reserves		(4,260)	(3,963)
Cumulative currency translation difference		6,505	7,400
Share capital and reserves attributable to the Company's owners		62,288	57,593
Non-controlling interests		20,693	20,572
TOTAL EQUITY		82,981	78,165
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	61,482	66,946
Long-term derivative financial instruments		1,716	1,875
Long-term lease liabilities		451	-
Deferred tax liabilities		7,469	6,951
Other long-term liabilities		599	641
Total non-current liabilities		71,717	76,413
Current liabilities			
Accounts payable	14	12,391	7,226
Short-term borrowings	15	20,694	17,539
Advances received		6,444	5,737
Short-term lease liabilities		1,174	-
Other current liabilities		2,047	1,704
Total current liabilities		42,750	32,206
TOTAL LIABILITIES		114,467	108,619
TOTAL LIABILITIES AND EQUITY		197,448	186,784

The Consolidated Condensed Interim Financial Information was approved for issue on 27 May 2019.

V.Y. Kunitskiy
 President



A.V. Milenkov
 Finance Director

Public Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive
Income for the three months ended 31 March 2019 (unaudited)



(in millions of Russian Roubles, except for per share amounts)

	Note	Three months ended	
		31 March 2019	31 March 2018
Revenue	5	29,504	24,050
Cost of sales		(15,388)	(12,791)
Gross profit		14,116	11,259
Transportation expenses		(4,786)	(3,509)
Selling, general and administrative expenses		(2,214)	(1,850)
Other operating expenses, net	18	(435)	(432)
Operating profit		6,681	5,468
Finance income, net	17	4,788	272
Interest expense		(148)	(971)
Loss on investment		-	(10)
(Loss)/gain on derivatives, net		(82)	708
Profit before taxation		11,239	5,467
Income tax expense	20	(2,465)	(1,321)
Profit for the period		8,774	4,146
<i>Other comprehensive loss on items that will not be reclassified to profit or loss:</i>			
Investment in equity instruments measured at fair value through other comprehensive income:			
- Gain/(loss) arising during the period		2,373	(4,109)
Currency translation differences		(935)	(166)
Other comprehensive income/(loss) for the period		1,438	(4,275)
Total comprehensive income/(loss) for the period		10,212	(129)
Profit is attributable to:			
Owners of the Company		8,609	3,933
Non-controlling interest		165	213
Profit for the period		8,774	4,146
Total comprehensive income is attributable to:			
Owners of the Company		10,087	(306)
Non-controlling interest		125	177
Total comprehensive income/(loss) for the period		10,212	(129)
Earnings per share			
Basic (expressed in RUB per share)	19	223.33	105.17
Diluted (expressed in RUB per share)	19	223.25	105.17

The accompanying notes are an integral part of this consolidated condensed interim financial information.

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Cash Flows for the three months
ended 31 March 2019 (unaudited)
(in millions of Russian Roubles)



	Note	Three months ended	
		31 March 2019	31 March 2018
Cash flows from operating activities			
Profit before taxation for the period		11,239	5,467
<i>Adjustments for:</i>			
Depreciation and amortisation		2,760	2,062
Reversal of provision for impairment of accounts receivable		(6)	(6)
Reversal of/(provision for) obsolescence of inventory		3	(3)
Loss on disposal of property, plant and equipment		440	55
Interest expense		148	971
Interest income		(42)	(25)
Loss/(gain) on derivatives, net		82	(708)
Loss on investment		-	10
Unrealised foreign exchange effect on non-operating balances		(4,313)	(271)
Operating cash flows before working capital changes		10,311	7,552
(Increase)/decrease in gross trade receivables		(540)	364
Decrease in advances to suppliers		856	397
Increase in other receivables		(1,108)	(1,251)
Increase in inventories		(467)	(1,224)
(Decrease)/increase in trade payables		(225)	68
Decrease in other payables		(77)	(295)
Increase/(decrease) in advances from customers		707	(47)
Decrease in other current assets		266	159
(Decrease)/increase in other current liabilities		(173)	166
Cash generated from operations		9,550	5,889
Income tax paid		(1,392)	(724)
Interest paid		(813)	(575)
Net cash generated from operating activities		7,345	4,590
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(4,340)	(2,613)
Interest received		27	21
Net change in other non-current assets and liabilities		(45)	(172)
Net cash used in investing activities		(4,358)	(2,764)
Cash flows from financing activities			
Acquisition of non-controlling interest		(12)	(73)
Dividend paid		-	(4,412)
Acquisition of treasury shares		(297)	(14)
Proceeds from borrowings	15	4,749	2,442
Repayment of borrowings	15	(2,593)	(3,025)
Net cash used in financing activities		1,847	(5,082)
Net decrease in cash and cash equivalents		4,834	(3,256)
Effect of exchange rate changes on cash and cash equivalents		(732)	(1)
Cash and cash equivalents at the beginning of the period	7	10,460	14,302
Cash and cash equivalents at the end of the period	7	14,562	11,045

