

**PUBLIC JOINT STOCK COMPANY
“DOROGOBUZH”**

**Consolidated Condensed Interim
Financial Information for the nine months ended
30 September 2018**



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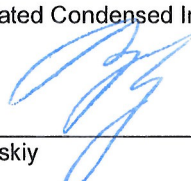
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Public Joint Stock Company "Dorogobuzh"
Consolidated Condensed Interim Statement of Financial Position at 30 September 2018
(unaudited)
(in millions of Russian Roubles)



	Note	30 September 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	11	5,745	5,001
Investment in equity accounted investees	12	4,647	4,131
Investment in equity instruments measured at fair value through other comprehensive income	13	5,892	4,128
Long-term loans receivable	9	-	8,160
Other non-current assets		190	183
Total non-current assets		16,474	21,603
Current assets			
Inventories	10	2,551	2,501
Short-term loans receivable	9	26,351	21,595
Accounts receivable	8	3,722	3,870
Investment measured at fair value through profit or loss		401	407
Cash and cash equivalents	7	2,902	3,317
Other current assets		31	44
Total current assets		35,958	31,734
TOTAL ASSETS		52,432	53,337
EQUITY			
Share capital		1,419	1,419
Share premium		94	94
Retained earnings		46,282	46,583
Revaluation reserve		1,592	812
Other reserve		-	(96)
Equity attributable to the Company's owners		49,387	48,812
TOTAL EQUITY		49,387	48,812
LIABILITIES			
Non-current liabilities			
Other long-term liabilities		102	102
Deferred tax liability		1,006	779
Total non-current liabilities		1,108	881
Current liabilities			
Accounts payable	14	694	1,516
Income tax payable		-	43
Short-term borrowings	15	752	865
Advances received		491	1,220
Total current liabilities		1,937	3,644
TOTAL LIABILITIES		3,045	4,525
TOTAL LIABILITIES AND EQUITY		52,432	53,337

The Consolidated Condensed Interim Financial Information is approved on 28 November 2018.


V. Y. Kunitskiy
President




A.V. Milenkov
Finance Director

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

Public Joint Stock Company “Dorogobuzh”
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
for the three and nine months ended 30 September 2018 (unaudited)
(in millions of Russian Roubles, except for per share amounts)



	Note	Nine months ended		Three months ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
Revenue	5	19,135	18,021	7,500	6,361
Cost of sales		(11,332)	(10,826)	(4,022)	(3,867)
Gross profit		7,803	7,195	3,478	2,494
Transportation expenses		(1,619)	(1,390)	(581)	(483)
Selling, general and administrative expenses		(1,290)	(1,184)	(424)	(320)
Other operating profit/(expenses), net	17	268	(550)	184	(131)
Operating profit		5,162	4,071	2,657	1,560
Finance income, net	16	3,090	2,991	900	824
Interest expense		(35)	(324)	(15)	(6)
(Loss)/gain on investment		(10)	21	2	2
Share of profit of equity accounted investees	12	199	168	118	74
Profit before taxation		8,406	6,927	3,662	2,454
Income tax expense	9	(1,610)	(1,372)	(712)	(647)
Profit for the period		6,796	5,555	2,950	1,807
Other comprehensive income on items that are or may be reclassified to profit or loss:					
Investment in equity instruments measured at fair value through other comprehensive income					
- Profit arising during the period		975	18	357	256
- Income tax recorded directly in other comprehensive income		(195)	(4)	(71)	(51)
Equity-accounted investees – share of other comprehensive income, net of tax		254	157	109	32
Other comprehensive income for the period		1,034	171	395	237
Total comprehensive income for the period		7,830	5,726	3,345	2,044
Earnings per share, basic and diluted (expressed in RUB per share)	18	8.95	6.55	4.55	2.27

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

Public Joint Stock Company “Dorogobuzh”
Consolidated Condensed Interim Statement of Cash Flows for the nine months
ended 30 September 2018 (unaudited)
(in millions of Russian Roubles)



