

Unaudited interim condensed
consolidated financial statements

Public Joint Stock Company
“Vimpel-Communications”

*as of 31 March 2019 and
for the three months ended 31 March 2019*

Public Joint Stock Company “Vimpel-Communications”

Unaudited interim condensed consolidated financial statements as of 31 March 2019 and for the three months ended 31 March 2019

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and Board of Directors of Public Joint Stock Company "Vimpel-Communications":

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Public Joint Stock Company "Vimpel-Communications" and its subsidiaries (hereinafter collectively referred to as "VimpelCom") as of 31 March 2019, and the related interim consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated 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 interim condensed consolidated 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

AO PricewaterhouseCoopers Audit
17 May 2019
Moscow, Russian Federation

E. V. Klimenko
E. V. Klimenko, certified auditor (licence no. 01-000057), AO PricewaterhouseCoopers Audit

Audited entity: Public Joint Stock Company Vimpel-Communications

Record made in the Unified State Register of Legal Entities on 28 August 2002 under State Registration Number 1027700166636

Address: 10 bld 14 8th Marta, Moscow, Russian Federation, 127083

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 11603050547

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated income statement
for the three months ended 31 March 2019

(All amounts in millions of Rubles)

		Three months ended 31 March	
		2019 (unaudited)	2018 (unaudited)
Note			
	Service revenue	76,452	75,706
	Sale of equipment and accessories	5,764	3,199
	Other revenue	367	398
	Total operating revenue	82,583	79,303
	Operating expenses		
	Service costs	(17,224)	(17,353)
	Cost of equipment and accessories	(5,730)	(3,049)
	Selling, general and administrative expenses	(24,742)	(28,740)
	Depreciation	(17,691)	(13,483)
	Amortization	(2,705)	(2,660)
	Impairment loss	(335)	(71)
	Loss on disposal of non-current assets	(367)	(143)
	Total operating expenses	(68,794)	(65,499)
	Operating profit	13,789	13,804
	Finance costs	(6,981)	(5,780)
	Finance income	804	1,162
	Net foreign exchange gain	1,444	1,420
	Other non-operating loss, net	(2,454)	(111)
	Profit before tax	6,602	10,495
	Income tax expense	(1,563)	(4,211)
	Profit for the period	5,039	6,284
	Attributable to:		
	The owners of the Company	4,830	5,412
	Non-controlling interests	209	872
		5,039	6,284

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company "Vimpel-Communications"

Interim consolidated statement of comprehensive income
for the three months ended 31 March 2019

(All amounts in millions of Rubles)

	Three months ended 31 March	
	2019	2018
	(unaudited)	(unaudited)
Profit for the period	5,039	6,284
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on net investment in foreign operations	(3,597)	(601)
Income tax effect	149	28
Other comprehensive loss for the period, net of tax	(3,448)	(573)
Total comprehensive income for the period, net of tax	1,591	5,711
Attributable to:		
The owners of the Company	1,308	5,407
Non-controlling interests	283	304
	1,591	5,711

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of financial position
as of 31 March 2019

(All amounts in millions of Rubles)

	Note	31 March 2019 (unaudited)	31 December 2018
Assets			
Non-current assets			
Property and equipment	7	277,959	193,895
Intangible assets	8	27,296	28,557
Goodwill	8	97,102	97,729
Deferred income tax assets		1,821	1,824
Other non-current financial assets	9	1,088	1,148
Other non-current assets	5	1,226	1,126
Total non-current assets		406,492	324,279
Current assets			
Inventories		10,035	9,040
Trade and other receivables		25,125	23,049
Other current assets	5	9,944	11,436
Current income tax assets		2,168	3,607
Other current financial assets	9	56,800	56,845
Cash and cash equivalents	10	22,775	29,420
Total current assets		126,847	133,397
Assets classified as held for sale		20	23
Total assets		533,359	457,699
Equity and liabilities			
Equity			
Equity attributable to equity owners of the Company		134,995	133,763
Non-controlling interests		1,180	3,053
Total equity		136,175	136,816
Non-current liabilities			
Non-current financial liabilities	9,15	273,288	206,160
Provisions		3,401	2,978
Deferred income tax liabilities		7,093	7,981
Other non-current liabilities	5	640	653
Total non-current liabilities		284,422	217,772
Current liabilities			
Trade and other payables		66,073	63,408
Other current financial liabilities	9,15	17,931	10,228
Provisions		3,681	3,877
Current income tax payables		540	564
Other current liabilities	5	24,537	25,034
Total current liabilities		112,762	103,111
Total equity and liabilities		533,359	457,699

