Public Joint Stock Company “Research and Production Corporation “United Wagon Company”

Interim condensed consolidated financial statements for the six months ended 30 June 2019 (unaudited)

PUBLIC JOINT STOCK COMPANY
"RESEARCH AND PRODUCTION CORPORATION
"UNITED WAGON COMPANY"

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PUBLIC JOINT STOCK COMPANY
“RESEARCH AND PRODUCTION CORPORATION “UNITED WAGON COMPANY”

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial statements that present fairly the consolidated financial position of Public Joint Stock Company “Research and Production Corporation” United Wagon Company” (PJSC RPC UWC or the “Company”) and its subsidiaries (the “Group”) as at June 30, 2019, and the consolidated results of the Group’s operations, cash flows and changes in equity for the year then ended, in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

In preparing the interim condensed consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s consolidated financial position and financial performance;
- Making an assessment of the Group’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdiction in which the Group operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group;
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial statements for the six months ended 30 June 2019 were authorized on 29 August 2019:

On behalf of the Management:

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Timofey Khryapov
Chief Executive Officer
PJSC RPC UWC

PUBLIC JOINT STOCK COMPANY
"RESEARCH AND PRODUCTION CORPORATION "UNITED WAGON COMPANY"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)
(in millions of Russian Rubles, unless otherwise indicated)

		Six months ended	
	Notes	**30 June 2019**	**30 June 2018**
Revenue	6	29 816	32 151
Cost of sales	7	(23 153)	(28 507)
Gross profit		**6 663**	**3 644**
Selling, general and administrative expenses	8	(1 306)	(1 484)
Share of profit/(loss) of associates and joint ventures		32	(4)
Other operating (expense)/income, net		(31)	11
Impairment of non-current non-financial assets		(247)	-
Operating profit		**5 111**	**2 167**
Finance income	9	3 772	976
Finance costs	10	(6 068)	(6 192)
Foreign exchange loss, net		(78)	(242)
Profit/(loss) before income tax		**2 737**	**(3 291)**
Income tax (expense)/benefit	11	(792)	238
TOTAL PROFIT/(LOSS) FOR THE PERIOD		**1 945**	**(3 053)**
Earnings/(loss) per share			
Weighted average number of ordinary shares outstanding		115 996 689	115 996 689
Earnings/(loss) per share, RUB		17	(26)

The notes on pages 6-30 form an integral part of these interim condensed consolidated financial statements.

PUBLIC JOINT STOCK COMPANY
"RESEARCH AND PRODUCTION CORPORATION "UNITED WAGON COMPANY"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 (UNAUDITED)
(in millions of Russian Rubles)

	Note	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	12	69 229	82 784
Right-of-use assets	13	22 384	-
Intangible assets		5 916	6 109
Prepayments for non-current assets		363	510
Goodwill		8 778	8 778
Deferred tax assets		3 291	3 454
Investments in associates and joint ventures		1 186	1 154
Loans receivable	17	5 821	9 265
Long-term trade receivables from the sale of railcars		201	495
Restricted cash		108	146
Other non-current assets		554	1 374
Total non-current assets		**117 831**	**114 069**
Current assets			
Inventories	14	13 590	11 812
Trade and other receivables	15	2 223	8 490
VAT receivable		7 356	5 995
Prepayments to suppliers and other assets	16	4 348	4 969
Prepaid income tax		1 284	1 091
Loans receivable	17	100	92
Restricted cash		1 280	2 117
Cash and cash equivalents	18	10 221	10 871
Total current assets		**40 402**	**45 437**
TOTAL ASSETS		**158 233**	**159 506**
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital issued	19	116	116
Additional paid-in capital	19	22 993	22 993
Reserve on revaluation of property, plant and equipment		12 936	12 936
Accumulated deficit		(26 605)	(28 550)
Total equity and reserves		**9 440**	**7 495**
Non-current liabilities			
Long-term loans and borrowings	20	39 556	44 000
Bonds	21	14 793	14 793
Lease liabilities	25	18 513	-
Financial liabilities under leaseback transactions	24	12 963	4 967
Deferred tax liabilities		1 934	1 818
Accrued expenses for employees remuneration		105	150
Advances received		69	78
Finance lease liabilities		-	18 282
Total non-current liabilities		**87 933**	**84 088**
Current liabilities			
Short-term loans and borrowings	20	10 489	18 087
Bonds	21	15 691	15 640
Financial liabilities under leaseback transactions	24	2 517	1 532
Lease liabilities	25	3 806	-
Trade and other payables	22	6 780	4 893
Advances received and other current liabilities	23	21 577	24 583
Finance lease liabilities		-	3 188
Total current liabilities		**60 860**	**67 923**
TOTAL LIABILITIES		**148 793**	**152 011**
TOTAL EQUITY AND LIABILITIES		**158 233**	**159 506**

The notes on pages 6-30 form an integral part of these interim condensed consolidated financial statements.

PUBLIC JOINT STOCK COMPANY
"RESEARCH AND PRODUCTION CORPORATION "UNITED WAGON COMPANY"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)
(in millions of Russian Rubles)

	Share capital issued	Additional paid-in capital	Reserve on revaluation of property, plant and equipment	Accumulated deficit	Total equity
Balance at 1 January 2018 (as previously reported)	**116**	**22 993**	**9 171**	**(18 579)**	**13 701**
Effect of change in accounting policy due to IFRS 9 adoption	-	-	-	(200)	(200)
Balance at 1 January 2018 (as restated)	**116**	**22 993**	**9 171**	**(18 779)**	**13 501**
Loss for the period	-	-	-	(3 053)	(3 053)
Reclassification of gain on revaluation of property, plant and equipment disposed of during the reporting period	-	-	(2)	2	-
Balance at 30 June 2018	**116**	**22 993**	**9 169**	**(21 830)**	**10 448**
Balance at 1 January 2019	**116**	**22 993**	**12 936**	**(28 550)**	**7 495**
Profit for the period	-	-	-	1 945	1 945
Balance at 30 June 2019	**116**	**22 993**	**12 936**	**(26 605)**	**9 440**

The notes on pages 6-30 form an integral part of these interim condensed consolidated financial statements.

PUBLIC JOINT STOCK COMPANY
"RESEARCH AND PRODUCTION CORPORATION "UNITED WAGON COMPANY"

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)
(in millions of Russian Rubles)

	Six months ended	
	30 June 2019	**30 June 2018**
OPERATING ACTIVITIES		
PROFIT/(LOSS) FOR THE PERIOD	**1 945**	**(3 053)**
Adjustments for:		
Income tax expense/(benefit)	792	(238)
Depreciation and amortization	2 258	2 929
Finance costs	6 068	6 192
Finance income	(3 772)	(976)
Non-operating foreign exchange loss, net	78	242
Share of (profit)/loss of joint ventures and associates	(32)	4
Gain from the sale of railcars from the Group's own railcar fleet	-	(123)
Write-down of inventories to net realizable price	23	46
Loss on disposal/impairment of property, plant and equipment and intangible assets	247	125
Other adjustments	(62)	18
Operating profit before changes in working capital	**7 545**	**5 166**
Movements in working capital:		
Decrease/(increase) in trade and other receivables	1 351	(2 153)
Decrease/(increase) in prepayments to suppliers and other current assets	650	(980)
(Increase)/decrease in VAT receivable	(580)	644
Increase in inventories	(839)	(3 016)
Increase/(decrease) in trade and other payables	1 780	(102)
(Decrease)/increase in advances received and other current liabilities	(3 360)	7 066
Cash proceeds from operating activities	6 547	6 625
Cash proceeds from the sale of railcars from the Group's own railcar fleet	116	283
Cash utilized to increase the Group's own railcar fleet	(8 272)	-
Income tax paid	(700)	(666)
Finance costs paid	(5 725)	(5 430)
Net cash (used in)/generated from operating activities	**(8 034)**	**812**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(941)	(1 192)
Loans receivable	(40)	(1 254)
Purchase of intangible assets	(190)	(739)
Proceeds from repayment of loans receivable	5 345	1 222
Interest received	843	397
Proceeds from disposal of property, plant and equipment	115	-
Proceeds from sale of other non-current assets	89	-
Net cash outflow on acquisition of subsidiaries	-	(1 200)
Proceeds from redemption of short-term deposits	-	5 000
Cash received from disposal of interest in an associate	-	1 773
Net cash generated from investing activities	**5 221**	**4 007**
FINANCING ACTIVITIES		
Proceeds from leaseback transactions	14 384	-
Proceeds from loans and borrowings	1 972	-
Lease payments	(1 115)	-
Repayment of bank loans and borrowings	(13 959)	(1 652)
Finance lease payments, net	-	(148)
Cash deposited	(121)	(1 924)
Redemption of cash deposited in accordance with covenants in loan agreements	1 026	807
Purchase of own bonds	-	(6)
Net cash generated from/(used in) financing activities	**2 187**	**(2 923)**
Net (decrease)/increase in cash and cash equivalents	**(626)**	**1 896**
Effect of foreign exchange changes	(24)	16
Cash and cash equivalents, beginning of period	**10 871**	**3 799**
Cash and cash equivalents, end of period	**10 221**	**5 711**

The notes on pages 6-30 form an integral part of these interim condensed consolidated financial statements.

