

**Public Joint Stock
Company
"Kuzbasskaya
Toplivnaya Company"
(trading as "KTK")**

Interim Condensed Consolidated Financial
Statements for the three months ended 31 March
2019
(unaudited)

**PUBLIC JOINT STOCK COMPANY "KUZBASSKAYA TOPLIVNAYA
COMPANY" (TRADING AS "KTK")**

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**PUBLIC JOINT STOCK COMPANY "KUZBASSKAYA TOPLIVNAYA COMPANY"
(TRADING AS "KTK")**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019 (UNAUDITED)**

MIn RUB	Note	31 March 2019	31 December 2018
ASSETS			
Property, plant and equipment	13	14,732	14,441
Right of use assets		851	-
Exploration and evaluation assets		23	126
Other non-current assets		170	170
Deferred tax assets		482	296
Non-current assets		16,258	15,033
Inventories	14	4,601	5,020
Trade and other receivables	15	6,631	5,523
Derivatives	16	-	469
Prepayments and deferred expenses	17	941	847
Cash and cash equivalents	18	15,654	16,823
Current assets		27,827	28,682
Total assets		44,085	43,715
Equity			
Share capital		20	20
Treasury shares		(16)	(16)
Additional paid-in capital		2,829	2,829
Hedging reserves	16	-	322
Retained earnings		13,570	13,262
Total equity attributable to equity holders of the Company		16,403	16,417
Non-controlling interest		1	1
Total equity		16,404	16,418
Liabilities			
Loans and borrowings	21	11,695	15,742
Provisions and other liabilities	22	582	569
Deferred tax liabilities		1,109	951
Obligations under lease		704	-
Non-current liabilities		14,090	17,262
Loans and borrowings	21	7,237	5,218
Trade and other payables	19	5,881	4,492
Provisions and other liabilities	22	254	259
Derivatives	16	-	66
Obligations under lease		219	-
Current liabilities		13,591	10,035
Total liabilities		27,681	27,297
Total equity and liabilities		44,085	43,715

Signed on 17 May 2019:

Eduard V. Alexeev

General Director

Andrey S. Berdnikov

Deputy General Director
for Economics and Finance

The interim condensed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 5-16.

**PUBLIC JOINT STOCK COMPANY "KUZBASSKAYA TOPLIVNAYA COMPANY"
(TRADING AS "KTK")**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

Mln RUB	Note	Three months ended 31 March	
		2019	2018
Revenue	6	17,189	13,497
Cost of sales	7	(15,220)	(10,734)
Gross profit		1,969	2,763
Distribution expenses	8	(436)	(432)
Administrative expenses	9	(413)	(361)
Other income and expenses, net	10	(105)	(22)
Profit from operating activities		1,015	1,948
Finance income	11	95	25
Finance costs	11	(725)	(197)
Profit before income tax		385	1,776
Income tax expense	12	(83)	(374)
Profit for the year		302	1,402
Profit attributable to:			
Equity holders of the Company		308	1,412
Minority participants in LLC subsidiaries		(6)	(10)
Non-controlling interests		-	-
		302	1,402
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss:			
Effective portion of changes in fair value of cash-flow hedges, net of income tax	16	-	1,403
		302	2,805
Total comprehensive income attributable to:			
Equity holders of the Company		308	2,815
Minority participants in LLC subsidiaries		(6)	(10)
Non-controlling interests		-	-
		302	2,805
Earnings per share			
Basic and diluted earnings per share (RUB)		3.11	14.23

The interim condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 5-16.

PUBLIC JOINT STOCK COMPANY "KUZBASSKAYA TOPLIVNAYA COMPANY" (TRADING AS "KTK")