	Note	Nine months ended	
		30 September 2018	30 September 2017
Cash flows from operating activities			
Profit before taxation		8,406	6,927
<i>Adjustments for:</i>			
Depreciation	11	557	573
(Reversal of)/provision for impairment of accounts receivable		(1)	1
Reversal of provision for impairment of inventory obsolescence		(2)	(1)
Provision for loans receivable		217	-
Share of profit of equity accounted investees		(199)	(168)
(Profit)/loss on disposal property, plant and equipment		(89)	66
Interest expense		35	324
Interest income		(1,570)	(2,491)
Dividend income		(438)	(270)
Loss/(gain) on investment		10	(21)
Unrealised foreign exchange effect on non-operating balances		(1,461)	(301)
Operating cash flows before working capital changes		5,465	4,639
Increase in gross trade receivables		(402)	(213)
Decrease in advances to suppliers		237	221
(Increase)/decrease in other receivables		(37)	632
(Increase)/decrease in inventories		(48)	145
Decrease/(increase) in other current assets		13	(188)
Decrease in trade payables		(138)	(137)
(Decrease)/increase in other payables		(709)	37
Decrease in advances from customers		(729)	(676)
Cash generated from operations		3,652	4,460
Income taxes paid		(1,684)	(1,458)
Interest paid		(22)	(343)
Net cash generated from operating activities		1,946	2,659
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,615)	(483)
Proceeds from disposal of property, plant and equipment		384	-
Loans provided		(3,723)	(9,339)
Proceeds from loans repaid		7,787	17,723
Interest received		1,921	2,725
Dividend received		438	73
Purchase of investment in equity instruments measured at fair value through other comprehensive income		(789)	(1,326)
Purchase of investment measured at fair value through profit or loss		(15,905)	-
Proceeds from sale of investment measured at fair value through profit or loss		10,743	53
Net change in other non-current assets and long-term liabilities		(7)	(179)
Net cash (used in) / generated from investing activities		(766)	9,247
Cash flows from financing activities			
Dividend paid		(2,174)	(2,189)
Proceeds from borrowings	15	12,442	850
Repayment of borrowings	15	(12,488)	(13,259)
Disposal of treasury shares		96	-
Security deposit made for auction		-	(1,060)
Repayment of security deposit made for auction		-	1,060
Net cash used in financing activities		(2,124)	(14,598)
Net decrease in cash and cash equivalents		(944)	(2,692)
Effect of exchange rate changes on cash and cash equivalents		529	(54)
Cash and cash equivalents at the beginning of the period	7	3,317	4,581
Cash and cash equivalents at the end of the period	7	2,902	1,835

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

Public Joint Stock Company “Dorogobuzh”
Consolidated Condensed Interim Statement of Changes in Equity for the nine months ended 30 September 2018 (unaudited)
(in millions of Russian Roubles)



	Capital and reserves attributable to the Company's owners					Total equity
	Share capital	Share premium	Retained earnings	Revaluation reserve	Other reserves	
Balance at 1 January 2017	1,419	94	40,955	451	-	42,919
Total comprehensive income						
Profit for the period	-	-	5,555	-	-	5,555
<i>Other comprehensive income</i>						
Fair value gain on investment in equity instruments measured at fair value through other comprehensive income	-	-	-	18	-	18
Equity-accounted investees – share of other comprehensive income, net of tax	-	-	157	-	-	157
Income tax recorded in other comprehensive income	-	-	-	(4)	-	(4)
Total other comprehensive income	-	-	157	14	-	171
Total comprehensive income	-	-	5,712	14	-	5,726
Dividend declared	-	-	(2,189)	-	-	(2,189)
Balance at 30 September 2017	1,419	94	44,478	465	-	46,456
Balance at 1 January 2018	1,419	94	46,583	812	(96)	48,812
Total comprehensive income						
Profit for the period	-	-	6,796	-	-	6,796
<i>Other comprehensive income</i>						
Fair value gain on investment in equity instruments measured at fair value through other comprehensive income	-	-	-	975	-	975
Equity-accounted investees – share of other comprehensive income, net of tax	-	-	254	-	-	254
Income tax recorded in other comprehensive income	-	-	-	(195)	-	(195)
Total other comprehensive income	-	-	254	780	-	1,034
Total comprehensive income	-	-	7,050	780	-	7,830
Dividend declared	-	-	(2,189)	-	-	(2,189)
Related party's shares transactions	-	-	(5,162)	-	-	(5,162)
Disposal of treasury shares	-	-	-	-	96	96
Balance at 30 September 2018	1,419	94	46,282	1,592	-	49,387