The accompanying notes are an integral part of this consolidated condensed interim financial information.

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Changes in Equity for the three months ended 31 March 2019 (unaudited)
(in millions of Russian Roubles)



	Capital and reserves attributable to the Company's owners						Non-controlling interest	Total equity
	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Other reserves	Cumulative currency translation difference		
Balance at 1 January 2018	3,046	(6)	68,035	(2,902)	(3,416)	5,543	20,656	90,956
Comprehensive income								
Profit for the period	-	-	3,933	-	-	-	213	4,146
<i>Other comprehensive loss</i>								
Loss on revaluation of investment in equity instruments measured at fair value through other comprehensive income	-	-	-	(4,109)	-	-	-	(4,109)
Currency translation differences	-	-	-	-	-	(130)	(36)	(166)
Total other comprehensive loss	-	-	-	(4,109)	-	(130)	(36)	(4,275)
Total comprehensive loss	-	-	3,933	(4,109)	-	(130)	177	(129)
Dividend declared	-	-	(4,412)	-	-	-	-	(4,412)
Acquisition of treasury shares	-	-	-	-	(14)	-	-	(14)
Acquisition of non-controlling interest	-	-	391	-	-	-	(464)	(73)
Total transactions with Company's owners	-	-	(4,021)	-	(14)	-	(464)	(4,499)
Balance at 31 March 2018	3,046	(6)	67,947	(7,011)	(3,430)	5,413	20,369	86,328
Balance at 1 January 2019	3,046	(6)	65,253	(14,137)	(3,963)	7,400	20,572	78,165
Comprehensive loss								
Profit for the period	-	-	8,609	-	-	-	165	8,774
<i>Other comprehensive income</i>								
Gain on revaluation of investment in equity instruments measured at fair value through other comprehensive income	-	-	-	2,373	-	-	-	2,373
Currency translation differences	-	-	-	-	-	(895)	(40)	(935)
Total other comprehensive income	-	-	-	2,373	-	(895)	(40)	1,438
Total comprehensive income	-	-	8,609	2,373	-	(895)	125	10,212
Dividend declared	-	-	(5,111)	-	-	-	-	(5,111)
Acquisition of treasury shares	-	-	-	-	(297)	-	-	(297)
Acquisition of non-controlling interest	-	-	16	-	-	-	(4)	12
Total transactions with Company's owners	-	-	(5,095)	-	(297)	-	(4)	(5,396)
Balance at 31 March 2019	3,046	(6)	68,767	(11,764)	(4,260)	6,505	20,693	82,981

The accompanying notes are an integral part of this consolidated condensed interim financial information.



1 Acron Group and its Operations

This consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting for the three months ended 31 March 2019 for Public Joint Stock Company “Acron” (the “Company” or “Acron”) and its subsidiaries (together referred to as the “Group” or “Acron Group”). The Company’s shares are traded on the Moscow and London Stock Exchange.

The Group’s principal activities include the manufacture, distribution and sale of chemical fertilisers and related by-products. The Group’s manufacturing facilities are primarily based in the Novgorod, Smolensk and Murmansk regions of Russia.

The Company’s registered office is at Veliky Novgorod, 173012, Russian Federation.

As at 31 March 2019, the Group’s immediate parent company is Redbrick Investments S.a.r.l. (Luxembourg). Effective 9 June 2017, the Group’s ultimate parent is Terasta Enterprises Limited (The Republic of Cyprus). During the reporting and comparable periods the Group is ultimately controlled by Mr. Viatcheslav Kantor.