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

Mln RUB	Note	Attributable to shareholders of the Company					Non- controlling interests	Total equity
		Share capital	Treasury shares	Additional paid-in capital	Hedging reserve	Retained earnings		
Balance at 31 December 2017	20		-	2,829	-	8,366	1	11,216
Effect from application of IFRS 9, net of income tax			-	-	-	(78)	-	(78)
Balance at 1 January 2018	20		-	2,829	-	8,288	1	11,138
Profit for the period	-		-	-	-	1,412	-	1,412
Other comprehensive income/(loss) for the period, net of income tax	-		-	-	1,403	-	-	1,403
Total comprehensive income for the period	-		-	-	1,403	1,412	-	2,815
Balance at 31 March 2018	20		-	2,829	1,403	9,700	1	13,953
Balance at 1 January 2019	20		(16)	2,829	322	13,262	1	16,418
Profit for the period	-		-	-	-	308	-	308
Other comprehensive income/(loss) for the period, net of income tax	-		-	-	(322)	-	-	(322)
Total comprehensive income for the period	-		-	-	(322)	308	-	(14)
Balance at 31 March 2019	20		(16)	2,829	-	13,570	1	16,404

The interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 5-16.

**PUBLIC JOINT STOCK COMPANY "KUZBASSKAYA TOPLIVNAYA COMPANY"
(TRADING AS "KTK")**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

Mln RUB	Note	Three months ended 31 March	
		2019	2018
OPERATING ACTIVITIES			
Profit for the year		302	1,402
Adjustments for:			
Depreciation and amortisation	7,8,9	676	542
Loss / (Gain) on disposal of property, plant and equipment	10	8	(1)
Net finance costs	11	630	172
Income tax expense	12	83	374
Cash flows from operating activities before changes in working capital and provisions		1,699	2,489
Changes in:			
- inventories		419	(787)
- trade and other receivables		(1,469)	258
- prepayments for current assets		(94)	(118)
- trade and other payables		1,636	(349)
Cash flows from operating activities before income tax and interest paid		2,191	1,493
Income taxes paid		(237)	(348)
Interest paid		(272)	(101)
Interest received on cash and cash equivalents		94	25
Net cash flows from operating activities		1,776	1,069
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		12	7
Proceeds from loans issued		1	-
Acquisition of property, plant, equipment, intangible assets and exploration and evaluation assets		(573)	(684)
Cash flows used in investing activities		(560)	(677)
FINANCING ACTIVITIES			
Proceeds from borrowings		1,232	6,021
Repayment of borrowings		(2,447)	(5,292)
Repayment of the principal amount of the lease debt		(63)	-
Cash flows from financing activities		(1,278)	729
Net (decrease)/ increase in cash and cash equivalents		(62)	1,121
Cash and cash equivalents at the beginning of year		16,823	5,430
Effect of exchange rate fluctuations on cash and cash equivalents		(1,107)	45
Cash and cash equivalents at the end of period		15,654	6,596

The interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 5 -16.

**PUBLIC JOINT STOCK COMPANY "KUZBASSKAYA TOPLIVNAYA COMPANY"
(TRADING AS "KTK")**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

1. BACKGROUND

Corporate information and activities

Public Joint Stock Company "Kuzbasskaya Toplivnaya Company" (previously Open Joint Stock Company "Kuzbasskaya Toplivnaya Company", "the Company" or "KTK") and its subsidiaries (the "Group") comprise Russian joint stock companies, limited liability companies (as defined in the Civil Code of the Russian Federation), and companies located abroad.

The most significant subsidiaries of the Company are listed below:

	Country of incorporation	Principal activity	Ownership/voting share	
			31 March 2019	31 December 2018
KTK Polska Sp. z o.o.	Poland	Sale of coal	100%	100%
KTK Overseas AG	Switzerland	Sale of coal	100%	100%
		Railroad transportation services		
LLC TEK Meret	Russia		100%	100%
LLC Kuzbasstoplivosbyt	Russia	Sale of coal	100%	100%
		Electricity and heat power generation		
JSC Kaskad Energo	Russia		100%	100%
JSC ATK	Russia	Sale of coal	100%	100%
LLC Transugol	Russia	Sale of coal	100%	100%
LLC NTK	Russia	Sale of coal	51%	51%
		Lands where production assets are located		
LLC Kaskad Geo	Russia		100%	100%

The Company was registered under the Russian law on 4 April 2000. It's shares are quoted on the PJSC Moscow Exchange since May 2010. The registered office of the Company is: 4, 50 Let Oktyabrya street, Kemerovo, 650000.

The Group's principal activities are the extraction of thermal coal from open-pit mines located in the territory of the Kemerovo region in the Russian Federation, wholesale supply of coal to customers in the Russian Federation as well as abroad, and retail sales of coal through its distribution networks located in the Kemerovo, Omsk, Novosibirsk, Altai regions and abroad in Poland.