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



1 Dorogobuzh Group and its Operations

This unaudited consolidated condensed interim financial information for the nine months ended 30 September 2018 comprises Public Joint Stock Company “Dorogobuzh” (the “Company” and “Dorogobuzh”) and its subsidiaries (together referred to as the “Group” or “Dorogobuzh Group”). Until 1 March 2018, shares of the Company were traded on the Moscow Stock Exchange.

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

The Company’s registered office is at 6 Mira Street, Dorogobuzh, Dorogobuzh district, Smolensk region, 215713, Russia.

The Group’s parent company is PJSC Acron (Russian Federation). 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 2017.

2.2 Use of estimates and judgements

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, 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 2017.

3 Significant Accounting Policies

Except as described below, the accounting policies applied in these consolidated condensed interim financial information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2017.

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 2018.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group’s financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients). The effect of initially applying this standard at the date of initial application (i.e. 1 January 2018) is estimated as inconsequential. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The Group assessed the impact of the new standard on the Group’s performance and financial position. The Group identified that under contract conditions related to significant portion of fertilisers sales the Group promises to provide shipping and other freight services after the date when control of the goods passes to the customer. Under IAS 18, the Group recognised revenue for such services and associated costs in full immediately after loading as revenue from trading activities. Under IFRS 15 such revenue is expected to be a separate performance obligation, and shall be recognised over time of shipping as revenue from logistic services. However, the Group recognises revenue from logistic services at a point in time at the moment of transfer of control on goods due to the fact that potential impact was calculated and estimated as inconsequential.

The Group has also assessed the impact of the new standard on revenue disclosures. The Group concluded that existing disclosures are consistent with the new requirements. The Group will continue monitoring the impact of treating logistic services as a separate performance obligation and will adjust its accounting policies as appropriate in the future if and when such impact becomes material.



IFRS 9 Financial Instruments

IFRS 9 Financial instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new classification and measurement requirements, a single forward-looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting. This Standard does not have a significant impact on the Group’s consolidated financial statements.

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 (“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 whereby “Dorogobuzh” is the only operating and reportable segment, representing manufacturing and distribution of chemical fertilisers by PJSC Dorogobuzh. “Other” does not represent a segment and relates to certain logistic, service and management operations.

“Dorogobuzh” as a segment is strategic business unit that focuses on different customers. It is managed as one business unit due to its significant 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 the segment based on the 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, the Group’s definition of EBITDA may differ from that of other companies.

Information for the reportable segments for the nine months ended 30 September 2018 is set out below:

	Dorogobuzh	Other	Total
Segment sales	19,134	185	19,319
Intersegment sales	(17)	(167)	(184)
External sales	19,117	18	19,135
EBITDA	5,377	(10)	5,367

Information for the reportable segments for the nine months ended 30 September 2017 is set out below:

	Dorogobuzh	Other	Total
Segment sales	17,952	218	18,170
Intersegment sales	(14)	(135)	(149)
External sales	17,938	83	18,021
EBITDA	5,030	(8)	5,022

Reconciliation of EBITDA to Profit Before Tax:

	Nine months ended	
	30 September 2018	30 September 2017
Operating Profit	5,162	4,071
Depreciation	557	573
Net foreign currency (profit)/loss on operating activities	(263)	312
(Profit)/loss on disposal of property, plant and equipment	(89)	66
Total consolidated EBITDA	5,367	5,022



Information about geographical areas:

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

	Nine months ended	
	30 September 2018	30 September 2017
Revenue		
Russia	8,030	6,087
European Union	1,807	844
Commonwealth of Independent States	3,446	9,278
USA and Canada	47	-
Latin America	5,007	1,791
Asia (excluding PRC)	683	21
Other regions	115	-
Total	19,135	18,021

Revenue from sales of chemical fertilisers accounts for 97% of total revenues (for the nine months ended 2017: 97%).

For the nine months ended 30 September 2018, revenues from logistics activities amounted to RUB 683.

There is one customer individually contributing more than 10% of the total revenues (for the nine month ended 30 September 2017: two customers).

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 30 September 2018 and 31 December 2017 are detailed below.

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

i Balances with related parties

Statement of financial position caption	Notes	Relationship	30 September 2018	31 December 2017
Trade receivables, gross	8	Parent company	12	3
		Parties under common control	1,931	440
Interest receivable		Parent company	622	901
		Parties under common control	100	161
Investment in equity accounted investees	12	Parties under common control	4,647	4,131
Prepayments		Parties under common control	152	353
Loans receivable	9	Parent company	13,423	20,713
		Parties under common control	12,928	9,042
Trade payables		Parent company	(26)	(9)
		Parties under common control	(51)	(94)
Advances from customers, net of VAT		Parties under common control	(292)	(481)
Investment measured at fair value through profit or loss (bonds)		Parent company*	368	369
Investment in equity instruments measured at fair value through other comprehensive income	13	Parent company*	5,129	3,747
		Parties under common control	509	365

* Investment are disclosed at fair value.



ii Transactions with related parties

Statement of comprehensive income caption	Relationship	Nine months ended	
		30 September 2018	30 September 2017
Sales of goods and services	Parent company	58	61
	Parties under common control	13,595	7,520
Share profit in equity accounted investees	Parties under common control	199	168
Purchases of raw materials	Parent company	(298)	(282)
	Parties under common control	(2,006)	(1,858)
Transportation services	Parties under common control	(340)	(234)
Interest received	Parent company	-	2,333
	Parties under common control	-	114

As at 30 September 2018, the Group issued guarantees in the amount of RUB 1,868 in relation to related parties (31 December 2017: RUB 957).

7 Cash and Cash Equivalents

	30 September 2018	31 December 2017
Cash on hand and bank balances denominated in RUB	552	452
Bank balances denominated in USD	1,590	2,473
Bank balances denominated in EUR	760	392
Total cash and cash equivalents	2,902	3,317

Cash and cash equivalents include term deposits of RUB 1,493 (31 December 2017: RUB 1,983).

8 Accounts Receivable

	30 September 2018	31 December 2017
Trade accounts receivable	1,319	917
Notes receivable	73	76
Interest receivable	731	1,068
Less: impairment provision	(41)	(41)
Total financial assets	2,082	2,020
Advances to suppliers	599	836
Value-added tax recoverable	912	906
Other taxes receivable	136	116
Less: impairment provision	(7)	(8)
Total accounts receivable	3,722	3,870

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

As at 30 September 2018, the Group hold no collateral as security for trade accounts receivable included in other accounts payable (31 December 2017: the Group hold collateral as security for trade accounts receivable included in other accounts payable in the amount of RUB 685).

