



**PJSC “PhosAgro”**

**Consolidated Interim Condensed  
Financial Statements  
for the nine months ended  
30 September 2019 (unaudited)**

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## **Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Statements**

To the Shareholders and Board of Directors

PJSC "PhosAgro"

### **Introduction**

We have reviewed the accompanying consolidated interim condensed statement of financial position of PJSC "PhosAgro" (the "Company") and its subsidiaries (the "Group") as at 30 September 2019, and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three- and nine-month periods ended 30 September 2019, and the related consolidated interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2019, and notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Reviewed entity: PJSC "PhosAgro"

Registration No in the Unified State Register of Legal Entities  
1027700190572.

Moscow, Russia

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Registered No in the Unified State Register of Legal Entities  
1027700125020

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No.11602053203



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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 30 September 2019, and for the three- and nine-month periods ended 30 September 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Yagnov I.A.

JSC "KPMG"

Moscow, Russia

22 November 2019

**PJSC "PhosAgro"**

*Consolidated Interim Condensed Statements of Profit or Loss and Other Comprehensive Income  
for the three and nine months ended 30 September 2019 (unaudited)*

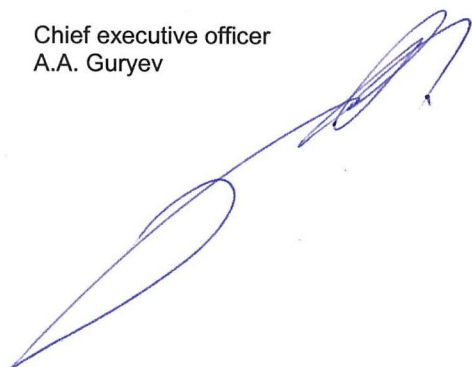
	Note	Nine months ended 30 September		Three months ended 30 September	
		2019 RUB million	2018 RUB million	2019 RUB million	2018 RUB million
Revenues	5	194,983	173,761	64,550	62,684
Cost of sales	6	(104,624)	(94,239)	(35,196)	(32,448)
<b>Gross profit</b>		<b>90,359</b>	<b>79,522</b>	<b>29,354</b>	<b>30,236</b>
Administrative expenses	7	(11,818)	(10,357)	(3,956)	(3,629)
Selling expenses	8	(27,797)	(24,838)	(8,874)	(7,709)
Taxes, other than income tax, net	9	(1,611)	(2,676)	(744)	(871)
Other expenses, net	10	(2,690)	(1,707)	(565)	(453)
<b>Operating profit</b>		<b>46,443</b>	<b>39,944</b>	<b>15,215</b>	<b>17,574</b>
Finance income	11	1,377	252	212	110
Finance costs	11	(3,439)	(5,076)	(1,152)	(2,715)
Foreign exchange gain/(loss), net		8,173	(13,213)	(2,035)	(5,057)
<b>Profit before tax</b>		<b>52,554</b>	<b>21,907</b>	<b>12,240</b>	<b>9,912</b>
Income tax expense	12	(9,847)	(4,276)	(2,478)	(2,114)
<b>Profit for the period</b>		<b>42,707</b>	<b>17,631</b>	<b>9,762</b>	<b>7,798</b>
Attributable to:					
Non-controlling interests ^		37	55	19	30
Shareholders of the Parent		42,670	17,576	9,743	7,768
<b>Other comprehensive (loss)/income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation difference		(617)	2,345	353	907
<b>Other comprehensive (loss)/income for the period</b>		<b>(617)</b>	<b>2,345</b>	<b>353</b>	<b>907</b>
<b>Total comprehensive income for the period</b>		<b>42,090</b>	<b>19,976</b>	<b>10,115</b>	<b>8,705</b>
Attributable to:					
Non-controlling interests ^		37	55	19	30
Shareholders of the Parent		42,053	19,921	10,096	8,675
Basic and diluted earnings per share (in RUB)	22	329	136	75	60

^ non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

The consolidated interim condensed financial statements were approved on 22 November 2019:

Chief executive officer  
A.A. Guryev

Chief financial officer  
A.F. Sharabaiko




**PJSC “PhosAgro”**  
*Consolidated Interim Condensed Statement of Financial Position*  
*as at 30 September 2019 (unaudited)*

	Note	30 September 2019 RUB million	31 December 2018 RUB million
<b>Assets</b>			
Property, plant and equipment	13	188,775	186,231
Advances issued for property, plant and equipment		13,862	6,759
Right-of-use assets	14	4,397	-
Catalysts		2,412	2,574
Intangible assets		1,606	1,786
Investments in associates	15	526	506
Deferred tax assets		8,815	8,995
Other non-current assets	16	1,695	1,843
<b>Non-current assets</b>		<b>222,088</b>	<b>208,694</b>
Other current investments	17	202	313
Inventories	18	29,093	31,710
Trade and other receivables	19	26,686	36,186
Cash and cash equivalents	20	7,869	9,320
<b>Current assets</b>		<b>63,850</b>	<b>77,529</b>
<b>Total assets</b>		<b>285,938</b>	<b>286,223</b>
<b>Equity</b>			
	21		
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		111,368	93,951
Foreign currency translation reserve		7,748	8,365
Actuarial losses		(556)	(556)
Equity attributable to shareholders of the Parent		126,426	109,626
Equity attributable to non-controlling interests		196	195
<b>Total equity</b>		<b>126,622</b>	<b>109,821</b>
<b>Liabilities</b>			
Loans and borrowings	23	97,170	122,877
Lease liabilities	24	3,072	376
Defined benefit obligations		661	630
Deferred tax liabilities		9,394	9,023
<b>Non-current liabilities</b>		<b>110,297</b>	<b>132,906</b>
Loans and borrowings	23	29,560	20,679
Lease liabilities	24	949	718
Trade and other payables	25	18,510	21,473
Derivative financial liabilities		-	626
<b>Current liabilities</b>		<b>49,019</b>	<b>43,496</b>
<b>Total equity and liabilities</b>		<b>285,938</b>	<b>286,223</b>