Additionally, the Group is engaged in re-sale of coal purchased from other coal producers, electricity, heat power and hot water generation, storage and transportation services.

The Group's operations and results are highly dependent on demand in the domestic and export markets. Domestic and export coal markets are cyclical, supply and demand vary from year to year due to a large number of factors, including but not limited to the following:

- The state of the Russian and world economy;
- Demand and supply in local and international markets, as well as expectations regarding changes in supply and demand in the future;
- The growth or decline of the industry with a strong demand for thermal coals, such as energy generation and metallurgical plants;
- Abnormally warm or cold temperatures or other climatic conditions;
- Availability and prices for alternative fuels;
- Distance from the consumer, the availability and cost of transport; and
- Russian and international legislative regulation and taxation.

The operations of the Group are subject to various regulations and licensing laws related to the extraction of coal in the Russian Federation.

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Control relationships

As at 31 March 2019 and 31 December 2018, the Company was controlled by Haver Holding Limited, which is the immediate and ultimate parent company and owns 50.0727% of the Company's share capital. Mr. Igor Yurievich Prokudin is the Company's ultimate controlling party as at 31 March 2019 and 31 December 2018.

After March 31, 2019, before the date of approval of these financial statements, there were changes in the composition of shareholders of the Company, which are described in detail in Note 25.

Russian business environment

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

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

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

Going concern

When assessing the ability to continue to operate in the foreseeable future, the Group has considered its financial position, expected future trading performance, its borrowings and other funds, as well as its capital expenditure commitments and other risks. After making appropriate enquiries, the Group concluded that it has sufficient resources to continue in operational existence for at least the next 12 months from the date of signing these consolidated financial statements. Therefore, the Group's management believes that it is appropriate to adopt the going concern basis in preparation of these consolidated financial statements.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and do not include all information that is required to be disclosed in the annual financial statements.

The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2018 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition.

Exchange rates for the currencies in which the Group transacts were as follows:

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	31 March 2019	31 December 2018
Closing exchange rates (RUB)		
USD 1	64.7347	69.4706
EUR 1	72.7230	79.4605
PLN 1	16.9148	18.4826
CHF 1	64.9816	70.5787
JPY 1	0.5843	0.6300

	31 March 2019	31 March 2018
Average exchange rates for the six months ended (RUB)		
USD 1	66.1271	56.8803
EUR 1	75.1715	69.8727
PLN 1	17.4743	16.7190
CHF 1	66.3719	60.0133
JPY 1	0.5997	0.5251

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies applied in the preparation of the consolidated financial statements for the year ended 31 December 2018, except for the impact of the application of the new IFRS 16 Leases, effective 1 January 2019.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and introduces a new approach to lease accounting that eliminates the classification of leases as operating and financial for the lessee. Under this approach, the lessee must recognise an asset in the form of a right of use, which is the right to use the underlying asset, and a lease obligation, which is the obligation to make lease payments.

In accordance with the transitional provisions, the Group has decided to use a modified retrospective method without recalculating comparative figures.

In the transition to IFRS 16, the Group applied the following practical simplifications:

- *Exemption from the requirement to revise the classification of rental contracts existing on January 1, 2019 for compliance with the criteria of the new standard;*
- *Applying a single discount rate to a portfolio of lease agreements with similar characteristics;*
- *Application of past experience in determining the terms of the lease in the presence of the right to extend or terminate lease agreements.*

As a result of transition to IFRS 16 at 1 January 2019 the Group recognised an asset in the form of use rights in the amount of RUB 906 million for leases previously classified as operating leases with the adoption of IAS 17 Leases in an amount equal to the obligation under the lease. The lease liability is estimated at the amount of the remaining lease payments. To estimate the discount rate, the Group used the rate of raising credit funds.