9 Loans Receivable

	30 September 2018	31 December 2017
Short-term loans receivable		
RUB		
Loans issued to related parties with interest rate from 7.25% to 8.5% (2017: from 7.75% to 10.5%) per annum (Note 6)	17,718	21,554
EUR		
Loans issued to related parties with interest rate EURIBOR 12M+4.1% per annum (Note 6)	8,850	41
Provision	(217)	-
Total short-term loans receivable	26,351	21,595
Long-term loans receivable		
EUR		
Loans issued to related parties with interest rate of EURIBOR 12M+4.1% per annum (Note 6)	-	8,160
Total long-term loans receivable	-	8,160

Public Joint Stock Company “Dorogobuzh”
Notes to the Consolidated Condensed Interim Financial Information for the nine months
ended 30 September 2018 (unaudited)

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



At 30 September 2018 and 31 December 2017, all of the loans were unsecured.

Loans receivable denominated in RUB amounted to RUB 26,351 (31 December 2017: RUB 29,755) are issued to parent company and parties under common control of Acron Group (Note 6).

At 30 September 2018, the Group accrued interest income on loans receivable in amount of RUB 1,518 (30 September 2017: RUB 2,447).

10 Inventories

	30 September 2018	31 December 2017
Raw materials and spare parts	1,811	1,879
Work in progress	40	50
Finished products	700	572
	2,551	2,501

Raw materials are shown net of obsolescence provision of RUB 70 (31 December 2017: RUB 72). No inventory was pledged as security at 30 September 2018 and 31 December 2017.

11 Property, Plant and Equipment

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

	2018	2017
Carrying amount at 1 January	5,001	4,916
Additions	1,615	483
Disposals	(314)	(66)
Depreciation charge for the period	(557)	(573)
Carrying amount at 30 September	5,745	4,760

12 Investment in Equity Accounted Investees

	2018	2017
Carrying amount at 1 January	4,131	3,695
Share of:		
– Profit from continuing operations	199	168
– OCI	317	196
Carrying amount at 30 September	4,647	4,059

At 30 September 2018, the Group's interest in its principal associate and its summarised financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

Name	Total assets	Total liabilities	Revenue	Profit	% interest held	Country of incorporation
LLC Balttrans	8,247	1,772	2,899	399	50%	Russia

At 30 September 2017, the Group's interest in its principal associate and its summarised financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

Name	Total assets	Total liabilities	Revenue	Profit	% interest held	Country of incorporation
LLC Balttrans	7,643	1,729	2,314	336	50%	Russia



13 Investment in Equity Instruments Measured at Fair Value through Other Comprehensive Income

	2018	2017
Balance at 1 January	4,128	2,340
Additions	789	1,326
Gain arising from fair value revaluation recognised in other comprehensive income	975	18
Balance at 30 September	5,892	3,684

The Group has investment in the following companies:

Name	Activity	Country of registration	30 September	31 December
			2018	2017
Non-current				
PJSC Acron	Fertilisers production	Russia	5,129	3,747
JSC Acronit		Russia	509	365
Other		Russia	254	16
Total non-current			5,892	4,128

At 30 September 2018 and 31 December 2017, the investment in PJSC Acron was classified as non-current. Fair value of investment was determined by reference to the current market value at the close of business on the date of a transaction or on 30 September 2018. At 30 September 2018 the share price quoted at Moscow Stock Exchange for PJSC Acron amounted to RUB 4,686 per 1 share (31 December 2017: RUB 3,870 per 1 share).

14 Accounts Payable

	30 September	31 December
	2018	2017
Trade accounts payable	346	484
Dividend payable	25	16
Total financial payables	371	500
Payables to employees	285	280
Taxes payable	36	49
Accrued liabilities and other creditors	2	687
Total accounts payable and accrued expenses	694	1,516

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	30 September	31 December
	2018	2017
Credit lines	752	-
Term loans	-	865
	752	865

The Group's borrowings mature as follows:

	30 September	31 December
	2018	2017
Borrowings due:		
- within 1 year	752	865
	752	865

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

	30 September	31 December
	2018	2017
Borrowings denominated in:		
- RUB	752	-
- USD	-	865
	752	865

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

Public Joint Stock Company “Dorogobuzh”
Notes to the Consolidated Condensed Interim Financial Information for the nine months
ended 30 September 2018 (unaudited)



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

At 30 September 2018, unused credit lines available under loan facilities were RUB 26,424 (31 December 2017: RUB 15,000). The terms and conditions of unused credit lines are consistent with other borrowings.