		Nine months ended 30 September	
		2019	2018
	Note	RUB million	RUB million
<b>Cash flows from operating activities</b>			
Operating profit		46,443	39,944
Adjustments for:			
Depreciation and amortisation	6, 7, 8	17,953	16,408
Loss on disposal of property, plant and equipment and intangible assets	10	705	389
Operating profit before changes in working capital and provisions		65,101	56,741
Decrease/(increase) in inventories and catalysts		1,669	(206)
Decrease in trade and other receivables		6,670	2,672
Decrease in trade and other payables		(1,183)	(3,028)
Cash flows from operations before income taxes and interest paid		72,257	56,179
Income tax paid		(8,998)	(3,671)
Finance costs paid		(2,132)	(3,059)
<b>Cash flows from operating activities</b>		<b>61,127</b>	<b>49,449</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(28,336)	(26,578)
Loans issued, net		(68)	(365)
Proceeds from disposal of property, plant and equipment		64	14
Finance income received		575	148
Acquisition of investments, net		-	(8)
Other payments		(798)	(599)
<b>Cash flows used in investing activities</b>		<b>(28,563)</b>	<b>(27,388)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	23	27,654	69,146
Repayment of borrowings	23	(33,992)	(74,248)
Dividends paid to shareholders of the Parent	21	(25,252)	(7,770)
Dividends paid to non-controlling interests		(36)	-
Leases paid	23	(1,452)	(994)
Proceeds from settlement of derivatives, net		112	97
<b>Cash flows used in financing activities</b>		<b>(32,966)</b>	<b>(13,769)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(402)</b>	<b>8,292</b>
Cash and cash equivalents at 1 January		9,320	2,691
Effect of exchange rates fluctuations		(1,049)	973
<b>Cash and cash equivalents at 30 September</b>		<b>7,869</b>	<b>11,956</b>

**PJSC “PhosAgro”**  
*Consolidated Interim Condensed Statement of Changes in Equity*  
*for the nine months ended 30 September 2019 (unaudited)*

<i>RUB million</i>	Attributable to shareholders of the Parent				Attributable to non-controlling interests	Total
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve	
<b>Balance at 1 January 2018</b>	<b>372</b>	<b>7,494</b>	<b>85,480</b>	<b>(726)</b>	<b>5,493</b>	<b>98,242</b>
<b><i>Total comprehensive income for the period</i></b>						
Profit for the period	-	-	17,576	-	-	17,631
Foreign currency translation difference	-	-	-	-	2,345	2,345
	-	-	17,576	-	2,345	19,976
<b><i>Transactions with owners recognised directly in equity</i></b>						
Dividends to shareholders	-	-	(7,770)	-	-	(7,770)
	-	-	(7,770)	-	-	(7,770)
<b>Balance at 30 September 2018</b>	<b>372</b>	<b>7,494</b>	<b>95,286</b>	<b>(726)</b>	<b>7,838</b>	<b>110,448</b>
<b>Balance at 1 January 2019</b>	<b>372</b>	<b>7,494</b>	<b>93,951</b>	<b>(556)</b>	<b>8,365</b>	<b>109,821</b>
<b><i>Total comprehensive income for the period</i></b>						
Profit for the period	-	-	42,670	-	-	42,707
Foreign currency translation difference	-	-	-	-	(617)	(617)
	-	-	42,670	-	(617)	42,090
<b><i>Transactions with owners recognised directly in equity</i></b>						
Dividends to shareholders	-	-	(25,253)	-	-	(25,289)
	-	-	(25,253)	-	-	(25,289)
<b>Balance at 30 September 2019</b>	<b>372</b>	<b>7,494</b>	<b>111,368</b>	<b>(556)</b>	<b>7,748</b>	<b>126,622</b>



## **1 BACKGROUND**

### **(a) Organisation and operations**

PJSC “PhosAgro” (the “Company” or the “Parent”) and its subsidiaries (together referred to as the “Group”) comprise Russian legal entities and foreign trading subsidiaries. The Company was registered in October 2001. The Company’s location is Leninsky prospekt 55/1 building 1, Moscow, Russian Federation, 119333.

The Group’s principal activity is production of apatite concentrate and mineral fertilisers at plants located in the cities of Kirovsk (Murmansk region), Cherepovets (Vologda region), Balakovo (Saratov region) and Volkhov (Leningrad region), and their distribution across the Russian Federation and abroad.

The Company’s key shareholders are two Cyprus entities holding approximately 20% of the Company’s ordinary shares each. The majority of the shares of the Company are ultimately owned by trusts, where the economic beneficiary is Mr. Andrey G. Guryev and his family members.

### **(b) Russian business environment**

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial conditions 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.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

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

## **2 BASIS OF PREPARATION**

### **(a) Statement of compliance**

The International Financial Reporting Standards (“IFRS”) consolidated interim condensed financial statements (“consolidated interim condensed financial statements”) of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Group additionally prepared IFRS consolidated interim condensed financial statements in the Russian language in accordance with the Federal Law No. 208-FZ *On consolidated financial reporting*.

These consolidated interim condensed financial statements do not contain all the information required for presentation in a complete set of IFRS financial statements and therefore should be read in conjunction with PhosAgro’s consolidated annual financial statements for the year ended 31 December 2018.

Except as disclosed in note 2(d), the accounting policies and judgements applied by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2018.

### **(b) Functional currency**

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the functional currency of the Parent and its subsidiaries, except for foreign trading subsidiaries, where the functional currency is USD, EUR.

**(c) Presentation currency**

These consolidated interim condensed financial statements are presented in RUB. All financial information presented in RUB has been rounded to the nearest million, except per share amounts.