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of changes in equity
for the three months ended 31 March 2019

(All amounts in millions of Rubles)

Note	Attributable to the owners of the Company					Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve			
As of 31 December 2018	3	40,234	37,317	111,341	(55,132)	133,763	3,053	136,816
Adjustments arising due to new accounting standards	15	–	–	(217)	–	(217)	–	(217)
As of 1 January 2019	3	40,234	37,317	111,124	(55,132)	133,546	3,053	136,599
Profit for the period	–	–	–	4,830	–	4,830	209	5,039
Other comprehensive income / (loss)	–	–	–	–	(3,522)	(3,522)	74	(3,448)
Total comprehensive income / (loss)	–	–	–	4,830	(3,522)	1,308	283	1,591
Dividends declared	11	–	–	–	–	–	(1,659)	(1,659)
Acquisition of non-controlling interests	11	–	–	141	–	141	(497)	(356)
As of 31 March 2019 (unaudited)	3	40,234	37,458	115,954	(58,654)	134,995	1,180	136,175

Interim consolidated statement of changes in equity
for the three months ended 31 March 2018

(All amounts in millions of Rubles)

	Attributable to the owners of the Company					Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve			
As of 31 December 2017	3	40,234	37,317	135,096	(60,944)	151,706	5,550	157,256
Adjustments arising due to new accounting standards	–	–	–	169	–	169	46	215
As of 1 January 2018	3	40,234	37,317	135,265	(60,944)	151,875	5,596	157,471
Profit for the period	–	–	–	5,412	–	5,412	872	6,284
Other comprehensive loss	–	–	–	–	(5)	(5)	(568)	(573)
Total comprehensive income	–	–	–	5,412	(5)	5,407	304	5,711
Disposal of subsidiary	–	–	–	–	–	–	(19)	(19)
As of 31 March 2018 (unaudited)	3	40,234	37,317	140,677	(60,949)	157,282	5,881	163,163

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of cash flows
for the three months ended 31 March 2019

(All amounts in millions of Rubles)

		Three months ended 31 March	
		2019	2018
	Note	(unaudited)	(unaudited)
Operating activities			
Profit for the period		5,039	6,284
Income tax expense	6	1,563	4,211
Profit before tax		6,602	10,495
Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation	7	17,691	13,483
Impairment loss		335	71
Amortization	8	2,705	2,660
Loss on disposal of non-current assets		367	143
Finance income		(804)	(1,162)
Finance costs		6,981	5,780
Other non-operating loss, net	4	2,454	111
Net foreign exchange gain		(1,444)	(1,420)
Movements in provisions		649	259
Operating cash flows before working capital adjustments, interest and income taxes		35,536	30,420
Working capital adjustments			
Change in trade and other receivables		(2,332)	2,209
Change in inventories		(1,323)	(2,736)
Change in trade and other payables		2,391	3,610
Interest and income taxes			
Interest paid		(6,733)	(6,118)
Interest received		451	349
Income tax paid		(1,054)	(2,550)
Net cash flows from operating activities		26,936	25,184
Investing activities			
Purchase of property, equipment and intangible assets net of proceeds from sale of property, equipment and intangible assets		(15,378)	(12,460)
Issue of loans		(27,871)	(19,117)
Repayment of loans issued		25,209	26,266
Inflows from deposits, net		34	66
Outflows from investments in other financial assets		(103)	–
Disposal of subsidiaries, net of cash disposed		–	424
Acquisition of subsidiaries, net of cash acquired		–	17
Net cash flows used in investing activities		(18,109)	(4,804)
Financing activities			
Proceeds from borrowings, net of fees paid		–	286
Repayment of borrowings		(7,722)	(17,173)
Repayment associated with early debt redemption	9	(705)	–
Repayment of lease liabilities (principal element of lease payments)		(3,661)	–
Dividends paid to non-controlling interests	11	(1,594)	–
Acquisition of non-controlling interest	11	(356)	–
Net cash flows used in financing activities		(14,038)	(16,887)
Net (decrease) / increase in cash and cash equivalents		(5,211)	3,493
Effect of exchange rate changes on cash and cash equivalents, net		(1,434)	(175)
Cash and cash equivalents at the beginning of the period		29,420	24,963
Cash and cash equivalent classified as assets held for sale at the beginning of the period		–	65
Cash and cash equivalent classified as assets held for sale at the end of the period		–	(79)
Cash and cash equivalents at the end of the period		22,775	28,267

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company "Vimpel-Communications"

Notes to the unaudited interim condensed consolidated financial statements as of 31 March 2019 and for the three months ended 31 March 2019

(All amounts in millions of Rubles unless otherwise stated)

1. General information

Public Joint Stock Company "Vimpel-Communications" (PJSC "VimpelCom", together with its consolidated subsidiaries referred to as the "Group", "VimpelCom", the "Company" or "we") was registered in the Russian Federation ("Russia") on 15 September 1992 as a joint stock company of the closed type, re-registered as a joint stock company of the open type on 28 July 1993 and began full-scale commercial operations in June 1994. The Company was re-registered as an Open Joint Stock Company on 28 March 1995. The Company was re-registered as a Public Joint Stock Company on 19 June 2015.