The reconciliation between operating lease obligations disclosed in accordance with IAS 17 at 31 December 2018 and lease obligations recognized in accordance with the requirements of IFRS 16 at 1 January 2019 is shown below:

Mln RUB	At 1 January 2019
Total future lease payments under operating leases	1 609
Future lease payments for short-term lease and lease of low-cost properties	(352)
	1 257
The effect of discounted present value	(351)
Total lease obligations	906

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The difference between the value of operating lease obligations at 31 December 2018 in accordance with IAS 17 and the value of obligations under lease agreements at 1 January 2019 in accordance with IFRS 16 is mainly due to the fact that in accordance with the requirements of the previously applied IFRS (IAS) 17 standard, only future payments for the period in which these agreements could not be terminated were included in the value of operating lease obligations. Under the new standard, in determining the obligations under lease agreements, the Group must take into account payments that will be made subject to the renewal option.

The Group also acts as a lessor under operating lease agreements concluded at 1 January 2019. To the accounting for leases from the lessor, IFRS 16, in fact, retains the requirements for accounting under IAS 17. Therefore, in this part, IFRS 16 did not have a material impact on the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for 2018 prepared in accordance with IFRS.

5. REPORTABLE SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the General Director, who is the Group's chief operating decision maker, reviews internal management reports. The following summary describes the operations in each of the Group's reportable segments:

- *Domestic sales of produced coal.* Includes distributing own coal production in Russia.
- *Export sales of produced coal.* Includes distributing own coal production in foreign countries.
- *Resale of purchased coal.* Includes distributing coal purchased for resale from other suppliers in Russia and foreign countries.
- *Other operations.* Includes providing different types of services such as transportation services, storage services, services to generating, transferring and distributing of electricity, heat power and hot water in Russia.

(i) Financial information

Management selected gross profit as the measure of the segment's result. The segmented financial information is prepared and reported to general director at least quarterly.

Three months ended 31 March 2019

Mln RUB	Domestic sales of produced coal	Export sales of produced coal	Resale of purchased coal	Other operations	Total
Revenue	1,374	12,912	2,521	382	17,189
Cost of sales	(1,457)	(11,563)	(1,855)	(345)	(15,220)
Gross profit and segment result	(83)	1,349	666	37	1,969
Unallocated expenses					
Other operating expenses					(954)
Net finance costs					(630)
Profit before income tax					385

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Three months ended 31 March 2018

Mln RUB	Domestic sales of produced coal	Export sales of produced coal	Resale of purchased coal	Other operations	Total
Revenue	1,393	9,999	1,747	358	13,497
Cost of sales	(1,257)	(7,537)	(1,627)	(313)	(10,734)
Gross profit and segment result	136	2,462	120	45	2,763
Unallocated expenses					
Other operating expenses					(815)
Net finance costs					(172)
Profit before income tax					1,776

As at 31 March 2019:

Mln RUB	Domestic sales of produced coal	Export sales of produced coal	Resale of purchased coal	Other operations	Total
Trade receivables	973	2,286	583	248	4,090
Advances received	(72)	(275)	(62)	(3)	(412)

As at 31 December 2018:

Trade receivables	856	2,245	727	201	4,029
Advances received	(18)	(98)	(26)	(3)	(145)

6. REVENUE

Mln RUB	Three months ended 31 March	
	2019	2018
Sales of coal	16,657	13,008
Sales of electrical and heat power and hot water	214	205
Compensation from the government	194	174
Provision of transportation and storage services	82	76
Other revenue	42	34
	17,189	13,497

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

7. COST OF SALES

Mln RUB	Three months ended 31 March	
	2019	2018
Railway tariff and transportation services	6,823	5,205
Coal purchased	1,977	1,751
Extraction, processing and coal sorting services	1,680	1,311
Coal handling at the port	1,202	719
Fuel	769	630
Personnel costs	755	647
Depreciation and amortisation	636	516
Spare parts	280	224
Repair and maintenance	270	189
Other services	234	232
Mining and environmental taxes	161	142
Other materials	98	98
Other costs	13	7
Change in coal in stock and transit	322	(937)
	15,220	10,734

8. DISTRIBUTION EXPENSES

Mln RUB	Three months ended 31 March	
	2019	2018
Personnel costs	200	175
Services	160	197
Materials	40	27
Depreciation and amortisation	26	21
Other distribution expenses	10	12
	436	432

9. ADMINISTRATIVE EXPENSES

Mln RUB	Three months ended 31 March	
	2019	2018
Personnel costs	293	254
Services	52	43
Taxes other than income tax	31	40
Other administrative expenses	16	13
Depreciation and amortisation	14	5
Materials	7	6
	413	361