(in millions of Russian Rubles, unless otherwise indicated)

1. GENERAL INFORMATION

Public Joint Stock Company "Research Production Corporation "United Wagon Company" ("PJSC RPC UWC", the "Company") was incorporated and domiciled in the Russian Federation on 26 December 2011 and is a public joint stock company from 3 March 2015. The Company's registered and business address is 7/11 Novokuznetskaya St., Bld. 1, Moscow.

As at 30 June 2019, the Company is a holding entity for the group of companies ("PJSC RPC UWC Group" or the "Group") incorporated in the British Virgin Islands (the "BVI"), Cyprus, and the Russian Federation (the "RF").

Principal activities of the Group include:

- Production of railcars at the manufacturing facility located in the town of Tikhvin, Leningrad region, Russian Federation, and their sale;
- Operating lease of railcars;
- Rail transportation services.

The list of the Group's registered shareholders and their effective ownership interest as at the reporting dates is presented in the table below:

Shareholders	As at 30 June 2019 Share, %	As at 31 December 2018 Share, %
Management Consulting LLC fiduciary management [1]	24.27	24.29
REGION Trust LLC fiduciary management [2]	20.05	-
Plainwhite Consultants Limited[3]	14.99	-
Concern Uralvagonzavod JSC	9.33	9.33
Joint Stock Company Otkritie Holding	7.94	7.94
IQG Assets Management JSC fiduciary management [4]	5.66	5.66
Management Company Sever Asset Management LLC fiduciary management	-	17.93
Other shareholders	17.76	34.85
Итого	**100**	**100**

[1] Indirect ownership of Otkritie FC Bank PJSC through controlled by the bank NPF Otkritie JSC with assets under management of Management Consulting LLC
[2] Indirect ownership of FG FUTURE PJSC through non-state pension funds controlled by the company with assets under management of REGION Trust LLC
[3] Indirect ownership – Emil Pirumov;
[4] Indirect ownership of SAFMAR Financial Investments PJSC through controlled by the company NPF SAFMAR JSC with assets under management of IQG Assets Management JSC

As at 30 June 2019 and 31 December 2018, the Group had no ultimate controlling party.

As at 30 June 2019 and during the six months ended 30 June 2019, the Group and its consolidation perimeter had no significant changes.

2. BASIS OF PREPARATION

Basis of preparation.

The annual consolidated financial statements of PJSC RPC UWC and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). These interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The interim condensed consolidated financial statements do not contain all the information that is required to be disclosed during preparation of the annual consolidated financial statements. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. The financial results of operations for the six months ended 30 June 2019 are not necessarily indicative of the Group's financial results for the entire year.

Functional and presentation currency – These interim condensed consolidated financial statements are presented in Russian Rubles ("RUB"), which is the functional currency of each company of the Group. These interim condensed consolidated financial statements are presented in millions of Russian Rubles, unless otherwise indicated.

Income tax – The interim income tax is calculated based on the effective tax rate expected at the year-end.

Going concern assumption.

These interim condensed consolidated financial statements have been prepared based on the assumption that the Group will continue as a going concern in the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

Under the terms of the loan agreements, the Group is required to comply with a number of covenants and restrictions, including maintenance of certain financial ratios and other non-financial conditions. As at 30 June 2019, most of the Group's subsidiaries, including PJSC RPC UWC, breached a number of financial and non-financial covenants stipulated by loan agreements, which could result in negative consequences for the Group, including default (Note 20). As at 30 June 2019, a long-term portion of loans under such agreements amounted to RUB 34 600 million under the loan agreements with Otkritie FC Bank PJSC, Gazprombank (JSC) and Roseximbank JSC.

All loans and borrowings are presented in these interim condensed consolidated financial statements in accordance with initial payment terms stipulated in the loan agreements, notwithstanding whether the covenants had been breached as at the reporting date, or not.

As at 30 June 2019 the Group's current liabilities exceeded its current assets by RUB 20 458 million, and negative cash flows from operating activities totaled RUB 8 034 million for the six months ended 30 June 2019.

After the reporting date but before the date of approval of these interim condensed consolidated financial statements, the Group received an official letter from Gazprombank (JSC) confirming that it would not demand an early repayment of the loans with the breached covenants. Also, after the reporting date the Group remedied most of breaches under this agreement and the related lease agreement with Gazprombank Leasing JSC.

The Group did not receive such a letter from Otkritie FC Bank PJSC, as the Group is at the closing phase of the comprehensive restructuring of the debt portfolio held with this bank at the date of approval of the interim condensed consolidated financial statements. Under the portfolio restructuring project, in the first quarter of 2019 the Group carried out short-term restructuring which resulted in the decrease in the interest rate to 9.55%, which was set as a fixed rate and adjustments to interest repayment schedules in the first half of 2019. Also, in August 2019, the general meeting of the owners of BO 01 series commercial bonds made a decision to extend the maturity of these bonds and to decrease the coupon rate to 9.55% per annum. At the date of approval of these interim condensed consolidated financial statements, the Group submitted changes to the decision on the issue of these bonds for approval by Moscow Exchange PJSC.

These measures allowed the Group to manage its current liquidity during the six months ended 30 June 2019 and finalize the restructuring process to optimize the Group's debt portfolio.
By the third quarter of 2019, the Group's management expects to: receive a positive decision from the credit committee of Otkritie FC Bank PJSC providing for a new set of financial and non-financial covenants enabling the Group to comply with them given the Group's current financial and operating performance; adjust the ratio of short-term and long-term credit liabilities to eliminate the deficit of short-term assets in the long-term perspective and provide the Group with the opportunity to manage operating and financial cash flows more efficiently; and reduce the weighted average cost of debt.

In the first half of 2019, the production level at TVSZ JSC, TikhvinChemMash JSC and TikhvinSpetsMash JSC amounted to 9.9 thousand railcars, which is fully compliant with the Group's 2019 budget. According to previous forecasts, there persists stable demand for innovative railcars at prices exceeding 2018 selling prices by 10-12% on average. In the second half of 2019, the Group does not expect a significant decrease in demand for railcars and plans to further increase its gross and operating profit by increasing the production efficiency.

The management of the Group believes that it is highly probable that the credit committee of Otkritie FC Bank PJSC will issue a positive decision regarding the Group's debt portfolio restructuring and the combination of the above-mentioned facts will ensure the Group's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies used in preparation of this interim condensed consolidated financial information are consistent with accounting policies used in preparation of the Group's consolidated financial statements for the year ended 31 December 2018, except for the effect of the adoption of new and revised standards and interpretations.

Adoption of new standards and interpretations

Starting from 1 January 2019, when preparing its interim condensed consolidated financial statements, the Group applies the following new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC):

- IFRIC 23 *Uncertainty Over Income Tax Treatments*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Long-Term Interests in Associates and Joint Ventures*
- Amendments to IAS 19 *Employee Benefits*
- Annual Improvements to IFRSs 2015-2017 Cycle

The Group did not early adopt any other standards, amendments and interpretations in issue but not yet effective. The new and revised International Financial Reporting Standards had no significant impact on the Group's interim condensed consolidated financial statements for the six months ended 30 June 2019, except for the effect of IFRS 16 *Leases* as described below.

IFRS 16 *Leases*

<u>Effect of adoption</u>

On 1 January 2019, the Group adopted IFRS 16 *Leases* issued by the International Accounting Standards Board in January 2016. IFRS 16 introduces new requirements and a comprehensive model for the identification of lease contracts and accounting treatments for both lessors and lessees. IFRS 16 superseded IAS 17 *Leases* and the related interpretations, when it became effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether the use of an identified asset is controlled by a customer for a period of time in exchange for consideration, and requires to recognize a right-of-use asset and the corresponding lease liability at the lease commencement for all leases (i.e., all on balance sheet), except for short-term leases and leases of low value assets. Thus, distinctions of operating leases and finance leases are removed. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

<u>Transition provisions</u>

Based on the transition provisions of IFRS 16, the Group chose to adopt the modified retrospective approach in which lease liabilities are measured at the present value of future (remaining) payments discounted using incremental borrowing rates as at 1 January 2019, and right-of-use assets are initially measured as liabilities adjusted for lease prepayments or accrued lease payments. The comparative information for the comparable period has not been restated in accordance with IFRS 16 requirements.