The registered office of PJSC "VimpelCom" is located at Russian Federation, 127083, Moscow, Ulitsa 8-Marta, Dom 10, Building 14.

The interim condensed consolidated financial statements are presented in Russian Rubles ("RUB"). In these notes, Russian Ruble amounts are presented in millions unless otherwise indicated.

VimpelCom earns revenues by providing telecommunication services through a range of traditional and broadband mobile and fixed-line technologies. As of 31 March 2019, the Company operated telecommunications services in Russia, Kazakhstan, Armenia, Uzbekistan, Georgia and Kyrgyzstan primarily under the "Beeline" brand name.

On 1 January 2019, the Company adopted a new accounting standard – IFRS 16 Leases – using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of 1 January 2019 and that comparatives were not restated. For more details please refer to Note 15.

The interim condensed consolidated financial statements of the Company as of 31 March 2019 and for the three months ended 31 March 2019 were authorized for issue by the General Director of PJSC "VimpelCom" on 17 May 2019.

Operating activities of the Group

2. Segment information

Management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Management does not analyze assets or liabilities by reportable segments.

Management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest (both finance income and finance costs), income tax, depreciation, amortization, impairment loss, gain / (loss) on disposals of non-current assets, net foreign exchange gain / (loss) and other non-operating gain / (loss) ("EBITDA") along with assessing the capital expenditures.

As of 1 January 2019, the Company adopted a new accounting standard IFRS 16 Leases. Accordingly, operating lease expenses are no longer recorded in the income statement but instead are considered in recording a lease liability in the statement of financial position. The Company applied a modified retrospective approach, which means that the comparatives were not restated. Refer to Note 15 for more details. As a result, EBITDA in 2019 is not comparable to EBITDA 2018. The impact on EBITDA 2019 stemming from IFRS 16 is set out in the table below.

The Company's reportable segments include "Russia", "Kazakhstan", "Uzbekistan" and "HQ and Others". The segment "HQ and Others" includes our operations in Kyrgyzstan, Armenia and Georgia as well as headquarter expenses, other unallocated adjustments and inter-company eliminations.

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements
as of 31 March 2019 and for the three months ended 31 March 2019

(All amounts in millions of Rubles unless otherwise stated)

2. Segment information (continued)

Financial information by reportable segment for the three months ended 31 March 2019 and 31 March 2018 is presented in the following tables.

Information by reportable segments for the three months ended 31 March 2019

	Russia	Kazakhstan	Uzbekistan	HQ and others	Group
Revenue					
External customers	69,319	6,399	4,210	2,655	82,583
Inter-segment	52	6	5	(63)	–
Total operating revenue	69,371	6,405	4,215	2,592	82,583
- Mobile	60,832	5,841	4,187	2,167	73,027
- Fixed	8,539	564	28	425	9,556
EBITDA	29,937	3,095	2,095	(240)	34,887
Capital expenditures*	15,182	737	1,838	422	18,179
Impairment loss	(305)	(16)	–	(14)	(335)

* Excluding right-of-use assets recognized upon adoption of IFRS 16.

Information by reportable segments for the three months ended 31 March 2018

	Russia	Kazakhstan	Uzbekistan	HQ and others	Group
Revenue					
External customers	66,394	5,803	4,295	2,811	79,303
Inter-segment	85	19	6	(110)	–
Total operating revenue	66,479	5,822	4,301	2,701	79,303
- Mobile	57,580	5,331	4,271	2,343	69,525
- Fixed	8,899	491	30	358	9,778
EBITDA*	24,749	2,277	1,926	1,209	30,161
Capital expenditures	9,213	602	526	1,676	12,017
Impairment loss	(61)	(12)	–	2	(71)

* Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach.