2 Basis of Preparation

2.1 Statement of compliance

This consolidated condensed interim financial information has been prepared in accordance with IAS 34, Interim Financial Reporting. It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

2.2 Judgements and estimates

Preparing the consolidated condensed 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 consolidated condensed interim financial information for the three months ended 31 March 2019, 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.

3 Significant Accounting Policies

Except changes described below the accounting policies and judgments applied by the Group in this consolidated condensed interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2019.

The Group started to apply IRFS 16 Leases on and after 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group’s financial statements.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Impact of IFRS 16 on Consolidated Condensed Interim Financial Information

At the date of transition to IFRS 16 the Group recognised lease liabilities (short-term and long-term) in amount of RUB 1,711 with the corresponding right-of-use assets. Previously the Group did not recognise lease liabilities since lease contracts were classified as operating leases according to IAS 17.

The amount of lease liabilities recognised was determined based on the present value of the remaining future minimum lease payments at the transition date. The Group used incremental borrowing rate in determining the present value of future payments.

The weighted average incremental borrowing rate at 1 January 2019 was from 1.4% to 9.0% per annum depending on the economic environment of the lessee.

As at 1 January 2019, the Group recognised right-of-use assets in amount of RUB 1,711. According to terms fixed in the lease contracts, right-of-use assets were depreciated on a straight-line basis over the lease term within the range from 1 to 8 years. Depreciation expenses were reflected in cost of sales, selling, general and administrative expenses.



4 Seasonality

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. However, the effect of seasonality on the Group's revenue is partially offset by the facts that the Group sells its fertilisers globally and fertiliser application and purchases vary by region. The seasonality does not significantly influence production, and inventory levels are adjusted for movements in demand. Seasonality does not impact the revenue or cost recognition policies of the Group.

5 Segment Information

The Group prepares its segment analysis in accordance with IFRS 8, Operating Segments. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker(s) ("CODM") and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Management Board of the Group.

The development and approval of strategies, market situation analysis, the risk assessment, investment focus, technological process changes, goals and priorities are set and assessed in line with the current segment structure of the Group:

- Acron – representing manufacturing and distribution of chemical fertilisers by PJSC Acron;
- Dorogobuzh – representing manufacturing and distribution of chemical fertilisers by PJSC Dorogobuzh;
- Mining NWPC – representing production of apatite-nepheline ore and subsequent processing in apatite concentrate;
- Mining excluding NWPC - comprise mining entities JSC VPC and North Atlantic Potash Inc., both under being at the stage of development, exploration and evaluation;
- Logistics – representing transportation and logistics services rendered by Estonian ports of the Group and some minor transportation companies in Russia. Constitutes an aggregation of a number of operating segments;
- Trading – representing overseas and domestic distribution companies of the Group;
- Other – representing certain logistic (other than included in logistic segment), service, agriculture and management operations.

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit has distinctive business and risk profile.

Segment financial information is presented and reviewed by the CODM based on the IFRS and includes revenues from sales and EBITDA.

The CODM evaluates performance of each segment based on measure of operating profit adjusted by depreciation and amortisation, foreign exchange gain or loss, other non-cash and extraordinary items (EBITDA). Since this term is not a standard IFRS measure Acron Group's definition of EBITDA may differ from that of other companies.

Information for the reportable segments for the three months ended 31 March 2019 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	19,876	(16,726)	3,150	7,718
Dorogobuzh	6,982	(6,185)	797	1,770
Logistics	1,067	(984)	83	329
Trading	25,784	(468)	25,316	(74)
Mining NWPC	2,681	(2,671)	10	771
Mining excluding NWPC	-	-	-	10
Other	308	(160)	148	(68)
Total	56,698	(27,194)	29,504	10,456

Information for the reportable segments for the three months ended 31 March 2018 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	14,825	(13,347)	1,478	4,940
Dorogobuzh	6,729	(3,217)	3,512	1,665
Logistics	988	(941)	47	141
Trading	19,089	(570)	18,519	581
Mining NWPC	2,200	(1,900)	300	613
Mining excluding NWPC	-	-	-	(1)
Other	367	(173)	194	19
Total	44,198	(20,148)	24,050	7,958



Reconciliation of EBITDA to Profit Before Tax:

	Three months ended	
	31 March 2019	31 March 2018
Operating Profit	6,681	5,468
Depreciation and amortisation	2,760	2,062
Net foreign currency loss on operating activities	575	373
Loss on disposal of property, plant and equipment	440	55
Total consolidated EBITDA	10,456	7,958

Information about geographical areas:

The geographic information below analyses the Group's revenue. In presenting the following information, segment revenue has been based on the geographic location of customers.