The translation from USD into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 30 September 2019 were translated at the closing exchange rate of RUB 64.4156 for USD 1 (31 December 2018: RUB 69.4706 for USD 1);
- Profit and loss items were translated at the average exchange rate for the nine months ended 30 September 2019 of RUB 65.0789 for USD 1 (nine months ended 30 September 2018: RUB 61.4358 for USD 1);
- Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction;
- The resulting foreign exchange difference is recognised in other comprehensive income.

The translation from EUR into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 30 September 2019 were translated at the closing exchange rate of RUB 70.3161 for EUR 1 (31 December 2018: RUB 79.4605 for EUR 1);
- Profit and loss items were translated at the average exchange rate for the nine months ended 30 September 2019 of RUB 73.1629 for EUR 1 (nine months ended 30 September 2018: RUB 73.2921 for EUR 1);
- Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction;
- The resulting foreign exchange difference is recognised in other comprehensive income.

**(d) Adoption of new and revised standards and interpretations**

As at 1 January 2019, the Group has initially adopted IFRS 16 *Leases* (as issued by the IASB in January 2016).

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated interim condensed financial statements is described below.

The Group has applied IFRS 16 using a modified retrospective approach. The comparative information for 2018 has not been restated in accordance with provisions of IFRS 16.

**Impact of the new definition of a lease**

The Group used the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* will continue to be applied to leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). When preparing for the initial application of IFRS 16, the Group carried out an implementation project. The project results presented that the new definition in IFRS 16 would not change significantly the scope of contracts that meet the definition of a lease for the Group.

**Impact on Lessee Accounting**

Leases formerly recognised as operating leases under IAS 17

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Before 1 January 2019 expenses on operating lease were reflected as rent

expenses in cost of sales, administrative expenses and selling expenses, which were recognised on a straight-line basis during the lease period.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liability as at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

Applying IFRS 16 for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated interim condensed statement of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated interim condensed statement of profit or loss and other comprehensive income; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated interim condensed statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales, administrative expenses and selling expenses in the consolidated interim condensed statement of profit or loss and other comprehensive income.

#### **Financial impact of initial application of IFRS 16**

At the date of transition to IFRS 16 the Group recognised additional lease liabilities (short-term and long-term) in the amount of RUB 1,738 million with the corresponding increase in right-of-use assets. Previously the Group recognised lease liabilities in the amount of RUB 1,094 million with residual value of fixed assets in the amount of RUB 3,271 million as at 31 December 2018 because this lease contracts were classified as finance leases according to IAS 17. The amount of lease liabilities recognised was determined based on the present value of the remaining future minimum lease payments at the transition date. The Group used incremental borrowing rate in determining the present value of future payments.

The weighted average incremental borrowing rate at 1 January 2019 was 9.0% per annum. This discount rate was used for all the lease contracts concluded by the Group.

When the Group is either required to acquire assets at the end of lease contracts or have a purchase option, which the Group is reasonably certain to exercise, such payments are also included in model when determining the present value of future payments.

The majority of the Group's leases of land plots have the periodic lease payment linked to cadastral value of a plot. Cadastral value as well as applicable rates are set and updated by governmental authorities, which do not represent a market index or a rate. Hence, all lease payments under such contracts are considered variable not dependent on index or rate and are recognised in profit or loss as they are incurred, which means the Group recognises no liability in respect of future lease payments and no corresponding right-of-use assets.

As at 1 January 2019, the Group recognised additional right-of-use assets in the amount of RUB 1,738 million. According to terms fixed in the lease contracts, right-of-use assets were depreciated on a straight-line basis over the lease term within the range from 1 to 5 years. In cases when ownership of the underlying right-of-use asset is transferred to the Group, or the Group is reasonably certain to exercise a purchase option, then the depreciation period runs to the end of the useful life of the underlying right-of-use asset. Depreciation expenses were reflected in cost of sales, administrative expenses and selling expenses.

Future minimum lease payments as at 31 December 2018 as disclosed in the consolidated financial statements for the year ended 31 December 2018:

RUB million

Operating leases	2,469
Finance leases	1,158
	<b>3,627</b>
Impact of payments on land plots based on cadastral values and options to extend and cancel lease contracts	(383)
Impact of discounting	(412)
Lease liabilities recognised as at 1 January 2019 (note 24)	<b>2,832</b>
Residual value of fixed assets under finance lease as at 31 December 2018	3,271
Finance lease liability as at 31 December 2018	(1,094)
Right-of-use assets recognised as at 1 January 2019 (note 14)	<b>5,009</b>
Effect on retained earnings as at 1 January 2019	-

Had the Group not applied IFRS 16 in nine months ended 30 September 2019, the Group's consolidated interim condensed statement of profit or loss and other comprehensive income for nine months ended 30 September 2019 and consolidated interim condensed statement of financial position as at 30 September 2019 would have been as follows:

		Nine months ended 30 September		
		2019 as if IAS 17 still applied RUB million	IFRS 16 adjustments RUB million	2019 as presented RUB million
Revenues	5	194,983	-	194,983
Cost of sales	6	(104,772)	148	(104,624)
<b>Gross profit</b>		<b>90,211</b>	<b>148</b>	<b>90,359</b>
Administrative expenses	7	(11,825)	7	(11,818)
Selling expenses	8	(27,797)	-	(27,797)
Taxes, other than income tax, net	9	(1,611)	-	(1,611)
Other expenses, net	10	(2,690)	-	(2,690)
<b>Operating profit</b>		<b>46,288</b>	<b>155</b>	<b>46,443</b>
Finance income	11	1,377	-	1,377
Finance costs	11	(3,318)	(121)	(3,439)
Foreign exchange gain, net		8,170	3	8,173
<b>Profit before tax</b>		<b>52,517</b>	<b>37</b>	<b>52,554</b>
Income tax expense	12	(9,840)	(7)	(9,847)
<b>Profit for the period</b>		<b>42,677</b>	<b>30</b>	<b>42,707</b>
Attributable to:				
Non-controlling interests ^		37	-	37
Shareholders of the Parent		42,640	30	42,670
<b>Other comprehensive loss</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation difference		(617)	-	(617)
<b>Other comprehensive loss for the period</b>		<b>(617)</b>	<b>-</b>	<b>(617)</b>
<b>Total comprehensive income for the period</b>		<b>42,060</b>	<b>30</b>	<b>42,090</b>
Attributable to:				
Non-controlling interests ^		37	-	37
Shareholders of the Parent		42,023	30	42,053
Basic and diluted earnings per share (in RUB)	22	329	-	329