(in millions of Russian Rubles, unless otherwise indicated)

The cumulative impact of IFRS 16 transition comprises:

	1 January 2019 (before adoption)	Adoption of IFRS 16	1 January 2019 (after adoption)
ASSETS			
Property, plant and equipment	82 784	(21 357)	61 427
Right-of-use assets	-	22 832	22 832
Trade and other receivables	8 490	(4 215)	4 275
EQUITY AND LIABILITIES			
Finance lease liabilities[1]	21 470	(21 470)	-
Lease liabilities[1]	-	18 730	18 730
Trade and other payables	4 893	(54)	4 839

[1]Short-term and long-term portions

Leases previously classified as operating leases

When determining leases previously classified as operating leases, the Group applied the practical expedient at the IFRS 16 adoption date, which allows not to reassess of whether the lease contract is, or contains, a lease. Accordingly, the lease definition under IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* shall be applied for all leases entered into or modified before 1 January 2019.

Also, the Group applies the following permitted practical expedients at the date of the standard adoption with respect to each lease previously classified as an operating lease:

- Permission not to apply IFRS 16 requirements with respect to leases with the lease term expiring within 12 months from 1 January 2019 and to include lease payments under such leases into operating expenses on a straight-line basis over the lease term;
- Permission to apply a single discount rate to the portfolio of lease contracts with similar characteristics;
- Permission not to conduct an impairment test at the date of initial recognition while relying on the analysis of onerous lease contracts under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the initial application date;
- Permission to exclude initial direct costs from the value of a right-of-use asset at the date of initial application;
- Permission to use hindsight, in particular, when determining the lease term for lease contracts providing for extension or termination options.

At the time of the transition to IFRS 16, the Group recognized lease liabilities (short-term and long-term portion) totaling RUB 1 475 million which were not recognized previously since leases in which the Group acts as a lessee were recognized as operating leases under IAS 17 previously effective. The amount of recognized liabilities is the present value of future (at the time of the first application) lease payments discounted using the lessee's incremental borrowing rate.

As at 1 January 2019, the lessee's weighted average incremental borrowing rate used in calculations was 5.55–9.93% for foreign currency contracts and 10.90–12.30% for contracts nominated in rubles.

As at 1 January of 2019, the Group also recognized right-of-use assets arising from IFRS 16 application and related to the respective contract types totaling RUB 1 475 million. Right-of-use assets are amortized using the straight-line basis over lease terms, which range from 2 to 48 years.

Future minimum lease payments under operating leases as at 1 January 2019	**2 112**
Effect of discounting	(691)
Lease payables	54
Lease liabilities recognized as at 1 January 2019	**1 475**
Right-of-use assets recognized as at 1 January 2019	**1 475**
Overall effect on accumulated loss as at 1 January 2019	-

Leases previously classified as finance leases and sale and leaseback transactions before the initial application date

The carrying value of right-of-use assets and lease liability at the initial application date is the carrying value of the lease asset and the carrying value of the lease liability immediately before the date of IFRS 16 adoption.

At the date of the transition to IFRS 16, the Group had entered into sale and leaseback transactions, which were treated as sale and finance lease under IAS 17, therefore, the Group accounts for leaseback transactions using the same approach as for any other finance lease, which existed at the date of initial application.

At the time of the transition to IFRS 16, the Group reclassified from property, plant and equipment to right-of-use assets the carrying value of railcars earlier received by the Group under sale and leaseback agreements, which were accounted for as finance lease under IAS 17. Accordingly, right-of-use assets totaled RUB 21 357 million as at 1 January 2019. "Finance lease liabilities" were replaced by "lease liabilities" and totaled RUB 21 470 at the transition date. The Group applied the weighted average borrowing rate of 11% with respect to lease liabilities as at 1 January 2019.

The Group as a lessor

The Group made a reassessment of its sublease contracts that were classified as operating leases under IAS 17 and were in force at the IFRS 16 adoption date, and determined that all these contracts qualified for operating leases for the purposes of the respective standard.

Accounting policies effective from 1 January 2019

For contracts entered into after 1 January 2019, the Group shall assesses whether the contract is, or contains, a lease at contract commencement. The Group recognizes a right-of-use asset and the corresponding lease liability under all lease contracts (including subleases and lease of intangible assets), if these contracts convey the right to control the use of an identified asset within a specified period of time in exchange for consideration, except for short-term leases (expiring within 12 months) and lease of low-value assets. For these lease contracts, the Group recognizes lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Right-of-use assets

The initial value of the right-of-use asset includes the initial value of the corresponding lease liability, lease payments made on or before the lease inception date and any initial direct costs. Subsequently, the right-of-use asset is measured at historical cost less accumulated depreciation and accumulated impairment loss. Right-of-use assets are depreciated using the straight-line method over the expected lease term which ranges from 1 to 10 years under the Group's lease contracts and is calculated based on the contractual lease term, the periods covered by the options to the extend or early terminate the lease, and the useful life of the underlying asset.

If the lease transfers ownership of the underlying asset or the value of the right-of-use asset reflects that the Group expects to exercise the purchase option, the corresponding right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins on the date of the lease inception.

The Group applies IAS 36 *Impairment of Assets* to identify impairment of a right-of-use asset and to recognize any identified impairment loss.

Lease liabilities

The lease liability is initially measured at the present value of the future lease payments that are not paid at the lease commencement date and discounted using the lessee's incremental borrowing rate. This rate is defined as the interest rate at which, at the inception of the lease, the lessee could raise borrowed funds for the same period and with the same collateral, required for the receipt of an asset with a value equal to the value of a right-of-use asset under similar economic conditions.

Lease payments included in the lease liability comprise:

- fixed payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate. Such payments are initially estimated based on the index or rate as at the date of lease commencement;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that the option will be exercised; and
- penalties for terminating the lease, if the lease term provides for an option to early terminate the lease.

Subsequently, lease liabilities are measured by increasing the carrying value to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying value to reflect lease payments made.

The Group remeasures the lease liability (and makes an appropriate adjustment to the relevant right-of-use asset) when:

- The lease term has changed or the probability of the purchase option exercise has changed. In this case, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate;
- Lease payments fluctuate due to changes in the index or rate, or changes in expected payment at guaranteed residual value. In this case, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payment changes due to a change in the floating interest rate, where the revised discount rate is used);
- The lease agreement is modified, and this modification is not treated as a new agreement. In this case, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.

Sale and leaseback transactions

The Group assesses whether a sale and leaseback transaction meets the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to be recognized as sale of assets. If the transfer of the asset by the seller, which will subsequently act as a lessee, meets IFRS 15 requirements, the seller-lessee shall measure the right-of-use asset arising on the leaseback as a portion of the previous carrying value of the asset, which relates to the right of use retained by the seller-lessee. If the transfer of the asset under the leaseback contract does not meet the requirements of IFRS 15, the seller-lessee shall continue to recognize the transferred asset and shall recognize a financial liability in the amount of proceeds from the transfer. This liability shall be recognized in accordance with IFRS 9.

The Group as a lessor

The Group assesses contracts concluded with lessees to determine whether they qualify as an operating or finance lease. In 2019, all lease contracts where the Group is a lessor were classified as operating leases. Therefore, the Group recognizes lease payments as income on a straight-line basis. All costs, including depreciation costs incurred in generating lease income, are recognized as an expense.

All modifications to operating leases are classified as new leases from the date modifications become effective.

In the normal course of business, the Group often acts as an intermediate lessor and derives income from sublease contracts. Sublease is a transaction in which the Group as an intermediate lessor grants the right to use the underlying asset to the third party, while the lease contract ("the principal lease contract") between the original (or "principal") lessor and lessee remains in force.

The Group classifies a sublease as a financial or operating lease based on the right-of-use asset arising under the principal lease contract. Therefore, with respect to the sublease contract, the Group considers the right-of-use asset to be the underlying asset rather than an item of property, plant and equipment, which it leases from the principal lessor. If the sublease contract is concluded for the remaining term of the principal lease, i.e. the sublease term is for the major part of the useful life of the right-of-use asset, the Group as an intermediate lessor classifies this sublease contract as a finance lease. Otherwise, a sublease is classified as an operating lease. At the sublease inception, for sublease accounting purposes the Group uses the same discount rate it uses for the principal lease contract with adjustments for the amount of initial direct costs related to the sublease.

The Group applies IFRS 16 to all contracts involving the sublease of right-of-use assets. The intermediate lessor recognizes the principal lease contract and the sublease contract as two separate contracts.

Critical accounting estimates and judgements in applying accounting policies

The new key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within 12 months after the reporting date after IFRS 16 adoption are discussed below.