	Three months ended	
	31 March 2019	31 March 2018
Revenue		
Russia	5,977	5,163
European Union	5,720	3,728
Commonwealth of Independent States	1,081	2,911
USA and Canada	3,968	2,791
Latin America	4,593	3,193
PRC	1,503	1,733
Asia (excluding PRC)	4,191	3,075
Other regions	2,471	1,456
Total	29,504	24,050

Revenue from sales of chemical fertilisers accounts for 82% of total revenues (for the three months ended 31 March 2018: 83%).

For the three months ended 31 March 2019, revenues from logistics activities representing a separate performance obligation under IFRS 15 amounted to RUB 1,393 (for the three month ended 31 March 2018: RUB 1,126). Adjustment associated with price changes is not significant.

This revenue was accounted for as part of the Trading in Information for the reportable segments for the three months ended 31 March 2019.

There is one individual customer contributing more than 10% to the total revenues (for the three months ended 31 March 2018: one customer).

6 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, 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 nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 March 2019 and 31 December 2018 are detailed below.

The following turnovers and balances arise from transactions with related parties:

i Balances with related parties

Statement of financial position caption	Note	Relationship	31 March 2019	31 December 2018
Trade receivables, gross	8	Companies under common control	14	4
Trade payables	14	Companies under common control	(6)	(5)

ii Transactions with related parties

	Relationship	Three months ended	
		31 March 2019	31 March 2018
Sales of chemical fertilisers	Companies under common control	2	2
Purchases of raw materials	Companies under common control	(16)	(15)



(in millions of Russian Roubles, except for per share amounts)

7 Cash and Cash Equivalents

	31 March 2019	31 December 2018
Cash on hand and bank balances denominated in RUB	2,430	2,602
Bank balances denominated in USD	8,995	5,582
Bank balances denominated in EUR	2,553	1,952
Bank balances denominated in CNY	353	154
Bank balances denominated in other foreign currencies	231	170
Total cash and cash equivalents	14,562	10,460

Cash and cash equivalents include term deposits of RUB 7,248 (31 December 2018: RUB 2,391).

The fair value of cash, cash equivalents and irrevocable deposits is equal to their carrying amount. All bank balances and term deposits are neither past due nor impaired.

8 Accounts Receivable

	31 March 2019	31 December 2018
Trade accounts receivable	4,095	3,555
Notes receivable	384	85
Other accounts receivable	431	588
Less: impairment provision	(37)	(43)
Total financial assets	4,873	4,185
Advances to suppliers	1,615	2,471
Value-added tax recoverable	4,308	3,123
Income tax prepayment	65	383
Other taxes receivable	452	656
Less: impairment provision	(3)	(3)
Total accounts receivable	11,310	10,815

The fair value of accounts receivable does not differ significantly from their carrying amount.

As at 31 March 2019 and 31 December 2018 the Group hold no collateral as security for trade receivable.

9 Inventories

	31 March 2019	31 December 2018
Raw materials and spare parts	7,933	8,079
Work in progress	671	460
Finished products	8,496	8,185
	17,100	16,724

Raw materials are shown net of obsolescence provision RUB 102 (31 December 2018: RUB 99).

No inventory was pledged as security at 31 March 2019 and 31 December 2018.

10 Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	2019	2018
Carrying amount at 1 January	93,532	87,820
Acquisitions	4,299	2,759
Disposals	(440)	(55)
Depreciation charge	(2,569)	(2,153)
Currency translation difference	(349)	94
Carrying amount at 31 March	94,473	88,465

Included in the three months 2019 additions to assets under constructions are approximately RUB 428 of capitalised borrowing costs in accordance with IAS 23, Borrowing costs (for the three months 2018: RUB 146) at the average borrowing rate from 9.13% to 10.2% (for the three months 2018: 7.38%).