^ non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

		30 September 2019 as if IAS 17 still applied RUB million	IFRS 16 adjustments RUB million	30 September 2019 as presented RUB million
Note				
<b>Assets</b>				
Property, plant and equipment	13	188,916	(141)	188,775
Advances issued for property, plant and equipment		13,862	-	13,862
Right-of-use assets	14	-	4,397	4,397
Catalysts		2,412	-	2,412
Intangible assets		1,606	-	1,606
Investments in associates	15	526	-	526
Deferred tax assets		8,815	-	8,815
Other non-current assets	16	1,695	-	1,695
<b>Non-current assets</b>		<b>217,832</b>	<b>4,256</b>	<b>222,088</b>
Other current investments	17	202	-	202
Inventories	18	29,093	-	29,093
Trade and other receivables	19	26,967	(281)	26,686
Cash and cash equivalents	20	7,869	-	7,869
<b>Current assets</b>		<b>64,131</b>	<b>(281)</b>	<b>63,850</b>
<b>Total assets</b>		<b>281,963</b>	<b>3,975</b>	<b>285,938</b>
<b>Equity</b>				
Share capital	21	372	-	372
Share premium		7,494	-	7,494
Retained earnings		111,338	30	111,368
Foreign currency translation reserve		7,748	-	7,748
Actuarial losses		(556)	-	(556)
Equity attributable to shareholders of the Parent		126,396	30	126,426
Equity attributable to non-controlling interests		196	-	196
<b>Total equity</b>		<b>126,592</b>	<b>30</b>	<b>126,622</b>
<b>Liabilities</b>				
Loans and borrowings	23	97,170	-	97,170
Lease liabilities	24	1	3,071	3,072
Defined benefit obligations		661	-	661
Deferred tax liabilities		9,387	7	9,394
<b>Non-current liabilities</b>		<b>107,219</b>	<b>3,078</b>	<b>110,297</b>
Loans and borrowings	23	29,560	-	29,560
Lease liabilities	24	2	947	949
Trade and other payables	25	18,590	(80)	18,510
<b>Current liabilities</b>		<b>48,152</b>	<b>867</b>	<b>49,019</b>
<b>Total equity and liabilities</b>		<b>281,963</b>	<b>3,975</b>	<b>285,938</b>

### 3 PRIOR YEAR RECLASSIFICATIONS

During the current period the Group made a decision to make certain reclassifications to prior period comparatives and the following changes:

- revenue, cost of sales, administrative expenses, selling expenses, finance income, finance costs, foreign exchange gain/(loss), net and share of profit of associates, net of provision;
- inventory, catalysts (as non-current assets);
- to change the presentation of statement of cash flows, starting from the line of operating profit instead of profit before tax as in previous periods.

Comparatives were changed accordingly to align them with current year presentation.

	Nine months ended 30 September 2018		
	As previously presented	Reclassifications	As adjusted
	RUB Million	RUB Million	RUB Million
Revenue	174,026	(265)	173,761
Cost of sales	(94,512)	273	(94,239)
Administrative expenses	(10,924)	567	(10,357)
Selling expenses	(24,263)	(575)	(24,838)
Finance income	257	(5)	252
Finance costs	(4,436)	(640)	(5,076)
Foreign exchange loss, net	(13,218)	5	(13,213)
Share of loss of associates, net of provision	(640)	640	-

	Three months ended 30 September 2018		
	As previously presented	Reclassifications	As adjusted
	RUB Million	RUB Million	RUB Million
Revenue	62,778	(94)	62,684
Cost of sales	(32,598)	150	(32,448)
Administrative expenses	(3,964)	335	(3,629)
Selling expenses	(7,318)	(391)	(7,709)
Finance income	31	79	110
Finance costs	(1,991)	(724)	(2,715)
Foreign exchange loss, net	(5,062)	5	(5,057)
Share of loss of associates, net of provision	(640)	640	-

	31 December 2018		
	As previously presented	Reclassifications	As adjusted
	RUB Million	RUB Million	RUB Million
Catalysts	2,414	160	2,574
Inventories	31,870	(160)	31,710

### 4 SEGMENT INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- *Phosphate-based products segment* includes mainly production and distribution of ammophos, diammoniumphosphate, sodium tripolyphosphate and other phosphate based and complex (NPK) fertilisers on the factories located in Cherepovets, Balakovo and Volkhov, and production and distribution of apatite concentrate extracted from the apatite-nepheline ore, which is mined and processed in Kirovsk;

- *Nitrogen-based products segment* includes mainly production and distribution of ammonia, ammonium nitrate and urea on the factory located in Cherepovets.

Certain assets, revenue and expenses are not allocated to any particular segment and are, therefore, included in the "other operations" column. None of these operations meet any of the quantitative thresholds for determining reportable segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on gross profit, as included in internal management reports that are reviewed by the Group's CEO.