The following table provides the reconciliation of consolidated EBITDA to consolidated profit for the three months ended 31 March:

	Three months ended 31 March	
	2019	2018
EBITDA	34,887	30,161
Depreciation	(17,691)	(13,483)
Amortization	(2,705)	(2,660)
Impairment loss	(335)	(71)
Loss on disposal of non-current assets	(367)	(143)
Finance costs	(6,981)	(5,780)
Finance income	804	1,162
Other non-operating loss, net	(2,454)	(111)
Net foreign exchange gain	1,444	1,420
Income tax expense	(1,563)	(4,211)
Profit for the period	5,039	6,284

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements
as of 31 March 2019 and for the three months ended 31 March 2019

(All amounts in millions of Rubles unless otherwise stated)

2. Segment information (continued)

The following table provides the details of the impact of the adoption of IFRS 16 starting from 1 January 2019 on EBITDA for the three-month period ended 31 March 2019 for each operating segment:

	Russia	Kazakhstan	Uzbekistan	HQ and others	Group
EBITDA pre-IFRS 16	24,946	2,824	2,030	(393)	29,407
Impact of IFRS 16	4,991	271	65	153	5,480
EBITDA post-IFRS 16	29,937	3,095	2,095	(240)	34,887

3. Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended 31 March consisted of the following:

	Three months ended 31 March	
	2019	2018
Personnel costs	8,157	6,548
Network and IT costs	5,402	5,230
Customer associated costs	5,360	6,879
Taxes other than income tax	1,904	2,669
Consulting and professional service costs	1,124	1,032
Operating lease and other rent expenses*	1,105	4,620
Losses on receivables	669	842
Other G&A expenses	1,021	920
Total	24,742	28,740

* Expenses for three months ended 31 March 2019 include only services costs and variable part of the lease payments.

4. Other non-operating loss, net

Other non-operating loss, net for the three months ended 31 March consisted of the following:

		Three months ended 31 March	
	Note	2019	2018
Changes in the fair value of non-hedge derivatives		(1,568)	81
Loss from early debt redemption	9	(719)	–
Loss on sale of foreign currency, net		(1)	(3)
Other loss, net		(166)	(189)
Total other non-operating loss, net		(2,454)	(111)

Public Joint Stock Company "Vimpel-Communications"

Notes to the unaudited interim condensed consolidated financial statements
as of 31 March 2019 and for the three months ended 31 March 2019

(All amounts in millions of Rubles unless otherwise stated)

5. Other assets and liabilities

Other assets consisted of the following items as of 31 December:

	31 March 2019	31 December 2018
Other non-current assets		
Customer acquisition costs	607	608
Advances to suppliers and prepayments	217	308
Deferred costs related to connection fees	102	116
Input value added tax	69	75
Other non-current assets	231	19
Total other non-current assets	1,226	1,126
Other current assets		
Input value added tax	5,109	5,434
Advances to suppliers	3,568	5,253
Prepaid taxes	851	503
Deferred costs related to connection fees	80	81
Other current assets	336	165
Total other current assets	9,944	11,436

Other liabilities consisted of the following items as of 31 December:

	31 March 2019	31 December 2018
Other non-current liabilities		
Long-term deferred revenue	170	185
Other non-current liabilities	470	468
Total other non-current liabilities	640	653
Other current liabilities		
Customer advances, net of VAT*	8,618	10,320
Other taxes payable	8,008	7,889
Amounts due to employees	6,497	5,034
Short-term deferred revenue	1,002	944
Customer deposits	306	784
Other current liabilities	106	63
Total other current liabilities	24,537	25,034

* The significant amounts related to mobile customer advances in Russia and Kazakhstan are financial liability as of 31 March 2019 and 31 December 2018.

6. Income taxes

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Current income tax is the expected income tax expense, payable or receivable on the taxable income or loss for the year or period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements
as of 31 March 2019 and for the three months ended 31 March 2019

(All amounts in millions of Rubles unless otherwise stated)

6. Income taxes (continued)

Income tax expense consisted of the following for the three months ended 31 March:

	Three months ended 31 March	
	2019	2018
Profit before tax	6,602	10,495
Current income tax	(2,504)	(5,004)
Deferred income tax	941	793
Income tax expense reported in the interim consolidated income statement	(1,563)	(4,211)
Effective tax rates	24%	40%

The effective income tax rate for the three months ended 31 March 2019 amounts to 24% (2018: 40%). In the three-month period ended 31 March 2019 the effective income tax rate was mainly driven by non-deductible expenses. In the three-month period ended 31 March 2018 the effective income tax rate was mainly driven by higher tax rate in Uzbekistan, new transition tax introduced in United States, which included new requirements with respect to foreign income inclusion and deduction items, and other adjustments relating to Russia and Uzbekistan.