At 31 March 2019 and 2018, no pledges over property, plant and equipment.



(in millions of Russian Roubles, except for per share amounts)

11 Subsoil Licences and Related Costs

Subsoil licences and related costs comprise of:

	31 March 2019	31 December 2018
Apatite-nepheline deposits (production /development stage)	809	812
Potash deposits (development stage)	31,054	29,716
Exploration licenses	4,616	4,685
License and expenditure on deposit in exploration and evaluation stage	1,039	1,039
Asset related to the discharge of license obligations	299	305
	37,817	36,557

The Group capitalised borrowing costs for the three months of 2019 in amount of RUB 1,337 applying average borrowing rate of 10.2%.

12 Investment in equity instrument measured at fair value through other comprehensive income

	2019	2018
Carrying amount at 1 January	11,670	22,698
Fair value gain/(loss) recognised directly in OCI	2,373	(4,109)
Carrying amount at 31 March	14,043	18,589

The Group has investments in the following companies:

Name	Activity	Country of registration	31 March 2019	31 December 2018
Non-current				
Grupa Azoty S.A.	Fertilisers manufacture	Poland	13,695	11,322
Other		Russia	348	348
Total non-current			14,043	11,670
Total			14,043	11,670

The fair value of investment in Grupa Azoty S.A. was determined by reference to their quoted market prices as at 31 March 2019. As at 31 March 2019, the share price of Grupa Azoty S.A. on Warsaw Stock Exchange was RUB 698.2 (31 December 2018: RUB 575.99).

13 Derivative Financial Assets and Liabilities

Options for the purchase and sale of shares are recognised as part of a transaction to sell shares of CJSC VPC to holders of non-controlling interests. The net assets as at 31 March 2019 are represented by one call option, which gives Group the right to purchase from non-controlling shareholders the 19.9% stake in CJSC VPC up to June 2020 and two put options that give non-controlling shareholders the right to sell to the Group their 20% and 19.9% stakes of their interest in CJSC VPC correspondingly in June and August 2020.

	31 March 2019			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	2,603	-	(1,716)	
	2,603	-	(1,716)	
	31 December 2018			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	2,844	-	(1,875)	-
	2,844	-	(1,875)	-

14 Accounts Payable

	31 March 2019	31 December 2018
Trade accounts payable	3,798	4,023
Dividends payable	5,176	71
Notes payable	-	8
Total financial payables	8,974	4,102
Payables to employees	1,423	1,411
Accrued liabilities and other creditors	783	774
Taxes payable	1,211	939
Total accounts payable and accrued expenses	12,391	7,226



(in millions of Russian Roubles, except for per share amounts)

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	31 March 2019	31 December 2018
Bonds issued	13,772	13,772
Credit lines	6,804	7,160
Term loans	61,600	63,553
	82,176	84,485

The Group's borrowings mature as follows:

	31 March 2019	31 December 2018
Borrowings due:		
- within 1 year	20,694	17,539
- between 1 and 5 years	61,214	66,671
- after 5 years	268	275
	82,176	84,485

The Group's borrowings are denominated in currencies as follows:

	31 March 2019	31 December 2018
Borrowings denominated in:		
- RUB	21,862	21,813
- EUR	8,802	4,930
- USD	51,512	57,742
	82,176	84,485

At 31 March 2019, unused credit lines available under loan facilities were RUB 22,286 (31 December 2018: RUB 41,818). Terms and conditions of unused credit lines correspond to the terms and conditions of other borrowings.

The details of the significant short-term loan balances are summarised below:

	31 March 2019	31 December 2018
Short-term borrowings		
RUB		
Loans with floating interest from key rate of the Bank of Russia +0.55% to key rate of the Bank of Russia +1.5% per annum	6,804	6,813
EUR		
Loans with floating interest rate of 6M EURIBOR+0.65% to 6M EURIBOR+1.9% per annum	379	414
Loans with floating interest rate of 3M EURIBOR+1.7% per annum	227	248
Loans with fixed interest rate of 5.27% per annum	114	125
USD		
Loans with fixed interest rate from 5.11% to 5.15% (2018: from 2.48% to 5.61%) per annum	48	82
Loans with floating interest rate from 1M LIBOR+2.25% per annum	13,122	9,857
Total short-term borrowings	20,694	17,539