Segment information as at 30 September 2019 and for the nine months ended 30 September 2019 is as follows:

<i>RUB million</i>	Phosphate-based products	Nitrogen-based products	Other operations	Total
<i>Segment revenue and profitability</i>				
Segment external revenues, thereof:	158,236	29,338	7,409	194,983
Export	102,035	24,087	955	127,077
Domestic	56,201	5,251	6,454	67,906
Cost of goods sold	(85,334)	(12,438)	(6,852)	(104,624)
Gross segment profit	<u>72,902</u>	<u>16,900</u>	<u>557</u>	<u>90,359</u>
<i>Certain items of profit and loss</i>				
Amortisation and depreciation	(13,055)	(4,318)	(580)	(17,953)
Total non-current segment assets <sup>1</sup>	<u>131,971</u>	<u>60,050</u>	<u>5,169</u>	<u>197,190</u>
Additions to non-current assets <sup>1</sup>	<u>20,199</u>	<u>2,840</u>	<u>872</u>	<u>23,911</u>

Segment information of the Group as at 31 December 2018 and for the nine months ended 30 September 2018 is as follows:

<i>RUB million</i>	Phosphate-based products	Nitrogen-based products	Other operations	Total
<i>Segment revenue and profitability</i>				
Segment external revenues, thereof:	139,584	27,417	6,760	173,761
Export	94,032	21,999	507	116,538
Domestic	45,552	5,418	6,253	57,223
Cost of goods sold	(75,287)	(12,733)	(6,219)	(94,239)
Gross segment profit	<u>64,297</u>	<u>14,684</u>	<u>541</u>	<u>79,522</u>
<i>Certain items of profit and loss</i>				
Amortisation and depreciation	(11,388)	(4,524)	(496)	(16,408)
Total non-current segment assets <sup>1</sup>	<u>122,164</u>	<u>63,162</u>	<u>5,265</u>	<u>190,591</u>
Additions to non-current assets <sup>1</sup>	<u>16,558</u>	<u>4,474</u>	<u>817</u>	<u>21,849</u>

<sup>1</sup> Total non-current segment assets include property, plant and equipment, intangible assets, catalysts and right-of-use assets.

The analysis of export revenue by regions is as follows:

	Nine months ended 30 September	
	2019	2018
	RUB million	RUB million
Europe	55,582	40,300
South America	24,899	31,240
North America	14,647	17,360
India	11,864	11,562
CIS	11,029	8,546
Africa	6,601	4,850
Asia	2,428	2,674
Australia	27	6
	<b>127,077</b>	<b>116,538</b>

## 5 REVENUES

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Phosphate-based products	158,236	139,584	53,043	51,529
Sales of chemical fertilisers	131,250	117,050	44,219	43,633
Sales of apatite concentrate	19,207	15,789	6,107	5,435
Sales of nepheline concentrate	835	581	264	189
Sales of other phosphate-based products and services	6,944	6,164	2,453	2,272
Nitrogen-based products	29,338	27,417	9,251	8,780
Other	7,409	6,760	2,256	2,375
	<b>194,983</b>	<b>173,761</b>	<b>64,550</b>	<b>62,684</b>

## 6 COST OF SALES

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Depreciation	(16,126)	(14,990)	(5,457)	(5,354)
Materials and services	(15,171)	(13,934)	(5,069)	(5,046)
Potash	(10,727)	(7,835)	(4,205)	(3,186)
Natural gas	(9,655)	(9,403)	(3,079)	(2,685)
Salaries and social contributions	(9,574)	(9,078)	(3,289)	(2,980)
Sulphur and sulphuric acid	(7,852)	(8,015)	(2,217)	(2,732)
Repair expenses	(7,756)	(7,113)	(3,009)	(2,667)
Transportation of phosphate rock	(6,685)	(5,919)	(2,399)	(2,025)
Chemical fertilisers and other products for resale	(5,467)	(4,672)	(1,602)	(1,641)
Electricity	(4,765)	(4,195)	(1,495)	(1,327)
Fuel	(3,730)	(2,898)	(1,076)	(1,010)
Ammonia	(2,922)	(2,720)	(898)	(914)
Ammonium sulphate	(2,549)	(2,105)	(751)	(506)
Drilling and blasting operations expenses	(1,645)	(1,362)	(650)	(375)
	<b>(104,624)</b>	<b>(94,239)</b>	<b>(35,196)</b>	<b>(32,448)</b>



**7 ADMINISTRATIVE EXPENSES**

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Salaries and social contributions	(6,935)	(5,786)	(2,264)	(1,965)
Professional services	(1,267)	(1,331)	(407)	(523)
Depreciation and amortisation	(1,036)	(901)	(326)	(323)
Other	(2,580)	(2,339)	(959)	(818)
	<b>(11,818)</b>	<b>(10,357)</b>	<b>(3,956)</b>	<b>(3,629)</b>

**8 SELLING EXPENSES**

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Freight, port and stevedoring expenses	(12,810)	(12,122)	(4,041)	(3,682)
Russian Railways infrastructure tariff and operators' fees	(8,827)	(7,712)	(2,720)	(2,459)
Materials and services	(1,976)	(2,069)	(762)	(761)
Salaries and social contributions	(1,953)	(1,609)	(619)	(513)
Custom duties	(1,440)	(809)	(428)	(160)
Depreciation	(791)	(517)	(304)	(134)
	<b>(27,797)</b>	<b>(24,838)</b>	<b>(8,874)</b>	<b>(7,709)</b>

**9 TAXES, OTHER THAN INCOME TAX, NET**

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Mineral extraction tax	(711)	(700)	(239)	(222)
VAT included in expenses	(249)	(89)	(102)	(23)
Property tax	(243)	(1,514)	(277)	(496)
Land tax	(225)	(222)	(76)	(74)
Environment pollution payment	(116)	(94)	(22)	(37)
Using water objects payment	(29)	(30)	(10)	(12)
Other taxes	(38)	(27)	(18)	(7)
	<b>(1,611)</b>	<b>(2,676)</b>	<b>(744)</b>	<b>(871)</b>

**10 OTHER EXPENSES, NET**

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Social expenditures	(1,963)	(1,415)	(698)	(501)
(Loss)/gain on disposal of property, plant and equipment and intangible assets	(705)	(390)	43	(109)
(Accrual)/reversal of accrual of contingent liabilities	(82)	(91)	(7)	71
Increase in provision for bad debt (note 19)	(81)	(22)	(45)	(25)
Decrease/(increase) in provision for inventory obsolescence	8	(48)	19	(57)
Other income, net	133	259	123	168
	<b>(2,690)</b>	<b>(1,707)</b>	<b>(565)</b>	<b>(453)</b>