Investing activities of the Group

7. Property and equipment

During the Three months ended 31 March 2019 and 2018, the Company had the following changes in property and equipment:

	Three months ended 31 March	
	2019	2018
Net book value as of 1 January 2019* and 2018	281,526	204,661
Additions**	17,944	8,879
Net book value of assets disposed	(1,145)	(283)
Translation adjustment	(2,631)	613
Depreciation charge	(17,691)	(13,483)
Reclassification from assets held for sale	3	—
Impairment	(325)	(71)
Other	278	—
Net book value as of 31 March 2019 and 2018	277,959	200,316

* Including right-of-use assets in the amount of RUB 87,631 following IFRS 16 adoption (Note 15).

** Including additions of right-of-use assets in the amount of RUB 2,641.

8. Intangible assets and goodwill

During the three months ended 31 March 2019 and 2018, the Company had the following changes in intangible assets and goodwill:

	Three months ended 31 March			
	2019		2018	
	Other intangible assets	Goodwill	Other intangible assets	Goodwill
Opening net book value as of 1 January 2019* and 2018	27,519	97,729	31,249	100,814
Additions	2,876	—	3,138	—
Net book value of assets disposed	(4)	—	—	—
Translation adjustment	(380)	(627)	346	161
Impairment	(10)	—	—	—
Amortization charge	(2,705)	—	(2,660)	—
Closing net book value as of 31 March 2019 and 2018	27,296	97,102	32,073	100,975

* Including impact of IFRS 16 adoption in the amount of RUB (1,038) (Note 15).

Public Joint Stock Company "Vimpel-Communications"

Notes to the unaudited interim condensed consolidated financial statements as of 31 March 2019 and for the three months ended 31 March 2019

(All amounts in millions of Rubles unless otherwise stated)

8. Intangible assets and goodwill (continued)

The movement in goodwill for the Group, per cash generating unit ("CGU"), consisted of the following items for the three-month period ended 31 March 2019:

CGU's	31 March 2019	Currency translation adjustment	31 December 2018
Russia	87,984	—	87,984
Kazakhstan	4,233	(260)	4,493
Kyrgyzstan	3,467	(254)	3,721
Uzbekistan	1,418	(113)	1,531
Total	97,102	(627)	97,729

Goodwill is tested for impairment annually (at October 1) or when circumstances indicate the carrying value may be impaired. The Company's impairment test for goodwill is primarily based on fair value less cost of disposal calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different CGU's were disclosed in the annual consolidated financial statements as of and for the year ended 31 December 2018.

The Company considers the relationship between market capitalization of VEON Ltd. and its book value, as well as weighted average cost of capital and the quarterly financial performances of each CGU when reviewing for indicators of impairment in interim periods.

There was no goodwill impairment recorded in the first quarter of 2019 and in the first quarter of 2018.

Financing activities of the Group

9. Financial assets and liabilities

The other financial assets and financial liabilities consisted of the following items as of 31 March 2019 and 31 December 2018:

	31 March 2019	31 December 2018
Other financial assets		
Financial assets at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange contracts	—	987
Total financial assets at fair value	—	987
Financial assets at amortised cost		
Loans granted to related parties, principal amount (Note 12)	56,055	55,453
Bank deposits	216	—
Interest receivable	413	236
Other financial assets	1,204	1,317
Total financial assets at amortised cost	57,888	57,006
Total other financial assets	57,888	57,993
Non-current	1,088	1,148
Current	56,800	56,845
Other financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange contracts	455	—
Total financial liabilities at fair value	455	—
Financial liabilities at amortised cost		
Bonds, equipment financing and finance lease liabilities, principal amount	18,062	22,789
Loans payables to related parties, principal amount (Note 12)	174,631	183,703
Unamortised fees	(598)	(656)
Interest payable	9,535	10,552
Lease liabilities	89,134	—
Total financial liabilities at amortised cost	290,764	216,388
Total other financial liabilities	291,219	216,388
Non-current	273,288	206,160
Current	17,931	10,228

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(All amounts in millions of Rubles unless otherwise stated)

9. Financial assets and liabilities (continued)

There were no significant changes in financial assets and liabilities in the three-month period ended 31 March 2019, except for the scheduled repayments of debt and adoption of IFRS 16 Leases. Furthermore, there were no changes in risks and risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended 31 December 2018.

As mentioned in Note 15 of these interim condensed consolidated financial statements, upon transition to IFRS 16, the Company recognized the lease liability measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted at the country-specific incremental borrowing rate. See also Note 15 for more details.