- Assessment of the lease term. The lease term equals the non-cancellable lease term; also, in determining the amounts of liabilities under new or modified lease contracts, judgement is required to estimate the lease term. The Group considers extension options if it is reasonably assured that these options will be exercised, as well as early termination options, if it is reasonably assured that they will not be exercised. When considering such options, management takes into account the remaining useful lives of the leasehold improvements in the related leased assets, the Group's investment strategy and relevant investment decisions, as well as the period to the date of the considered extension or termination option;
- Discount rate. In calculating the present value of lease payments, the discount rate equals the lessee's incremental borrowing rate. The discount rate is determined for each asset based on the Group's incremental borrowing rate at the lease inception. As at 1 January 2019, the weighted average interest rate was 9.59%;
- Lease classification. When analyzing lease and sublease contracts where the Group acts as a lessor, the Group's management is expected to conduct a thorough analysis to distinguish between a finance lease and an operating lease which mostly depends on the substance of the transaction rather than the form of the contract. Situations, which may lead to the lease being treated as a finance lease, shall be considered both individually and in aggregate and not always allow making an unambiguous conclusion. If other factors clearly evidence that there is no transfer of substantially all the risks and rewards incidental to ownership of an underlying asset, the lease is classified as an operating lease.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Critical accounting judgments and key sources of estimation uncertainty used in preparation of these interim condensed consolidated financial statements correspond with the same accounting judgments and sources of estimation uncertainty used in preparation of the Group's consolidated financial statements for the year ended 31 December 2018, except for those that are disclosed in Note 3 and relate to the changes of the Group's accounting policies resulting from initial application of IFRS 16.

(in millions of Russian Rubles, unless otherwise indicated)

5. SEGMENT REPORTING

For manageability purposes, the Group is divided into business units on the basis of goods manufactured and services rendered, and incorporates two reporting segments:

- The "*Production*" segment is involved in manufacturing and sale of freight railcars of new generation;
- The "*Lease*" segment provides operating lease of railway cars.

The Group's principal business activities are within the Russian Federation. Other activities of the Group do not constitute a separate reporting segment and are included in the other segments. Accounting principles of the reportable segments are consistent with the Group accounting policies described in the Group's consolidated financial statements for the year ended 31 December 2018. The Group's management assesses performance of operating segments based on profit before tax adjusted for the following amounts in the consolidated statement of profit or loss and other comprehensive income ("EBITDA"):

- Finance costs (Note 10);
- Finance income (Note 9);
- Foreign exchange gain/(loss), net;
- Depreciation and amortization of property, plant, and equipment and intangible assets (Notes 7);
- Impairment of non-current non-financial assets.

This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Segment information for the six months ended 30 June 2019 and 2018 is presented as follows:

30 June 2019	**Production segment**	**Lease segment**	**Other segments**	**Total segments**	**Adjust-ments and elimina-tions**	**Consoli-dated**
Revenue	**36 206**	**3 798**	**2 720**	**42 724**	**(12 908)**	**29 816**
including inter-segment revenue	10 730	235	2 022	12 987	(12 987)	-
Cost of sales, including:	**(31 068)**	**(1 030)**	**(2 828)**	**(34 926)**	**11 773**	**(23 153)**
- Inventories	(22 240)	(189)				
- Payroll	(3 989)	-				
- Property tax	(166)	-				
- Maintenance and repairs of railcars[1]	(304)	(135)				
- Depreciation and amortization	(1 848)	(595)				
- Write-down of inventories to net realizable value	(21)	-				
- Other	(2 500)	(111)				
Selling, general and administrative expenses	(687)	(658)	175	(1 170)	(136)	(1 306)
Other operating expenses, net	91	(17)	64	138	(169)	(31)
Share of profit of associates and joint ventures	17	15	-	32	-	32
Depreciation and amortization	1 850	595	333	2 778	(520)	2 258
EBITDA	**6 409**	**2 703**	**464**	**9 576**	**(1 960)**	**7 616**
Finance income	28	3 941	2 592	6 561	(2 789)	3 772
Finance costs	(2 147)	(4 267)	(2 580)	(8 994)	2 926	(6 068)
Depreciation and amortization						(2 258)
Impairment of non-current non-financial assets	(220)	-	(44)	(264)	17	(247)
Foreign exchange loss, net						(78)
Profit before income tax						**2 737**

[1] The cost of maintenance and repairs of railway cars in the *Production* segment comprises the cost of railcar repair services sold by the segment, including the cost of inventories, payroll and other costs.

(in millions of Russian Rubles, unless otherwise indicated)

30 June 2018	**Production segment**	**Lease segment**	**Other segments**	**Total segments**	**Adjust-ments and elimina-tions**	**Consoli-dated**
Revenue	**28 476**	**3 440**	**1 972**	**33 888**	**(1 737)**	**32 151**
including inter-segment revenue	212	83	1 563	1 858	(1 858)	-
Cost of sales, including:	**(27 458)**	**(958)**	**(2 031)**	**(30 447)**	**1 940**	**(28 507)**
- Inventories	(19 623)	(64)				
- Payroll	(3 520)	-				
- Property tax	(20)	(87)				
- Maintenance and repairs of railway cars	(143)	(168)				
- Depreciation and amortization	(2 262)	(579)				
- Write-down of inventories to net realizable value	(46)	-				
- Other	(1 844)	(60)				
Selling, general and administrative expenses	(522)	(226)	(642)	(1 390)	(94)	(1 484)
Other operating income/(expenses), net	3	16	6	25	(14)	11
Share of (loss)/profit of associates and joint ventures	(71)	67	-	(4)	-	(4)
Depreciation and amortization	2 262	579	93	2 934	(5)	2 929
EBITDA	**2 690**	**2 918**	**(602)**	**5 006**	**90**	**5 096**
Finance income	17	2 804	3 486	6 307	(5 331)	976
Finance costs	(3 060)	(4 573)	(3 951)	(11 584)	5 392	(6 192)
Depreciation and amortization						(2 929)
Foreign exchange loss, net						(242)
Loss before income tax						**(3 291)**

During the six months ended 30 June 2019, the key external customer of the *Production* segment was PJSC GTLK, which accounted for 24% of the segment's external sales. During the six months ended 30 June 2019, the key external customer of the *Lease* segment was LLC Vostok 1520, which accounted for about 55% of the segment's external sales. During the six months ended 30 June 2018, this counterparty accounted for 57% of the *Lease* segment's total revenues.

Revenue in other segments includes intragroup sales of railcar components by Springs Industrial Technology Center LLC, intragroup sales of rights to R&D results and patents by VNICTT LLC and management services provided by PJSC RPC UWC.

During the six months ended 30 June 2019, the Group produced 3 262 new railcars which were transferred to PJSC GTLK under the trilateral leaseback contract in which the *Lease* segment is the subsequent lessee (Note 24) for RUB 10 438 million; costs of production of these railcars amounted to RUB 8 823 million, including capitalized depreciation of RUB 611 million, and the effect on EBITDA of RUB 2 226 million. The above transaction is disclosed in the Adjustments and Eliminations section.

Segment assets and liabilities, capital expenditures and accumulated depreciation are not disclosed, as this information is not provided to the chief operating decision maker.

(in millions of Russian Rubles, unless otherwise indicated)

6. REVENUE

The Group's revenue comprised the following:

	Six months ended	
	30 June 2019	**30 June 2018**
Sales of railcars	23 123	26 988
including from the Group's own railcar fleet	-	*283*
Operating lease of railcars	3 535	3 262
including income from sublease of right-of-use assets	*3 163*	-
Sales of castings, components and other inventories (incl. spare parts)	2 034	1 218
Rail transportation services	492	257
Revenue from repair services	205	142
Other operating lease	114	76
including sublease income	*82*	-
Other revenue	313	208
Total revenue	**29 816**	**32 151**

7. COST OF SALES

The Group's cost of sales comprised the following:

	Six months ended	
	30 June 2019	**30 June 2018**
Raw materials used in production	15 400	19 302
Payroll and social contributions	2 939	3 683
Depreciation and amortization	2 221	2 911
Empty freight costs and tolls	166	104
Property tax	118	113
Railcar repair and maintenance	96	268
Operating lease of railcars	92	152
Write-down of inventories to net realizable value	23	45
Lease payments	6	200
Residual value of railcars sold from own railcar fleet	-	160
Other	2 092	1 569
Total cost of sales	**23 153**	**28 507**

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses comprised the following:

	Six months ended	
	30 June 2019	**30 June 2018**
Payroll, social contributions and other staff costs	387	761
Information and consulting services	336	124
Rent and utilities	201	158
Railcar-sales related costs	66	-
Advertising expenses	47	47
Transportation costs for the delivery of railcars to the buyer	36	170
Other	233	224
Total selling, general and administrative expenses	**1 306**	**1 484**

(in millions of Russian Rubles, unless otherwise indicated)

9. FINANCE INCOME

The Group's finance income comprised the following:

	Six months ended	
	30 June 2019	**30 June 2018**
Reversal of allowance for expected credit losses on loans receivable (Note 17)	1 829	-
Modification of financial liability under transaction with GTLK PJSC (Note 24)	930	-
Interest income on loans receivable	422	605
Recalculation of effective interest rate on disposal of financial assets	334	-
Interest income on deposits, cash and equivalents	218	347
Discount on accounts receivable	39	24
Total finance income	**3 772**	**976**

10. FINANCE COSTS

The Group's finance costs comprised the following:

	Six months ended	
	30 June 2019	**30 June 2018**
Interest expense on loans and borrowings	2 655	4 600
Interest expense on bonds	1 417	1 272
Interest expense on lease liabilities	1 004	-
Interest expense on financial liability under transaction with GTLK PJSC	562	-
Significant financing component of contracts with customers	296	-
Bank commissions	132	17
Cost of guarantees and sureties	2	313
Government grants	-	(6)
Less: interest expense and subsidies included in the cost of qualified assets		
Capitalized interest expense	-	(4)
Total finance costs	**6 068**	**6 192**

11. INCOME TAX

Income tax expense recorded in the condensed interim statement of profit or loss and other comprehensive income comprised the following:

	Six months ended	
	30 June 2019	**30 June 2018**
Current income tax expense	(448)	(518)
Adjustment of income tax of prior periods	(65)	191
Deferred income tax (expense)/benefit	(279)	565
Total income tax (expense)/benefit	**(792)**	**238**

(in millions of Russian Rubles, unless otherwise indicated)

Below is a reconciliation of income tax calculated using the effective income tax rate applicable in the Russian Federation to the actual income tax expense recorded in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	Six months ended	
	30 June 2019	**30 June 2018**
Profit/(loss) before income tax	**2 737**	**(3 291)**
Theoretical tax (expense)/benefit at statutory tax rate of 20%	(547)	658
Tax effect of items which are not deductible or assessable for taxation purposes:		
Unrecognized tax losses of foreign subsidiaries of the Group	(57)	(94)
Effect of different income tax rates and taxation rules applicable to foreign subsidiaries of the Group	(102)	(498)
Adjustment of income tax of prior periods	(65)	191
Share of profit/(loss) of joint ventures and associates	6	(1)
Other items	(27)	(18)
Income tax (expense)/benefit	**(792)**	**238**

12. PROPERTY, PLANT AND EQUIPMENT

The Group continues to expand and increase its current production facilities (JSC "TVSZ", JSC "TikhvinChemMash", JSC "TyazhMash", JSC "TikhvinSpetsMash", CJSC "SZIPK", LLC "TM-Energo") and other capital projects. For the six months ended 30 June 2019 and 2018, the total capital investments to purchase equipment, leasehold improvements and to expand the existing production facilities amounted to RUB 1 172 million and RUB 950 million, respectively.

As at 30 June 2019 and 31 December 2018, included in property, plant and equipment are railcars with the carrying value of RUB 1 162 million and RUB 1 157 million that were manufactured and transferred to property, plant and equipment in 2018-2019, and not leased out as at 30 June 2019. Management believes that these railcars will be leased out within 12 months from the reporting date.

Under the trilateral contract entered into by the Group's several subsidiaries and PJSC GTLK, which stipulates purchase and sale of railcars with their subsequent leaseback, the Group supplied the first tranches of railcars to PJSC GTLK (Note 24) which in its turn transferred them to one of the Group's entities under long-term leaseback. Therefore, as at 30 June 2019, railcars manufactured at the Group's Promploschadka during the six months ended 30 June 2019 with the initial cost equaling actual production costs of RUB 8 828 million are included in property, plant and equipment.

Depreciation charged for the six months ended 30 June 2019 and 2018 amounted to RUB 2 140 million and RUB 3 121 million, respectively.

Information on items of property, plant and equipment pledged as collateral is disclosed in Notes 20 and 24.

(in millions of Russian Rubles, unless otherwise indicated)

13. RIGHT-OF-USE ASSETS

The Group leases the following types of assets: railcars of various models and containers (with the average lease term of 3-10 years, hereinafter – "railcars and containers"), office buildings and warehouses (with the average lease term of 10-15 years, hereinafter – "leased buildings and premises"). Below is information on changes in the carrying value of right-of-use assets:

	Railcars and containers	Leased buildings/ premises and other assets	Total
Cost			
As at 1 January 2019, upon adoption of IFRS 16	**26 728**	**472**	**27 200**
New lease contracts or modifications of existing lease contracts	244	12	256
Cost as at 30 June 2019	**26 972**	**484**	**27 456**

	Railcars and containers	Leased buildings/ premises and other assets	Total
Accumulated depreciation and impairment			
As at 1 January 2019, upon adoption of IFRS 16	**4 368**	**-**	**4 368**
Depreciation of right-of-use assets	620	85	705
Accumulated depreciation and impairment as at 30 June 2019	**4 988**	**85**	**5 073**
Carrying value as at 1 January 2019, upon adoption of IFRS 16	**22 360**	**472**	**22 832**
Carrying value as at 30 June 2019	**21 985**	**399**	**22 384**

	Six months ended 30 June 2019
Recognized in interim condensed consolidated statement of profit or loss and other comprehensive income	
Depreciation of right-of-use assets	705
Interest expense on lease liabilities	1 004

As at 30 June 2019, based on the management's assessment, the Group recognized no impairment on right-of-use assets.

Total cash outflows related to the Group's activities as a lessee under lease contracts reported in the interim condensed consolidated financial statements under IFRS 16 totaled RUB 1 929 million for the six months ended 30 June 2019.

(in millions of Russian Rubles, unless otherwise indicated)

14. INVENTORIES

	30 June 2019	31 December 2018
Raw materials and components for railcar production	11 169	10 460
Finished goods (railcars and wheelsets)	1 561	1 042
Other inventories	860	310
Total inventories	**13 590**	**11 812**

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprised the following:

	30 June 2019	31 December 2018
Trade receivables from the sale of railcars	1 181	2 318
Trade receivables from the sale of castings, components and other inventories	610	551
Receivables from operating lease and sublease	243	193
Trade receivables from repair of railcars	154	350
Trade receivables from leaseback transaction (Note 24)	-	4 996
Other receivables	102	109
Allowance for expected credit losses	(67)	(27)
Total trade and other receivables	**2 223**	**8 490**

As at 30 June December 2019 and 31 December 2018, included in receivables from sale of railcars is a current portion of receivables from sales of railcars in the amount of RUB 497 million and RUB 397 million, respectively. The supply contracts provide for a deferred repayment schedule with a credit period from 17 to 48 months from the date of shipment. The non-current portion of receivables under these contracts was included in the Group's interim condensed consolidated statement of financial position in non-current receivables from the sale of railcars in the amount of RUB 201 million and RUB 495 million as at 30 June 2019 and 31 December 2018, respectively.

16. PREPAYMENTS TO SUPPLIERS AND OTHER ASSETS

Prepayments to suppliers and other assets comprised the following:

	30 June 2019	31 December 2018
Prepayments to suppliers	3 910	4 794
Prepaid expenses	182	190
Prepayment to customs	137	35
Prepaid taxes and social contributions	63	58
Other current assets	121	-
Allowance for expected credit losses	(65)	(108)
Total prepayments to suppliers and other assets	**4 348**	**4 969**

(in millions of Russian Rubles, unless otherwise indicated)

17. LOANS RECEIVABLE

Loans receivable including interest accrued comprised the following:

	Currency	Interest rate (as at 30 June 2019)	30 June 2019	31 December 2018
Loans receivable carried at amortized cost				
Secured				
Plainwhite Consultants Limited	RUB	10.00%	5 402	-
SZIZhK CJSC	RUB	11.00%	-	1 954
Business Engineering CJSC	RUB	11.00%	-	325
Unsecured				
Re Test Cyprus LTD	USD	6.40%	606	650
NitroChemProm LLC	RUB	10.00%	-	6 421
IST-Capital LLC	RUB	11.50-12.50%	-	1 618
Other	RUB	6.40-12.50%	43	348
Gross loans receivable			**6 051**	**11 316**
Allowance for expected credit losses			(130)	(1 959)
Total loans receivable			**5 921**	**9 357**
Short-term loans			100	92
Long-term loans			5 821	9 265
Total loans receivable			**5 921**	**9 357**

Inputs of Level 2 and 3 of the fair value hierarchy were used to measure the fair value of long-term loans receivable. The fair value of loans was estimated based on discounted cash flows with the key assumption being the discount rate. The discount rate reflects the weighted average interest rate on loans received by the Group, as it takes into account the risk incurred by banks when granting loans to non-financial organizations, i.e. credit risk (estimated by the management of the Group as average) of all borrowers, including those to whom the Group issued the loans. As at 30 June 2019, the fair value of loans receivable was higher than the value as recorded in the interim condensed consolidated financial statements by RUB 29 million. As at 31 December 2018, the fair value of loans receivable was lower than the value as recorded in the interim condensed consolidated financial statements by RUB 1 436 million.