**11 FINANCE INCOME AND FINANCE COSTS**

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Gain from operation with derivatives	700	-	-	-
Interest income	411	158	109	74
Unwind of discount of financial assets	49	50	19	16
Share of profit of associates (note 15)	20	-	-	-
Dividend income	4	-	4	-
Other finance income	193	44	80	20
Finance income	<u>1,377</u>	<u>252</u>	<u>212</u>	<u>110</u>
Interest expense	(2,796)	(3,506)	(887)	(1,191)
Write off of equity securities	(150)	-	-	-
Bank fees	(143)	(115)	(53)	(36)
Securitisation fees	(127)	-	(41)	-
Provision for bad debt on financial investments	(52)	(543)	(33)	(543)
Share of loss of associates, net of provision (note 15)	-	(640)	-	(724)
Other finance costs	(171)	(272)	(138)	(221)
Finance costs	<u>(3,439)</u>	<u>(5,076)</u>	<u>(1,152)</u>	<u>(2,715)</u>
Net finance costs	<u><b>(2,062)</b></u>	<u><b>(4,824)</b></u>	<u><b>(940)</b></u>	<u><b>(2,605)</b></u>

**12 INCOME TAX EXPENSE**

The Company's applicable corporate income tax rate is 20% (nine months ended 30 September 2018: 20%).

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	RUB million	RUB million	RUB million	RUB million
Current tax expense	(9,302)	(6,076)	(2,208)	(2,623)
Origination and reversal of temporary differences, including change in unrecognised assets	(545)	1,800	(270)	509
	<u><b>(9,847)</b></u>	<u><b>(4,276)</b></u>	<u><b>(2,478)</b></u>	<u><b>(2,114)</b></u>

**Reconciliation of effective tax rate:**

	Nine months ended 30 September			
	2019		2018	
	RUB million	%	RUB million	%
Profit before tax	52,554	100	21,907	100
Income tax at applicable tax rate	(10,511)	(20)	(4,381)	(20)
Effect of tax rates in foreign jurisdictions	236	-	97	-
Over provided in respect of prior years	8	-	1	-
Unrecognised tax liability on profit from associates	4	-	16	-
Non-deductible items	(875)	(1)	(797)	(4)
Change in unrecognised deferred tax assets	11	-	-	-
Reduction in tax rate	1,280	2	788	4
	<u><b>(9,847)</b></u>	<u><b>(19)</b></u>	<u><b>(4,276)</b></u>	<u><b>(20)</b></u>

**13 PROPERTY, PLANT AND EQUIPMENT**

<i>RUB million</i>	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Net book value at 1 January 2018	54,740	73,747	4,768	41,858	<b>175,113</b>
Additions	1,270	2,478	1,349	16,416	<b>21,513</b>
Transfers	3,200	8,532	-	(11,732)	<b>-</b>
Disposals	(46)	(87)	(25)	(240)	<b>(398)</b>
Depreciation	(3,329)	(10,888)	(1,363)	-	<b>(15,580)</b>
Other movements	68	834	3	-	<b>905</b>
Net book value at 30 September 2018	<b>55,903</b>	<b>74,616</b>	<b>4,732</b>	<b>46,302</b>	<b>181,553</b>
Net book value at 1 January 2019	59,303	73,815	5,240	44,602	<b>182,960</b>
Additions	1,282	3,433	1,778	14,448	<b>20,941</b>
Transfers from right-of-use assets (note 14)	-	3,108	-	-	<b>3,108</b>
Transfers	3,155	10,061	-	(13,216)	<b>-</b>
Disposals	(95)	(51)	(28)	(623)	<b>(797)</b>
Depreciation	(4,080)	(11,890)	(1,282)	-	<b>(17,252)</b>
Other movements	(55)	(126)	(4)	-	<b>(185)</b>
Net book value at 30 September 2019	<b>59,510</b>	<b>78,350</b>	<b>5,704</b>	<b>45,211</b>	<b>188,775</b>

During the nine months ended 30 September 2019, the Group capitalized borrowing cost in the amount of RUB 814 million (RUB 615 million in the nine months ended 30 September 2018) using the weighted average interest rate of 2.6% per annum.

As at 30 September 2019, the balance of the construction in progress account includes the accumulated costs related to:

*in Cherepovets:*

- Development programme of production facilities for extraction of phosphoric acid and fertilizers in the amount of RUB 3,368 million;
- The construction of ammonium sulphate plant in the amount of RUB 2,840 million;
- Development programme of production facilities for sulphuric acid in the amount of RUB 2,702 million;
- Development programme of ammonia production facilities in the amount of RUB 1,742 million.

*in Kirovsk:*

- Kirovsk mine extension and modernization in the amount of RUB 12,932 million;
- The development of Rasvumchorrskiy mine in the amount of RUB 5,952 million;
- The construction of apatit-nepheline beneficiation plants in the amount of RUB 3,847 million;
- The construction of transporter of Koashvinskiy quarry in the amount of RUB 2,964 million.

**14 RIGHT-OF-USE ASSETS**

The Group has the following types of right-of-use assets as at 30 September 2019: railway wagons, production equipment, offices.