10. OTHER INCOMES AND EXPENSES

Mln RUB	Three months ended 31 March	
	2019	2018
Write-off of an overcharged obligation to recover damages	-	5
Gain on disposal of inventories	1	1
(Loss)/Gain on disposal of property, plant and equipment	(8)	1
Charity and welfare	(24)	(27)
Expenses from fines and penalties	(74)	(2)
	(105)	(22)

During the three months ended 31 March 2019, inventories (besides coal) with total cost of RUB 309 million were disposed (for the three months ended 31 March 2018: RUB 196 million).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. FINANCE INCOME AND FINANCE COST

Mln RUB	Three months ended 31 March	
	2019	2018
Interest income on cash and cash equivalents	94	25
Interest income on loans issued	1	-
Finance income	95	25
Interest expense	(270)	(99)
Forex exchange loss	(253)	(69)
Allowance for doubtful debts	(83)	(11)
Unwinding of discount on lease agreements	(80)	-
Loss on currency hedging transactions	(21)	-
Unwinding of discount on provisions	(18)	(18)
Finance costs	(725)	(197)
Finance income and costs, net	(630)	(172)

12. INCOME TAX EXPENSE

The Group's companies, except the Polish subsidiary, are residents of Russian Federation in purpose of income tax payment. The applied income tax rate for those companies is 20% (2018: 20%). The income tax rate for the Polish subsidiary is 19% (2018: 19%).

Mln RUB	Three months ended 31 March	
	2019	2018
Current period	31	400
Adjustment for prior years	-	(15)
Deferred tax expense	52	(11)
	83	374

13. PROPERTY, PLANT AND EQUIPMENT

Additions of Property, plant and equipment for the period amounted to RUB 928 million (for the three months ended 31 March 2018: RUB 1,344 million). The depreciation charge for the period was RUB 618 million (for the three months ended 31 March 2018: RUB 538 million). The additions mainly include mechanical transport purchased under production asset planned renewal program.

In addition, the income includes accumulated expenses for exploration and evaluation of reserves at the Listvyanichny license area in the amount of RUB 110 million, which, after confirming the technical feasibility and commercial viability of coal mining at this section, were reclassified from the Assets for exploration and evaluation to the group fixed assets "Mining assets and mining structures".

As at 31 March 2019 fixed assets with a carrying amount of RUB 2,653 million (31 December 2018: RUB 2,899 million) were pledged to secure bank loans.

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14. INVENTORIES

Mln RUB	31 March 2019	31 December 2018
Coal in stock	2,563	2,836
Coal in transit	897	946
Raw materials and consumables	1,141	1,238
	4,601	5,020

15. TRADE AND OTHER RECEIVABLES

Mln RUB	31 March 2019	31 December 2018
Trade receivables	5,338	5,194
VAT receivable	1,267	1,167
Receivable on completed hedging transactions	599	-
Other receivables	425	166
Compensation receivable from budget	149	104
Income tax receivable	88	49
Receivables from personnel	8	4
Other financial assets	5	4
Expected credit losses in respect of Trade and other receivables	(1,248)	(1,165)
	6,631	5,523

16. DERIVATIVES

Mln RUB	31 March 2019		31 December 2018	
	Financial asset	Financial liability	Financial asset	Financial liability
Coal derivatives – cash flow hedge	-	-	469	-
Other derivatives	-	-	-	(66)
	-	-	469	(66)

Derivative financial instruments were valued using observable inputs, which correspond to Level 2 of the hierarchy of the fair value measurements under IFRS.

Cash flow hedging instruments

The Group uses commodity forwards and swaps to hedge the coal price index used for determination of coal sales prices (API-2 and NEWC).