In June 2019, the Group entered into a number of agreements under which the Group assigned outstanding amounts under a number of loans receivable. These agreements stipulated immediate repayment of the outstanding debt. Therefore, during six months ended 30 June 2019, loans of RUB 4 513 million were repaid, including interest accrued and not paid at the assignment date.

In the first half of 2019, the Group sold the promissory note acquired from NitroChemProm LLC, with the nominal value of RUB 5 500 million and interest accrued of RUB 1 385 million at the transaction date, to Plainwhite Consultants Limited for RUB 6 885 RUB. Under redemption terms, the first tranche of RUB 1 487 million shall be paid at the contract date, and the remaining part of RUB 5 398 million will be paid over the period of 3 years by installments at 10% per annum which is equivalent to the principal terms of the promissory note previously held by the Group. The debt of Plainwhite Consultants Limited to the Group is secured by a part of its interest in the Group's share capital equaling 17 399 503 ordinary shares with the nominal value of RUB 1.

(in millions of Russian Rubles, unless otherwise indicated)

The movements in allowance for expected credit losses (ECL) on loans issued during the six month ended 30 June 2019 were as follows:

	Stage 1	**Stage 2**	**Total**
	12-month ECL	12-month ECL	ECL
Allowance for expected credit losses as at 1 January 2019 upon adoption of IFRS 9	**48**	**1 911**	**1 959**
Reversal of allowance due to disposal of assets	(48)	(1 781)	(1 829)
Allowance for expected credit losses as at 30 June 2019 upon adoption of IFRS 9	**-**	**130**	**130**

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	30 June 2019	**31 December 2018**
Bank deposits in RUB	8 415	9 796
Current accounts in RUB	1 691	886
Current accounts in USD	64	154
Bank deposits in foreign currency	41	24
Current accounts in EUR	10	11
Total cash and cash equivalents	**10 221**	**10 871**

As at 30 June 2019 and 31 December 2018, the Group placed cash in overnight deposits to gain interest income. The interest rate on these deposits ranges from 2% to 6.7% for deposits in RUB, respectively.

Restricted cash

During 2018, a number of bank guarantees were issued to one of the Group's entities as a principal with respect to its customers in order to ensure that the Group participates in tenders, receives advance payments for further sales of railcars and fulfills its obligations under contracts. As at 30 June 2019 and 31 December 2018, the total amount of cash deposited in security accounts as collateral of such guarantees was RUB 2 263 million and RUB 1 388 million, respectively. As at 30 June 2019 and 31 December 2018, the long-term portion of such cash totaled RUB 146 million and RUB 108 million, respectively, and was included in the interim condensed consolidated statement of financial position as non-current assets.

Other limitations

Under the loan and security documentation concluded between one of the Group's entities and Gazprombank JSC and Gazprom Leasing LLC, a pledge agreement was signed in respect of the bank security account opened with Gazprombank JSC. In accordance with the terms of the agreement, the security account shall accumulate proceeds from railcar lease services under a number of lease contracts concluded by the above entity with its counterparties. As at 30 June 2019 and 31 December 2018, the cash accumulated on the security account totaled RUB 239 million and RUB 86 million. The Group did not classify these assets as restricted cash, since as at 30 June 2019, the creditor had no right to restrict the use of cash in the security account: the restriction arises only when the Group breaches certain financial covenants established by the loan and lease agreements that were not breached as at 30 June 2019 and 31 December 2018.

(in millions of Russian Rubles, unless otherwise indicated)

19. SHARE AND ADDITIONAL PAID-IN CAPITAL

As at 30 June 2019 and 31 December 2018, the Group's issued and registered share capital amounted to RUB 116 million, divided into 116 million ordinary non-certificated registered shares with par value of RUB 1 each. As at the reporting date the share capital was fully paid.

20. LOANS AND BORROWINGS

Loans and borrowings received comprised the following:

	Maturity	Interest rate (as at 30 June 2019)		30 June 2019	31 December 2018
At amortized cost, including:					
Otkritie FC Bank PJSC	2019-2024	Fixed	9.55%	37 090	48 381
Gazprombank (JSC)	2028	Fixed	10.50%	6 000	6 000
National Bank Trust PJSC	2023	Floating	Key rate of the CBR +2.5%	3 729	3 871
Otkritie FC Bank PJSC	2022-2024	Floating	8.75%[1]	2 073	2 503
UniCredit Bank	2024	Floating	MosPrime 3M + 1.5%	657	718
ROSEXIMBANK JSC	2021	Fixed	9.00%	434	552
Industry Development Fund	2021	Fixed	5.00%	62	62
Total loans and borrowings				**50 045**	**62 087**
Less: short-term portion				10 489	18 087
Long-term loans and borrowings				**39 556**	**44 000**

[1] within the range of the key rate of CBR + 1.5% and the rate for investment projects support program +2.5%

Security on loans and borrowings

Under the terms of the loan agreements as at 30 June 2019 and 31 December 2018, the Group provided the following types of security:

- Property, plant and equipment with a carrying value of RUB 37 011 million and RUB 38 156 million, respectively;
- Intangible assets with a carrying value of RUB 40 million and RUB 47 million, respectively;
- Rights to claim proceeds from export revenue in the amount of RUB 649 million and RUB 743 million, respectively.

As at 30 June 2019, the Group also provided the pledge of share in the following subsidiaries: RAIL1520 LLC (100%), TM-Energo LLC (100%), TikhvinSpecMash CJSC (100%), TikhvinChemMash CJSC (100%), AFCT Advanced Freight Car Technology Limited (100%), DEANROAD Limited (100%), Raygold Limited (100%) and TVSZ JSC (100%). As at 31 December 2018, the Group provided the pledge of share in the following subsidiaries: TM-Energo LLC (100%), TikhvinSpecMash CJSC (100%), TikhvinChemMash CJSC (100%), AFCT Advanced Freight Car Technology Limited (100%), DEANROAD Limited (100%), Raygold Limited (100%) and TVSZ JSC (100%).

The repayment schedule of loans and borrowings in compliance with contractual terms during five years ending 30 June 2024 and thereafter is as follows:

Year ended 30 June	
2020	10 489
2021	7 008
2022	12 740
2023	3 122
2024	10 628
Thereafter	6 058
Total	**50 045**

Covenants

Under the terms of the loan agreements, the Group is required to comply with a number of covenants, including maintenance of certain financial ratios and other non-financial conditions. The non-compliance with these covenants may result in negative consequences for the Group, including default.

Compliance with covenants as at 30 June 2019 and during the six months ended 30 June 2019

As at 30 June 2019, the majority of the Group's operating subsidiaries and PJSC RPC UWC breached a number of default financial and non-financial covenants stipulated by loan agreements with Bank FC Otkritie PJSC, Roseximbank JSC, loan agreement with Gazprombank (JSC) and the related lease agreement with Gazprom Leasing JSC. As at the reporting date, the non-current portion of liabilities under these agreements amounted to RUB 34 600 million.

After the reporting date, following the breach of certain conditions of the loan agreement with Gazprombank (JSC) and Gazprom Leasing JSC, the Group received an official letter from the bank confirming that it will not demand an early repayment of the loan or termination of the respective finance lease. At the date of approval of these interim condensed consolidated financial statements, the Group remedied nearly all the breaches under these agreements.

At the date of approval of these interim condensed consolidated financial statements, the Group is at the closing phase of the restructuring of the debt portfolio held with Bank FC Otkritie PJSC and agrees the issuance procedure for waiver letters, which will absolve the Group from breach of covenants stipulated by the loan agreements with this Bank. The Group also expects to receive a letter confirming that no penalties will be imposed and no default declared with respect to breached covenants under the agreement with Roseximbank JSC.

The Group's management estimated the probability that banks will demand an early repayment of loans under agreements with breached financial and non-financial covenants at the reporting date is low and, therefore, as at 30 June 2019, such loans were presented in the interim condensed consolidated financial statements for the six months ended 30 June 2019 according to the initial payment terms stipulated in the loan agreements.

Compliance with covenants as at 31 December 2018

As at 31 December 2018, several of the Group's subsidiaries breached a number of default financial and non-financial covenants stipulated by loan agreements with Bank FC Otkritie PJSC, loan agreement with Gazprombank (JSC) and the related lease agreement with Gazprom Leasing JSC. As at the reporting date, the non-current portion of liabilities under these agreements amounted to RUB 22 845 million.