RUB million

	Buildings	Plant and equipment	Total
Cost			
At 1 January 2019	137	5,863	<b>6,000</b>
New lease contracts and modification on existing lease contracts	109	2,901	<b>3,010</b>
Disposals	(27)	(49)	<b>(76)</b>
Transfers to property, plant and equipment (note 13)	-	(4,085)	<b>(4,085)</b>
At 30 September 2019	<b>219</b>	<b>4,630</b>	<b>4,849</b>
Accumulated depreciation			
At 1 January 2019	-	(991)	<b>(991)</b>
Depreciation	(83)	(371)	<b>(454)</b>
Disposals	12	4	<b>16</b>
Transfers to property, plant and equipment (note 13)	-	977	<b>977</b>
At 30 September 2019	<b>(71)</b>	<b>(381)</b>	<b>(452)</b>
Net book value at 1 January 2019	<b>137</b>	<b>4,872</b>	<b>5,009</b>
Net book value at 30 September 2019	<b>148</b>	<b>4,249</b>	<b>4,397</b>

Nine months ended  
30 September 2019  
RUB million

Amounts recognised in profit and loss

Depreciation expense on right-of-use assets	454
Interest expense on lease liabilities	144

**15 INVESTMENTS IN ASSOCIATES**

The movement in the balance of investments in associates is as follows:

	2019 RUB million	2018 RUB million
Balance at 1 January	506	969
Share in profit for the period	20	82
Provision for investments in associates	-	(722)
Foreign currency translation difference	-	161
Balance at 30 September	<b>526</b>	<b>490</b>

**16 OTHER NON-CURRENT ASSETS**

	30 September 2019 RUB million	31 December 2018 RUB million
Loans issued to third parties, at amortised cost	706	779
Financial assets, at fair value	582	724
Loans issued to employees, at amortised cost	208	88
Financial assets, at amortised cost	20	28
Provision for loans issued to third parties	(531)	(571)
Other long-term assets	710	795
	<b>1,695</b>	<b>1,843</b>

**17 OTHER CURRENT INVESTMENTS**

	30 September 2019 RUB million	31 December 2018 RUB million
Interest receivable	111	88
Loans issued to employees, at amortised cost	66	52
Loans issued to third parties, at amortised cost	56	35
Loans issued to related parties, at amortised cost	16	117
Investments in debt securities, at amortised cost	-	32
Loans issued to associates, at amortised cost	-	13
Provision for doubtful accounts	(47)	(24)
	<b>202</b>	<b>313</b>

**18 INVENTORIES**

	30 September 2019 RUB million	31 December 2018 RUB million
Raw materials and spare parts	12,119	12,340
<i>Finished goods:</i>		
Chemical fertilisers	10,685	12,982
Apatite concentrate	389	327
Other products	340	651
<i>Work-in-progress:</i>		
Chemical fertilisers and other products	4,145	3,782
Chemical fertilisers and other products for resale, purchased from third parties	1,529	1,729
Other goods for resale	62	83
Provision for obsolescence	(176)	(184)
	<b>29,093</b>	<b>31,710</b>

**19 TRADE AND OTHER RECEIVABLES**

	30 September 2019 RUB million	31 December 2018 RUB million
Trade accounts receivable	13,851	20,379
VAT and other taxes receivable	7,886	8,973
Advances issued	3,854	5,716
Income tax receivable	633	533
Deferred expenses	115	159
Receivables from employees	42	11
Other receivables	832	1,033
Provision for doubtful accounts	(527)	(618)
	<b>26,686</b>	<b>36,186</b>

The movements in provision for doubtful accounts are as follows:

	2019 RUB million	2018 RUB million
Balance at 1 January	(618)	(536)
Reclassification to non-current assets	95	-
Foreign currency translation difference	33	-
Written off provision through trade receivables	29	383
Reversal of provision	14	-
Disposal of trade receivables through provision	1	-
Increase in provision for bad debt (note 10)	(81)	(22)
Balance at 30 September	<b>(527)</b>	<b>(175)</b>

The Group sells without recourse trade receivables to a bank for cash proceeds. These trade receivables are derecognised from the statement of financial position, because the Group transfers substantially all of the risks and rewards - primarily credit risk and late payment risk. The amount of cash proceed received on transfer is recognised in cash and cash equivalents. The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank. The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables for the reporting period that was transferred and derecognised and the cash proceeds received.

	Nine months ended 30 September		Three months ended 30 September	
	2019 RUB million	2018 RUB million	2019 RUB million	2018 RUB million
Trade receivables transferred to the bank	8,233	-	3,282	-
Associated cash proceeds/(outflow), net	4,256	-	(384)	-
Net-off with other payables	3,977	-	3,666	-

Payables to the bank as of 30 September 2019 amounted to RUB 628 million are presented within Other payables. Receivables from the bank as of 30 September 2019 amounted to RUB 414 million are presented within Other receivables.

## 20 CASH AND CASH EQUIVALENTS

	30 September 2019 RUB million	31 December 2018 RUB Million
Cash in bank	4,520	5,126
Call deposits	3,345	4,188
Petty cash	4	6
	<b>7,869</b>	<b>9,320</b>

The most significant balances of cash and cash equivalents were held in banks with "BBB" credit rating.

**21 EQUITY****Dividends**

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
<b>Total dividends approved during the reporting period</b>			
November 2018	January 2019	72	9,324
March 2019	May 2019	51	6,605
May 2019	June 2019	72	9,324
			<b>25,253</b>
<b>Total dividends approved subsequent to the reporting date</b>			
August 2019	October 2019	54	6,993
November	To be approved in January 2020	48	6,216
			<b>38,462</b>

**22 EARNINGS PER SHARE**

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

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Weighted average number of ordinary shares in issue	129,500,000	129,500,000	129,500,000	129,500,000
Profit for the period attributable to shareholders of the Parent, RUB million	42,670	17,576	9,743	7,768
Basic and diluted earnings per share, RUB	329	136	75	60

**23 LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group's loans and borrowings.

	30 September 2019 RUB million	31 December 2018 RUB million
<b>Current loans and borrowings:</b>		
Unsecured bank loans	28,001	19,934
Interest payable	1,550	733
Unsecured loans from related parties	16	20
Bank commission (short-term)	(7)	(8)
	<b>29,560</b>	<b>20,679</b>
<b>Non-current loans and borrowings:</b>		
Loan participation notes <sup>1,2</sup>	64,416	69,471
Unsecured bank loans	32,881	53,570
Bank commission (long-term)	(127)	(164)
	<b>97,170</b>	<b>122,877</b>
	<b>126,730</b>	<b>143,556</b>

1 In May 2017, the Company's SPV issued a USD 500 million 4.5-year Eurobond with a coupon rate of 3.95%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 33,643 million (31 December 2018: RUB 34,102 million).