The change in the fair value of the hedging instruments for the reporting period is presented below:

Mln RUB	Three months ended 31 March			
	2019		2018	
	Gain recognised in other comprehensive income	Gain / (Losses) reclassified to profit /(losses) for the period	Gain recognized in other comprehensive income	Gain / (Losses) reclassified to profit /(losses) for the period
Effective portion of change in fair value of cash-flow hedges	-	-	1,754	-
Deferred tax	-	-	(351)	-
	-	-	1,403	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. PREPAYMENTS AND DEFERRED EXPENSES

Mln RUB	31 March 2019	31 December 2018
Advances given for transportation services	392	598
Advances given for inventory and other services	549	249
	941	847

18. CASH AND CASH EQUIVALENTS

Mln RUB	31 March 2019	31 December 2018
Term deposits	14,010	15,759
Bank accounts	1,641	1,061
Petty cash	3	3
	15,654	16,823

19. TRADE AND OTHER PAYABLES

Mln RUB	31 March 2019	31 December 2018
Trade payables	3,796	2,230
Payables to personnel	567	688
Payables for property, plant and equipment	491	182
Taxes (other than income tax) payables	490	607
Advances received	412	145
Payables for transportation services and other payables	102	301
Income tax payable	23	190
Payables on completed hedging transactions	-	149
	5,881	4,492

20. DIVIDENDES

Since June 2018, the Company adopted a revised dividend policy. The amount of dividends payable is recommended by the Board of Directors. When determining the amount of dividends, the Board of Directors considers the amount of net profit for the year as recorded in the Company's statutory financial statements prepared in accordance with the Russian Accounting Principles, as well as the Group's net profit reported in the consolidated financial statements prepared in accordance with IFRSs. The Board of Directors also assesses the degree of influence of the total amount of dividends payable in the reporting period on the financial results of the Company under the Russian Accounting Principles and IFRSs.

During the reporting period and the same period of the previous reporting year, dividends were not declared or paid.

21. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

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MIn RUB	31 March 2019	31 December 2018
<i>Non-current liabilities</i>		
Unsecured bank loans	10,032	14,568
Secured bank loans	1,539	1,049
Loans from other companies	124	125
	11,695	15,742
<i>Current liabilities</i>		
Unsecured bank loans	6,227	4,007
Secured bank loans	953	1,156
Loans from other companies	16	16
Interest accrued	41	39
	7,237	5,218

Bank loans are secured by the property, plant and equipment with a carrying amount of RUB 2,653 million (31 December 2018: RUB 2,899 million). Refer to note 13.

22. PROVISIONS AND OTHER LIABILITIES

The Group's provisions and other liabilities are represented by the following:

MIn RUB	31 March 2019	31 December 2018
Site restoration liabilities	351	343
Concession agreement liabilities	154	152
Retirement benefit liability	77	74
Non-current provisions and liabilities	582	569
Net assets attributable to minority participants in LLC entities	185	190
Site restoration liabilities	43	43
Retirement benefit liability	26	26
Current provisions and liabilities	254	259

23. RELATED PARTY TRANSACTIONS

Key management remuneration

Key management received the following remuneration during the period, which is included in personnel costs:

MIn RUB	Three months ended 31 March	
	2019	2018
Salaries and bonuses	67	83
Social charges	15	18
Total management remuneration	82	101

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24. CONTINGENCIES

(a) Capital commitments

As at 31 March 2019 the Group has entered into a number of contracts to purchase plant and equipment for RUB 871 million (at 31 December 2018: RUB 1,552 million). The commitments are mainly related to the acquisition of machinery, equipment and vehicles in the program of the planned renewal of the production assets and also to the reconstruction of coal enrichment facilities.

(b) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(c) Taxation contingencies

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

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

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

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

The transfer pricing rules primarily apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code. In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB 1 billion since 2014).

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

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 changed aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation and practice of its application is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

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

25. EVENTS SUBSEQUENT TO THE REPORTING DATE

Prior to the date of approval of these statements, there were changes in the composition of shareholders of the Company. The main shareholders of the Company:

- Haver Holding Limited (ultimate beneficiary Igor Yuryevich Prokudin) with a 50.0727% ownership interest, and
- Vadim Vladimirovich Danilov Chairman of the Board of Directors of the Company with a shareholding of 16.7819%

came from the shareholders of 23 April 2019 and 26 April 2019 respectively, in connection with the sale of its stake in the company.

On April 23, 2019, the shares of the Company acquired Daenia Holdings Limited and Millfast Trading Limited. Their shares in the authorized capital of the Company amounted to 23.3536% and 24.6007%, respectively.

On April 26, 2019, Kilton Overseas Limited acquired 18.9002% of the Company's shares.