In May 2019, after the reporting date, following the breach of certain conditions of loan agreements with Bank FC Otkritie PJSC, the Group received documents confirming that creditors will not demand an early repayment of the liabilities. The breaches of agreements with Gazprombank (JSC) and Gazprom Leasing JSC were technically remedied in February 2019. In addition, at the date of approval of the consolidated financial statements for the year ended 31 December 2018, the Group received a letter from the bank confirming that it will not demand an early repayment of the loan or termination of the respective finance lease.

The Group's management estimated the probability that banks will demand early repayment of loans under agreements with breached financial and non-financial covenants as at 31 December 2018 is low and, therefore, as at 31 December 2018, such loans were presented in the consolidated financial statements for the year ended 31 December 2018 according to the initial payment terms stipulated in the loan agreements.

Fair value

As at 30 June 2019, the fair value of the Group's bank loans amounted to RUB 49 990 million. As at 31 December 2018, the fair value of the Group's bank loans amounted to RUB 63 174 million.

(in millions of Russian Rubles, unless otherwise indicated)

Inputs of Level 2 of the fair value hierarchy were used to measure the fair value of bank loans. The fair values of the financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The most significant input was the discount rate that reflects the Group's loan portfolio discount rate of 9.55% of one of its main lenders, which is equal to the weighted average interest rate on loans granted to non-financial organizations by credit institutions with the maturity period of over 3 years during the six months ended on 30 June 2019. To calculate the fair value of fixed rate loans received in Russian rubles as at 30 June 2019 and 31 December 2018, the Group applied the market value of borrowed capital at a rate of 9.55%.

Available credit facilities

As at 30 June 2019 and 31 December 2018, the Group had no unused credit facilities.

21. BONDS

In 2014 and 2013 the Group issued and placed 30 000 000 bonds (Series BO 01 and Series 01) at par value of RUB 1 thousand each on MICEX CJSC (currently, Moscow Exchange PJSC). As at 30 June 2019 and 31 December 2018, subsidiaries of the Group held bonds for RUB 207 million for a purpose of their future resale on the market.

The annual coupon rate of these bonds was set at:

- For bonds of Series 01 – Russia CPI + 3% with interest being paid semi-annually. During the six months ended 30 June 2019, the following coupon rates were used:
  - 6.34% p.a. from 1 January 2019 to 28 May 2019;
  - 9.90% p.a. from 29 May 2019 to 10 September 2019;
- CBR REPO rate for bonds of Series BO 01 on the 7th day prior to coupon payment + 3.5% with interest being paid semi-annually. During the six months ended 30 June 2019, the following coupon rates were used:
  - 12% p.a. from 1 January 2019 to 11 March 2019;
  - 12.25% p.a. from 12 March 2019 to 10 September 2019 (repayment date of the series).

Series 01 bonds are secured by guarantees and offers provided by several entities of the Group. Series BO 01 bonds are secured by offers issued by several entities of the Group.

The carrying value of bonds issued and placed by the Group was as follows:

	Maturity	Weighted average interest rate for the six months ended 30 June 2019	30 June 2019	31 December 2018
Series 01	24 November 2021	6.99%	14 793	14 793
Series BO 01	10 September 2019	12.15%	15 000	15 000
Total			**29 793**	**29 793**

The balance of interest accrued as at 30 June 2019 and 31 December 2018 in the amount of RUB 691 million and RUB 640 million, respectively, is included in the interim condensed consolidated statement of financial position as the short-term portion of the bonds.

As at 30 June 2019, the fair value of the Group's bonds amounted to RUB 29 683 million. As at 31 December 2018, the fair value of the Group's bonds amounted to RUB 28 017 million. The Group used the weighted average market price for transactions with these financial instruments (as a percentage of par value) to determine the fair value of its bonds.

(in millions of Russian Rubles, unless otherwise indicated)

22. TRADE AND OTHER PAYABLES

Trade and other payables comprised:

	30 June 2019	31 December 2018
Trade payables	6 687	4 662
Payables for property, plant and equipment and intangible assets	93	231
Total trade and other payables	**6 780**	**4 893**

23. ADVANCES RECEIVED AND OTHER CURRENT LIABILITIES

Advances received and other current liabilities comprised:

	30 June 2019	31 December 2018
Advances received from customers, including:	17 429	19 223
Advances received for sale of goods (railcars)	*17 154*	*19 018*
Operating lease prepayments	*161*	*128*
Taxes payable other than income tax	3 163	4 043
Allowances and accrued expenses	672	964
Other short-term payables to employees	264	301
Income tax	49	52
Total advances received and other current liabilities	**21 577**	**24 583**

24. FINANCIAL LIABILITIES UNDER LEASEBACK TRANSACTIONS

In 2018, several subsidiaries of the Group entered into a trilateral agreement for supply of railcars with subsequent leaseback, which stipulates that, in the period from 2019 to 2020, the Group shall deliver 10 000 railcars to PJSC GTLK with a total value of RUB 32 000 million (net of VAT) in 21 tranches, which in turn shall transfer them to one of the Group's entities under long-term leaseback. The lease term will be 15 years from the date of supply of each tranche, future lease payments will amount to RUB 71 105 million (net of VAT). The effective interest rate is calculated excluding the effect of cash flows from VAT and varies from 12.4% to 12.8% per annum.
The agreement provides for advances to the Group for subsequent production of railcars: in August 2018, the Group received an advance of RUB 7 552 million (incl. VAT 18% of RUB 1 152 million), which is 20% of the prepayment under each tranche. Since the lease liability arose for the Group only after the first tranche of railcars was delivered and leased back in 2019, as at 31 December 2018, the Group recognized the advance payment in accordance with IFRS 9 as a financial liability carried at amortized cost using the effective interest rates that determine future lease payments under the lease contract. Therefore, in 2019 the Group analyzed the transaction (transfer of 3 262 railcars during the six months ended 30 June 2019) to determine whether the transfer of railcars within this transaction qualifies as a sale under IFRS 15 and whether it is covered by IFRS 16: the above transaction is not a sale and, therefore, the Group continued to recognize railcars transferred under the transaction and recognized an increase in financial liability partially recognized in 2018 under IFRS 9.

In the first half of 2019, the Group entered into several additional agreements to adjust the original terms of tranches for railcar supply and to revise schedules of future lease payments, which resulted in the modification of the existing financial liability. This modification was assessed by the Group as having no significance and was treated as the extension to the previous liability. The effect of the modification of RUB 930 million was recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income. As at 30 June 2019, the shot-term and long-term portions of this financial liability were RUB 2 494 million and RUB 12 835 million, respectively (as at 31 December 2018: RUB 1 509 million and RUB 4 862 million, respectively).

(in millions of Russian Rubles, unless otherwise indicated)

Net book value of railcars pledged as collateral under the leaseback transaction was RUB 8 738 million as at 30 June 2019.

In determining the fair value of the financial liability under leaseback transactions, the Group's management relied on the assumption that the carrying amount of financial liabilities under leaseback transactions approximates their fair value as at 31 December 2018, as the Group recognized these liabilities in the second half of 2018, and the effective interest rate under the agreement was higher compared to the market level due to the Group's risk premium. As at 30 June 2019, the fair value of the liability was determined using the curve zero-coupon yield rate of government bonds adjusted for the company's credit risk and the leaseback term. As at 30 June 2019, the fair value of the liability amounted to RUB 15 713 million.

25. LEASE LIABILITIES

As at 30 June 2019, lease liabilities after the adoption of IFRS 16 comprised the following:

	30 June 2019
Present value of future minimum lease payments	22 319
Less current portion of lease liabilities	(3 806)
Non-current portion of lease liabilities	**18 513**

The table below presents the changes in the lease liabilities:

Balance as at 1 January 2019 upon adoption of IFRS 16	**18 730**
including:	
Lease liability	*22 945*
Receivables from leaseback transaction	*(4 215)*
Interest expense on lease liabilities	1 005
Lease payments for the six months ended 30 June 2019	(1 929)
Repayment of receivables from leaseback transaction	4 341
Entering into new lease contracts or modifications of previous ones	256
Effect of changes in foreign exchange rates under currency lease contracts	(84)
Balance as at 30 June 2019	**22 319**

Lease contracts provide for a fixed payment, and the Group and the lessors did not enter into agreements stipulating contingent lease payments.

The Group's lease contracts contain railway business-specific covenants, such as the Group's responsibility for regular maintenance, repair and insurance of the leased assets. Some lease contracts also provide for financial and non-financial covenants. Information on the fulfillment of such covenants during the six months ended 30 June 2019 and 2018 and as at 30 June 2019 and 31 December 2018 is disclosed in Note 20.

The Group's liabilities under one of the lease contracts are secured by the lessor's title to leased assets. Pledged right-of-use assets related to the underlying asset in the form of railcars received under the leaseback contract were RUB 20 865 million and RUB 21 357 million as at 30 June 2019 and 1 January 2019, respectively.