2 In January 2018 the Company's SPV issued a USD 500 million 5.25-year Eurobond with a coupon rate of 3.949%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 34,142 million (31 December 2018: RUB 33,745 million).

Management believes that the fair value of the Group's other loans and borrowings approximates their carrying amounts.

The breakdown of the loans and borrowings denominated in different currencies is as follows:

	30 September 2019	31 December 2018
	RUB million	RUB million
USD-denominated	104,300	123,152
EUR-denominated	22,547	18,531
RUB-denominated	17	2,045
	<b>126,864</b>	<b>143,728</b>

The maturity of the loans and borrowings is as follows:

	30 September 2019	31 December 2018
	RUB million	RUB million
Less than 1 year	29,567	20,687
1-2 years	3,355	19,623
2-3 years	44,703	46,326
3-4 years	35,562	5,665
4-5 years	3,355	38,380
More than 5 years	10,322	13,047
	<b>126,864</b>	<b>143,728</b>

Reconciliation of liabilities arising from financing activities:

RUB million	31 December 2018	Cash inflows	Cash outflows	Accrual of liabilities	Amortisation of bank commission	Foreign exchange gain	30 September 2019
	RUB million	RUB million	RUB million	RUB million	RUB million	RUB million	RUB million
Loans and borrowings (excluding interest payable)	142,823	27,654	(33,992)	-	38	(11,343)	125,180
Lease liabilities	1,094	-	(1,452)	4,461	-	(82)	4,021
	<b>143,917</b>	<b>27,654</b>	<b>(35,444)</b>	<b>4,461</b>	<b>38</b>	<b>(11,425)</b>	<b>129,201</b>

## 24 LEASE LIABILITIES

	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
	RUB million	RUB million	RUB million
Balance as at 1 January 2019	1,738	1,094	2,832
New lease contracts and modification of existing lease contracts	1,231	1,467	2,698
Interest expense on lease liabilities	105	39	144
Principal lease payments	(368)	(1,084)	(1,452)
Interest lease payments	(105)	(39)	(144)
Effect of foreign currency translation reserve	(4)	(53)	(57)
Balance as at 30 September 2019	<b>2,597</b>	<b>1,424</b>	<b>4,021</b>



**25 TRADE AND OTHER PAYABLES**

	30 September 2019	31 December 2018
	RUB million	RUB million
Trade accounts payable	9,968	11,922
incl. accounts payable for property, plant and equipment and intangible assets	3,484	4,248
Payables to employees	2,557	3,068
Advances received	2,268	3,644
Taxes payable	1,922	2,229
Income tax payable	686	298
Accruals	120	36
Dividends payable	1	-
Other payables	988	276
	<b>18,510</b>	<b>21,473</b>

**26 COMMITMENTS**

The Group has entered into contracts to purchase plant and equipment for RUB 43,140 million (31 December 2018: RUB 30,826 million).

**27 RELATED PARTY TRANSACTIONS**

The balances and transactions with related parties are usually unsecured and denominated in RUB.

**(a) Transactions and balances with associates****(i) Transactions with associates**

	Nine months ended 30 September	
	2019	2018
	RUB million	RUB million
Sales of goods and services	18	2,144
Interest income	1	2
Purchases of goods and services	(398)	(368)
Other income, net	2	3
Bad debt provision on investments in associates	-	(722)
Dividend income	1	-

**(ii) Balances with associates**

	30 September 2019	31 December 2018
	RUB million	RUB million
Trade and other receivables	25	15
Short-term loans issued, at amortised cost	-	13
Trade and other payables	(19)	(10)

**(iii) Financial guarantees**

The Group issued financial guarantees to banks to secure associates' loans amounting to RUB 756 million (31 December 2018: RUB 1,007 million).

**(b) Transactions and balances with other related parties****(i) Transactions with other related parties**

	Nine months ended 30 September	
	2019	2018
	RUB million	RUB million
Sales of goods and services	303	427
Other (loss)/income, net	(50)	33
Interest income	2	11
Purchases of goods and services	(1,460)	(1,541)
Interest expenses	(1)	(22)

**(ii) Balances with other related parties**

	30 September 2019	31 December 2018
	RUB million	RUB million
Short-term loans issued, at amortised cost	16	117
Trade and other receivables	58	53
Trade and other payables	(101)	(131)
Short-term loans received	(16)	(20)

**(iii) Financial guarantees**

The Group issued financial guarantees to banks to secure related parties' loans amounting to RUB 9 million (31 December 2018: RUB 50 million).

**28 FOREIGN CURRENCY RISK**

The Group's net monetary position on balances denominated in foreign currencies other than respective functional currencies is as follows:

	30 September 2019	31 December 2018
	RUB million	RUB million
USD-denominated net liabilities	(102,894)	(120,937)
EUR-denominated net liabilities	(23,312)	(19,237)
	<b>(126,206)</b>	<b>(140,174)</b>

The foreign exchange gain recognized in profit of loss of RUB 8,173 million (RUB 13,213 million of foreign exchange loss for the comparative period) resulted from the appreciation (depreciation) of the Russian Rouble against major currencies during the reporting and comparative periods.

In addition, the net assets of the Group's foreign subsidiaries denominated in USD and EUR amount to RUB 15,493 million as at the reporting date (31 December 2018: RUB 15,319 million).

**29 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 fact that the Group sells its fertilisers globally and fertiliser application and purchases vary by region.

The Group's costs are generally stable throughout the year with the exception of a slight increase during May-June as a result of maintenance activities undertaken at the Group's production facilities.