The details of the significant long-term loan balances are summarised below:

	31 March 2019	31 December 2018
Long-term borrowings		
RUB		
Bonds with fixed interest rate from 8.6% to 10.2% per annum	13,772	13,772
Loans with floating interest rates: the key rate of the Bank of Russia +2% per annum	1,286	1,228
EUR		
Loans with floating interest rate from 6M EURIBOR +0.65% to 6M EURIBOR +1.9% per annum	1,287	1,531
Loans with floating interest rate from 3M EURIBOR +1,25% to 3M EURIBOR +1.7% per annum	6,795	2,612
USD		
Loans with floating interest rate from 1M LIBOR +2.1% to 1M LIBOR +2.25% per annum	38,342	47,803
Total long-term borrowings	61,482	66,946

In May 2011, the Group placed through an offering to the public under an open subscription RUB non-convertible bonds with a face value of RUB 7,500 to be redeemed in May 2021. In 2012, the Group redeemed bonds in the amount of RUB 3,377. The holders of this bond issue were granted an option to redeem the bonds in May 2015 and May 2016 which resulted in early redemption of bonds for RUB 1,354. The Group further placed the bonds of this issue for RUB 1,354. At 31 December 2018, the Group's subsidiary PJSC Dorogobuzh held bonds in the amount of RUB 351.

In October 2016, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 5,000 to be redeemed in September 2026. The bonds were placed at 9.55% with the option of early redemption in October 2020.

In June 2017, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 5,000 to be redeemed in May 2027. The bonds were placed at 8.6% with the option of early redemption in December 2021.

All of the above bonds were admitted to the quotation list B and are traded on Moscow Stock Exchange. The fair value of the outstanding bonds as at 31 December 2018 was RUB 13,593 with reference to Moscow Stock Exchange quotations as of this date (31 December 2018: RUB 14,001).

Significant loan agreements contain certain covenants including those which require the Group and Group entities to maintain a minimum level of net assets, debt/EBITDA ratio and EBITDA/interest expense ratio. The loan agreements provide for the borrower's obligation to maintain the required level of inflows through the accounts opened with the lending banks. The loan agreements also contains a number of covenants and acceleration clause in case of the borrower's failure to fulfil its obligations under the loan agreements which include restrictions on significant transactions with assets. Also, these covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the loans.

16 Share Capital

The total authorised number of ordinary shares is 40,534,000 (31 December 2018: 40,534,000) with a par value of RUB 5 per shares. All authorised shares have been issued and fully paid.

Total number of outstanding shares comprises (par value is expressed in roubles per one share):

	Number of outstanding ordinary shares	Number of treasury shares	Total share capital	Treasury share capital	Outstanding share capital
1 January 2018	40,534,000	(1,146,452)	3,046	(6)	3,040
Sale of treasury shares	-	-	-	-	-
Acquisition of treasury shares	-	(3,099)	-	-	-
31 March 2018	40,534,000	(1,149,551)	3,046	(6)	3,040
1 January 2019	40,534,000	(1,285,800)	3,046	(6)	3,040
Sale of treasury shares	-	-	-	-	-
Acquisition of treasury shares	-	(64,094)	-	-	-
31 March 2019	40,534,000	(1,349,894)	3,046	(6)	3,040

In March 2019, dividend was declared in amount of RUB 130 per ordinary share for previous years.

In May 2019, subsequent to the reporting period, the Board of Directors of the Company recommended the annual general meeting of shareholders to pay (declare) dividend on the outstanding common shares of PJSC Acron in respect of 2018 in cash in the amount of 135 roubles per share.



(in millions of Russian Roubles, except for per share amounts)

17 Finance Income, net

	Three months ended	
	31 March 2019	31 March 2018
Interest income from loans provided and term deposits	42	25
Other financial expenses, net	(201)	(117)
Commissions expense	(263)	(161)
Foreign exchange gain on financial transactions, net	5,210	525
	4,788	272

18 Other Operating Expenses, net

	Three months ended	
	31 March 2019	31 March 2018
Charity expenses	(68)	(70)
Other income, net	208	11
Foreign exchange loss on operating activities, net	(575)	(373)
	(435)	(432)

19 Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. At 31 March 2019, ordinary shares of the Company have potential dilutive effect associated with the right to exercise obligations under the redemption put-options by transferring its own ordinary shares.