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

	30 September 2018	31 December 2017
Short-term borrowings		
RUB		
Loans with floating interest: key rate of the Bank of Russia + 0% per annum	752	-
USD		
Loans with fixed interest rate of 2.48% per annum	-	865
Total short-term borrowings	752	865

Loan agreements contain certain covenants including those, which require the Company and Acron Group to maintain a certain level of net debt/EBITDA ratio and include restrictions on significant transactions with assets without bank approval. The loan agreements provide for the borrower's obligation to maintain the required level of inflows through the accounts opened with the lending banks. Lending banks have the right to accelerate repayment in the case of the borrower's failure to fulfil its obligations under the loan agreements, also, the covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the loans.

16 Finance Income, net

	Nine months ended		Three months ended	
	30 September 2018 r.	30 September 2017 r.	30 September 2018 r.	30 September 2017 r.
Interest income on loans provided and term deposits	1,570	2,491	455	661
Commissions expense	(43)	(38)	(36)	-
Dividend income	438	270	2	270
Provision for loans receivable	(217)	-	2	-
Other finance income, net	-	-	135	-
Foreign exchange gain/(loss), net	1,342	268	342	(107)
	3,090	2,991	900	824

17 Other Operating Income / (Expenses), net

	Nine months ended		Three months ended	
	30 September 2018 r.	30 September 2017 r.	30 September 2018 r.	30 September 2017 r.
Charity expenses	(97)	(191)	(97)	(24)
Other income, net	13	19	44	57
Gain/(loss) on disposal property, plant and equipment, net	89	(66)	89	(66)
Foreign exchange profit/(loss), net	263	(312)	148	(98)
	268	(550)	184	(131)

18 Earnings per Share and Dividend Declared

Earnings per share are calculated by dividing the net income attributable to participating shareholders by the weighted average number of ordinary and preference shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Company or its subsidiaries and held as treasury shares.

	Nine months ended	
	30 September 2018	30 September 2017
Weighted average number of participating shares outstanding	874,957,829	874,837,640
Profit for the period	7,830	5,726
Basic and diluted earnings per share (expressed in Russian Roubles) attributable to the equity holders of the Company	8.95	6.55

In May 2018, the Group declared dividend in respect of 2017 for amount of RUB 2.5 per ordinary share.

In November 2018, the Group declared dividend in respect of previous years for amount of RUB 4.5 per ordinary share.



19 Income Taxes

	Nine months ended		Three months ended	
	30 September 2018 r.	30 September 2017 r.	30 September 2018 r.	30 September 2017 r.
Income tax expense – current	1,638	1,352	721	456
Deferred tax charge – origination and reversal of temporary differences	(28)	20	(9)	191
Income tax charge	1,610	1,372	712	647

20 Contingencies, Commitments and Operating Risks

i 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.

ii Operating environment of the Group

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 condensed interim financial information reflects 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.

iii Taxation contingencies in the 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 this consolidated condensed interim financial information, 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. Accordingly, as at 30 September 2018, no provision for potential tax liabilities based on management's interpretations of applicable tax legislation had been recognised (2017: no provision). Management believes that all necessary provisions were recognised in respect of other probable tax risks.

iv 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.

21 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 best evidence of fair value is the price in an active market.

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 Value Measurement.

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 profit or loss and through other comprehensive income financial instruments of the Group were included in level 1 category in the amount of RUB 6,293 (31 December 2017: RUB 4,535).

There are no other financial instruments which fair value was determined based on inputs other than level 1 category.

Cash and cash equivalents are carried at amortised cost which approximates current fair value.

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.

The fair value of payables and borrowings do not differ significantly from their carrying amounts.



22 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial information.

The Group has the following updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group's consolidated 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.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

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.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.