In determining the fair value of lease liabilities, the Group's management relied on the assumption that the carrying amount of lease liabilities approximates their fair value as at 30 June 2019 and 31 December 2018, as the Group recognized most of these liabilities in the second half of 2018 and the effective interest rate under the contract was higher compared to the market level due to the Group's risk premium.

(in millions of Russian Rubles, unless otherwise indicated)

26. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions, as defined by IAS 24 *Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the substance of the relationship not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

In the ordinary course of business the Group enters into various transactions with related parties, such as sale and purchase of railcars spare parts, components and castings or financing and investing transactions.

Related parties with which the Group entered into significant transactions during the six months ended 30 June 2019 and 2018 or had significant balances outstanding as at 30 June 2019 and 31 December 2018 are associates and joint ventures, Otkritie FC Bank PJSC, as well as other related parties. In 2018 in the Group's related parties were included the Group's entities with significant influence over PJSC RPC UWC.

As at 30 June 2019 and 31 December 2018, the Group had the following balances with its related parties:

	30 June 2019	**31 December 2018**
Trade and other receivables		
Associates and joint ventures	14	9
Cash and cash equivalents		
Otkritie FC Bank PJSC	10 036	8 801
Loans receivable and deposits		
Other	5 402	-
Prepayments to suppliers and other assets		
Otkritie FC Bank PJSC	-	31
Associates and joint ventures	5	18
TOTAL ASSETS	**15 457**	**8 859**
Loans and borrowings		
Otkritie FC Bank PJSC	39 162	50 884
Bonds		
Otkritie FC Bank PJSC	23 948	23 882
Trade and other payables		
Associates and joint ventures	98	1
Otkritie FC Bank PJSC	2	2
Advances received		
Associates and joint ventures	30	19
TOTAL LIABILITIES	**63 240**	**74 788**

(in millions of Russian Rubles, unless otherwise indicated)

The Group's transactions with related parties are disclosed below:

	Six months ended	
	30 June 2019	**30 June 2018**
Sales of railcars and inventories		
Associates and joint ventures	-	753
Entities with significant influence over PJSC RPC UWC	-	25
Income from consulting services		
Associates and joint ventures	6	6
Other operating lease income		
Associates and joint ventures	14	14
Entities with significant influence over PJSC RPC UWC	-	2
Other income		
Associates and joint ventures	1	1
Entities with significant influence over PJSC RPC UWC	-	10
Raw materials used in production		
Associates and joint ventures	(737)	(349)
Entities with significant influence over PJSC RPC UWC	-	(44)
Cost of services received (technical maintenance, lease, etc.)		
Entities with significant influence over PJSC RPC UWC	-	(451)
Finance income		
Otkritie FC Bank PJSC	161	164
Other	4	-
Entities with significant influence over PJSC RPC UWC	-	312
Finance costs		
Otkritie FC Bank PJSC	(3 296)	(3 070)
Other	-	(310)
Foreign exchange loss		
Entities with significant influence over PJSC RPC UWC	-	(48)
Acquisition of property, plant and equipment, intangible assets and investment property		
Entities with significant influence over PJSC RPC UWC	-	(9)

Compensation of key management personnel of the Group

Compensation to key management personnel and to the Board of Directors is made up of a contractual salary and a performance bonus depending on operating results. The total amount of the remuneration to the key management personnel and to the Board of Directors net of reversal of allowances for bonuses to employees dismissed in 2019 (RUB 246 million) for the six months ended 30 June 2019 and 30 June 2018 was RUB 333 million and RUB 691 million (including social contributions taxes), respectively.

(in millions of Russian Rubles, unless otherwise indicated)

27. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

As at 30 June 2019 the Group had contractual obligations in respect of acquisition of property, plant and equipment and intangible assets totaling RUB 441 million (31 December 2018: RUB 333 million).

Guarantees issued

As at 30 June 2019 and 31 December 2018, guarantees issued with respect to lease payments comprised the following:

Name of debtor	Name of creditor	Start of validity period	End of validity period	Contractual currency	The amount of the contract
Vostok 1520 LLC	PJSC GTLK	31 March 2017	30 September 2034	RUB	555
Vostok 1520 LLC	PJSC GTLK	31 March 2017	31 January 2035	RUB	261
Total					**816**

As at 31 December 2018, the promissory note issued by NitroChemProm LLC and acquired by the Group was pledged as a guarantee for the liabilities of NitroChemProm LLC (Note 17). On 3 June 2019, JSC Sberbank Leasing and Trade House "UWC" LLC entered into an agreement on termination of the securities pledge contract.

Operating environment

Because Russia produces and exports large volumes of oil and gas, Russia's economy is particularly sensitive to the price of oil and gas on the world market. During the six months ended 30 June 2019, the oil and gas prices remained low. The management is unable to estimate reliably further price movements and the impact that they may have on the financial position of the Group.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. These sanctions remained effective in 2019. Moreover, downgrade of Russia's long-term foreign currency sovereign rating by international credit agencies has led to reduced access of the Russian businesses to international capital and export markets, increased inflation, economic recession and other negative economic consequences.

The impact of these events on the Group's future performance and financial position is currently hard to assess.

Taxation

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation. As a result, the tax assessment approaches that have not been challenged in the past, might be challenged during further tax audits. As a rule, tax authorities have a right to review statements for three calendar years preceding the reporting year. Under certain circumstances, reviews may cover longer periods. Proceeding from its interpretation of the tax legislation, the Group management believes that all taxes were duly assessed. However, the tax authorities may interpret the laws differently, which may have a significant effect on the financial statements.

The Group identified possible contingent tax liabilities for the three-year period ended 30 June 2019. According to estimates made by the management, the potential tax exposure would not exceed 9.5% of the Group's revenue for the six months ended 30 June 2019.

(in millions of Russian Rubles, unless otherwise indicated)

Legal proceedings

As at 30 June 2019, the Group is involved in legal proceedings initiated by some of its shareholders (Investment Management LLC, IQG Asset Management JSC fiduciary management) who filed a claim against RPC UWC PJSC to redeem its ordinary shares with a total value of about RUB 8 185 million. The claim has been filed against the Group based on the respective right of the shareholders. In March 2018, the extraordinary shareholders' meeting ("EGMS") of RPC UWC PJSC approved (without participation of these shareholders) a number of large transactions with the total value exceeding 50% of the carrying amount of total assets of RPC UWC PJSC. In May 2018, the General Director of RPC UWC PJSC initiated a legal proceeding to invalidate this decision since the Company's management considers that this decision was not within the responsibility of the general meeting of shareholders.

In November 2018, the Board of Appeals of the Arbitration Court invalidated these EGMS decisions, as the significant transactions approved by the EGMS relate to the Company's ordinary activities and are not significant for the Company, therefore, there were no grounds for their approval at the EGMS, accordingly, the EGMS decisions were beyond the competence of the general meeting of shareholders and shall be deemed invalid. Thus, according to the court decision the shareholders' claim against the Company to redeem its own shares is invalid. After considering an appeal filed by Investment Management LLC on 22 May 2019 and an appeal filed by IQG Assets Management JSC on 28 May 2019, the Ninth Arbitration Court left unchanged the Moscow Court of Appeal's decision on the cancellation of the redemption claims of the above companies. Given the existing court practice and subsequent court decisions, the Company's management assesses the possibility of unfavorable outcome of the court proceedings, which could oblige the Company to redeem its own shares of about RUB 8 185 million as low. Nevertheless, the Company admits the uncertainty with respect to the outcome of the court proceeding at the approval date of these interim condensed consolidated financial statements.

28. SUBSEQUENT EVENTS

In August 2019, the Group's ownership structure suffered significant changes. As at 12 August 2019, the ownership structure was presented as follows (with comparative information as at 30 June 2019):

Shareholders	**As at 12 August 2019 Ownership interest, %**	**As at 30 June 2019 Ownership interest, %**
Bank Trust PJSC	25.52	-
Management Consulting LLC fiduciary management	24.27	24.27
REGION Trust LLC fiduciary management	-	20.05
Plainwhite Consultants Limited	14.99	14.99
Concern Uralvagonzavod JSC	9.33	9.33
Joint Stock Company Otkritie Holding	2.24	7.94
IQG Assets Management JSC fiduciary management	5.66	5.66
Other shareholders	17.99	17.76
Total	**100**	**100**

On 14 August 2019, the general meeting of the owners of bonds placed by one of the Group's subsidiaries, UWC Finance LLC, made the following decisions: to extend the maturity date of Series BO 01 commercial bonds to 3 September 2024 and to revise maturities for the par value of Series BO 01 bonds so that 25% of the par value is redeemed on 30 September 2019, and 75% – on 3 September 2024. In addition, a new coupon rate of 9.55% was set for all remaining coupon periods. On 22 August 2019, the Group submitted changes to the decision on the issue of Series BO 01 commercial bonds for approval by Moscow Exchange PJSC.