The fair value of financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. The fair values were estimated based on quoted market prices for our bonds, derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile. The fair value for loans to related parties is estimated by discounting contractual cash flows at the applicable rate for the instruments with similar maturity and risk profile.

As of 31 March 2019, the fair values of all financial assets and liabilities are equal to or approximate their respective carrying amounts as shown in the table above, with the exception of Bonds, equipment financing and finance lease liabilities, principal amount, for which fair value is equal to RUB 19,498 (2018: RUB 24,340), Loans payables to related parties, principal amount, for which fair value is equal to RUB 180,223 (2018: RUB 183,939), Interest payable, for which fair value is equal to RUB 6,853 (2018: 7,368) and lease liabilities, for which fair value has not been determined.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables, other assets and liabilities approximate their respective fair value.

The fair value of derivative financial instruments is determined using the discounted cash flow techniques. Observable inputs (Level 2) used in the valuation techniques includes LIBOR, EURIBOR, swap curves, basis swap spreads, foreign exchange rates and credit default spreads.

Fair value hierarchy

As of 31 March 2019 and 31 December 2018, the Group recognized financial instruments at fair value in the statement of financial position.

The fair value hierarchy ranks fair value measurements based on the type of inputs used in the valuation; it does not depend on the type of valuation techniques used:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs are unobservable inputs for the asset or liability.

As of 31 March 2018 and 31 December 2018, all financial assets and financial liabilities carried at fair value were measured based on Level 2 inputs. Carrying amounts of financial assets and financial liabilities carried at amortized costs approximates their fair value which is measured based on Level 2 inputs.

Transfers into and out of fair value hierarchy levels are recognized at the end of the reporting period (or the date of the event or change in circumstances that caused the transfer). On a quarterly basis, the Company reviews if there are any indicators for a possible transfer between Level 2 and Level 3. This depends on how the Company is able to obtain the underlying input parameters when assessing the fair valuations.

During the three-months period ended 31 March 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

All impairment losses and changes in fair values of financial instruments are unrealized and are recorded in line “Other non-operating loss, net” in the consolidated income statement.

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9. Financial assets and liabilities (continued)

Major treasury events during 2019

On 13 November 2018, VEON Holdings B.V. (indirect subsidiary of VEON Ltd.) announced that it commenced a cash tender offer for any and all of the outstanding 7.5043% Notes due 2022 issued by VEON Holdings B.V. guaranteed by PJSC “VimpelCom” (Note 13) and 7.748% Loan Participation Notes due 2021, issued by, but with limited recourse to, VIP Finance Ireland Limited (SPE). The total principal outstanding amount of these bonds was USD 1,005 million of which USD 376.7 million was held by PJSC “VimpelCom” Group. The aggregate principal amount accepted for repurchase by VEON Holdings B.V. was USD 326.1 million (of which USD 114.7 million was held by PJSC “VimpelCom” Group), which was settled on 31 December 2018.

On 14 December 2018 PJSC “VimpelCom” entered into a framework note purchase agreement with VEON Holdings B.V. in relation to the tendered notes and VimpelCom was notified of the final terms of the repurchase on 11 January 2019. On 15 January 2019, PJSC “VimpelCom” bought the notes issued by VIP Finance Ireland Limited from VEON Holdings B.V. for further cancellation for a total purchase price of USD 129.2 million which comprise the principal amount of USD 114.7 million, USD 10.5 million of premium to bondholders, and USD 4 million of accrued interest.

As a result of the tender offer as of 15 January 2019 the outstanding principal amount of debt under the 7.748% Loan Participation Notes due in 2021, issued by, but with limited recourse to, VIP Finance Ireland Limited was USD 262 million (the equivalent of RUB 17,604 as of 15 January 2019 at the exchange rate provided by the Central Bank of Russia) and the outstanding principal amount of debt under the 7.5043% Notes due in 2022 issued by VEON Holdings B.V. and guaranteed by PJSC “VimpelCom” (Note 13) was USD 417 million (the equivalent of RUB 28,969 as of 31 December 2018 at the exchange rate provided by the Central Bank of Russia).

The carrying value of the bonds subject to the purchase was adjusted on 15 January 2019 to reflect the expected additional cash flows of the bonds stemming from the agreed premiums, the costs associated with the execution of the transaction and the write-off of the unamortized debt issuance costs (due to significantly reduced expected remaining time of the amortization period) in the total amount of USD 10.7 million (the equivalent of RUB 719 at the exchange rates as of the dates of the transactions, provided by the Central Bank of Russia). This adjustment to the carrying value of the bonds was recorded in January 2019 in the line “Other non-operating loss, net” of the consolidated income statement as part of the “Loss from early debt redemption” account (Note 4) to reflect the nature of the adjustment.