	Three months ended	
	31 March 2019	31 March 2018
Weighted average number of shares outstanding	40,534,000	40,534,000
Adjusted for weighted average number of treasury shares	(1,246,854)	(1,113,184)
Weighted average number of shares outstanding (basic)	39,287,146	39,420,816
Effect of settlement in own equity instruments	-	-
Weighted average number of shares outstanding (diluted)	39,301,999	39,420,816
Profit attributable to the equity holders of the Company	8,774	4,146
Basic earnings per share (in Russian roubles)	223.33	105.17
Diluted earnings per share (in Russian roubles)	223.25	105.17

20 Income Taxes

	Three months ended	
	31 March 2019	31 March 2018
Income tax expense – current	1,958	972
Deferred tax charge – origination and reversal of temporary differences	507	349
Income tax charge	2,465	1,321

21 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

As at 31 March 2019, the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 13,093 (31 December 2018: RUB 13,285).

In accordance with the conditions of the exploration licenses the Group has to commence the extraction of certain mineral resources by certain dates as stipulated by license agreements (Note 11). The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 31 March 2019 and 31 December 2018, the Group had no issued guarantees.

ii Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice the Management is of the opinion that no material losses will be incurred in respect of claims.



iii Russian business environment

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 development, 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.

The conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in 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. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

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.

iv Taxation contingencies in Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 Russian Federal law 376-FZ introduced changes aimed at regulating tax consequences of transactions with foreign companies and their activities. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

Transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

These transfer pricing rules provide for an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe the basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level.

The transfer pricing rules apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code (no threshold is set for the purposes of prices control in such transactions). In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB 1 billion in 2014 and thereon).

The compliance of prices with the arm's length level could be as well subject to scrutiny on the basis of unjustified tax benefit concept.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The amount of possible tax liabilities related to uncertainties in practical application of legislation could be material, however, management believes that its interpretation of the relevant legislation is generally appropriate, and the Group's tax, currency and customs positions will be sustained. Management believes that all necessary provisions were recognised in respect of other probable tax risks.



v Environmental matters

The environmental regulation in the Russian Federation continues to evolve. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

22 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Investment measured at fair value through profit or loss, investment in equity instruments measured at fair value through other comprehensive income, and derivatives are carried in the consolidated statement of financial position at their fair value.

This Group discloses the value of financial instruments that are measured in the consolidated statement of financial position at fair value by three levels in accordance with IFRS 13, Fair values.

The level in the fair value hierarchy into which the fair values are categorised as one of the three categories:

- Level 1: quoted price in an active market;
- Level 2: valuation technique with inputs observable in markets;
- Level 3: valuation technique with significant non-observable inputs.

All measured at fair value through other comprehensive income financial instruments of the Group were included in level 1 category in the amount of RUB 14,043 (31 December 2018: RUB 11,322).

All liabilities on bonds issued were included in level 1 category in the amount of RUB 13,772 (31 December 2018: RUB 13,772).

The fair value of the call/put options on shares of JSC VPC was determined based on the Black–Scholes Option Pricing Model with the adjustments and using of unobservable inputs, and included in level 3. Determination method is equal to applied in 2018.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and loans receivable approximate fair values.

Liabilities carried at amortised cost. The fair value of floating rate liabilities is normally their carrying amount. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. At 31 March 2019, the fair value of borrowings was RUB 278 lower than their carrying amounts. At 31 December 2018, the fair value of borrowings was RUB 558 higher than their carrying amounts.

The fair value of payables does not differ significantly from their carrying amounts.

23 Subsequent Events

In May 2019, the Board of Directors of the Company recommended the annual general meeting of shareholders to pay (declare) dividend on the outstanding common shares of PJSC Acron in 2018 in cash in the amount of 135 roubles per share.

In May 2019, the Group concluded amendment agreement to prolong 5-year syndicated pre-export loan agreement concluded in May 2017 in the amount of USD 750 million. Term of the credit increased on two years. Period during which credit is not repayed increased from two to four years.