Significant changes in the financial assets and liabilities also relate to the loans received from related parties and the amount of interest accrued on them, loans granted to related parties and the amount of interest accrued on them as further described in Note 12.

10. Cash and cash equivalents

Cash and cash equivalents consisted of the following items:

	31 March 2019	31 December 2018
Cash and cash equivalents at banks and on hand	21,898	28,470
Short-term deposits with an original maturity of less than three months	877	950
Total cash and cash equivalents	22,775	29,420

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

As of 31 March 2019 and 31 December 2018, there were no restricted cash and cash equivalent balances.

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11. Significant transactions

On 9 January 2019, VIP Kazakhstan Holding AG, a subsidiary of the Company, declared dividends to its shareholders which were paid on 17 January 2019. The portion of dividends paid to the minority shareholder amounted to USD 23.88 million (the equivalent of RUB 1,659 as of 9 January 2019 at the exchange rate provided by the Central Bank of Russia (as of the date of dividends declared)).

In February 2019, PJSC “VimpelCom” entered into a purchase and sale agreement relating to acquisition of the remaining 47.95% shares in its subsidiary Nouse Limited. The ownership of these shares passed to PJSC “VimpelCom” on 27 February 2019 after payment of the amount of RUB 356 and PJSC “VimpelCom” became the sole shareholder of Nouse Limited.

Additional information

12. Related parties

As of 31 March 2019 and 31 December 2018, PJSC “VimpelCom” was a wholly-owned indirect subsidiary of VEON Ltd. As of 31 March 2019, VEON Ltd. was primarily owned by L1T VIP Holdings S.à r.l., a member of the LetterOne group of companies. VEON Ltd. has no ultimate controlling shareholder.

Outstanding balances and transactions with subsidiaries of VEON Ltd. including Kyivstar and Teta Telecom and its subsidiaries, mainly represented telecommunication services.

The following tables provide the total amount of transactions that have been entered into with related parties and balances of accounts with them for the relevant financial periods:

	For the three months ended 31 March	
	2019	2018
Revenue from VEON Ltd. and its subsidiaries:		
- Revenue from Teta Telecom and its subsidiaries	142	270
- Revenue from Kyivstar	65	193
- Revenue from VEON Ltd. and its other subsidiaries	496	242
Revenue from joint ventures	–	17
Revenue from other related parties	–	54
	703	776
Services from VEON Ltd. and its subsidiaries:		
- Services from Teta Telecom and its subsidiaries	733	931
- Services from Kyivstar	119	381
- Services from VEON Ltd. and its other subsidiaries	2,865	1,372
Services from joint ventures	–	239
Services from other related parties	6	18
	3,723	2,941
Finance income from VEON Ltd. and its subsidiaries	676	978
Finance costs from VEON Ltd. and its subsidiaries	4,753	4,940
Other loss from VEON Ltd. and its subsidiaries, net	–	106

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12. Related parties (continued)

	As of 31 March 2019	As of 31 December 2018
Accounts receivable from VEON Ltd. and its subsidiaries:		
- Accounts receivable from Teta Telecom and its subsidiaries	71	38
- Accounts receivable from Kyivstar	354	341
- Accounts receivable from VEON Ltd. and its other subsidiaries	475	507
Accounts receivable from other related parties	2	1
	902	887
Accounts payable to VEON Ltd. and its subsidiaries:		
- Accounts payable to Teta Telecom and its subsidiaries	429	443
- Accounts payable to Kyivstar	162	304
- Accounts payable to VEON Ltd. and its other subsidiaries	14,639	14,859
Accounts payable to other related parties	3	3
	15,233	15,609
Loans granted to VEON Ltd. and its subsidiaries	56,055	55,453
Interest receivable from VEON Ltd. and its subsidiaries	401	222
Loans received from VEON Ltd. and its subsidiaries	174,631	183,703
Interest payable to VEON Ltd. and its subsidiaries	9,312	9,947
Unamortised fees related to loans received from VEON Ltd. and its subsidiaries	565	656

Loans granted to VEON Ltd. and its subsidiaries

As of 31 March 2019 and 31 December 2018, the principal amounts of loans granted to VEON Ltd. and its subsidiaries were as follows:

Lender	Borrower	Date of agreement	Maturity	Interest rate	Currency	31 March 2019	31 December 2018
PJSC “VimpelCom” ¹	VEON Holdings B.V.	13 Dec. 2017	< 3 months	8.0%	RUB / USD	23,902	25,580
VEON Armenia, CJSC ²	VEON Holdings B.V.	7 Aug. 2017	On demand	LIBOR+0.8%	USD	14,733	15,680
Golden Telecom Inc.	VEON Holdings B.V.	31 Jan. 2018	On demand	LIBOR+0.7%	USD	9,222	9,903
VEON Eurasia S.à r.l. ³	VEON Holdings B.V.	31 Mar. 2017	On demand	LIBOR+0.6%	USD	6,411	2,380
KaR-Tel, LLP	TNS-Plus	2007-2011	2020–2021	9.46%	KZT	700	743
Clafdor Investments Ltd.	VEON Holdings B.V.	4 June 2018	On demand	LIBOR+0.6%	USD	647	695
VEON Eurasia S.à r.l.	VEON Holdings B.V.	12 Nov. 2018	Nov., 2019	LIBOR+1.05%	USD	440	472
Total						56,055	55,453

¹ For the three-months period ended 31 March 2019 PJSC “VimpelCom” provided VEON Holdings B.V. with the equivalent of RUB 23,526 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia) and VEON Holdings B.V. repaid the equivalent of RUB 25,202 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia). In April and May of 2019, VEON Holdings B.V. repaid the equivalent of RUB 7,033 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia);

² The amount of interest capitalized for the three months ended 31 March 2019 was USD 1.86 million;

³ In the first quarter of 2019, the net changes in loans amounted to USD 64.78 million (the equivalent of RUB 4 300 as of the date of each transaction at the exchange rates provided by the Central Bank of Russia);

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12. Related parties (continued)

Loans received from VEON Ltd. and its subsidiaries

As of 31 March 2019 and 31 December 2018, the principal amounts of loans received from VEON Ltd. and its subsidiaries were as follows:

Lender	Borrower	Date of agreement	Maturity	Interest rate	Currency	31 March 2019	31 December 2018
VEON Luxembourg Finance S.A.	PJSC “VimpelCom”	19 May 2017	May, 2022	11.40%	RUB	95,000	95,000
VEON Luxembourg Finance S.A.	PJSC “VimpelCom”	19 Jun 2017	Jun., 2022	11.00%	RUB	40,100	40,100
VEON Luxembourg Finance S.A.	PJSC “VimpelCom”	11 Oct 2017	Oct., 2022	125% of the key rate	RUB	15,000	15,000
VEON Luxembourg Finance S.A.	VEON Georgia, LLC	26 Mar 2015	Mar., 2032	6.50%	USD	14,755	15,833
VEON Luxembourg Finance S.A.	PJSC “VimpelCom”	9 Aug 2017	Aug., 2022	125% of the key rate	RUB	9,454	9,454
VEON Holdings B.V. ¹	PJSC “VimpelCom”	14 Dec 2018	Jan., 2019	7.748%	USD	–	7 969
VEON Luxembourg Finance S.A.	VEON Georgia, LLC	9 Jan 2018	Dec., 2019	6.50%	USD	322	347
Total						174,631	183,703

¹ Eurobonds issued by VIP Finance Ireland purchased by VEON Holdings B.V. from the original bondholders. On 15 January 2019, PJSC “VimpelCom” bought the notes issued by VIP Finance Ireland Limited from VEON Holdings B.V. for further cancellation for a total purchase price of USD 129.2 million (Note 9);

Terms and conditions of transactions with related parties

Outstanding balances at period-end are unsecured, settlements occur in cash. During the three months ended 31 March 2019, there have been no new guarantees provided or received for any related party receivables or payables and no changes occurred to the terms and amounts of the Company’s guarantees of the related party loans that existed as of 31 December 2018 and were disclosed in the notes to the respective annual consolidated financial statements. No triggering events under the existing guarantees (Note 13) in favor of related parties occurred. The Company believes that the probability of these events is remote.

As of 31 March 2019 and 31 December 2018, the Group performed the impairment assessment over the loans granted to related parties and receivables owed by related parties held by the Company. As a result, the calculated amount of the expected credit loss allowance over the loans granted to related parties and receivables owed by related parties held by the Company was determined as insignificant from the Company’s perspective and was therefore not recognized as of 31 March 2019 and 31 December 2018.

13. Commitments, contingencies and uncertainties

There were no material commitments, contingencies and uncertainties that arose during the three-month period ended 31 March 2019 and there were no material changes during the same period to the commitments, contingencies and uncertainties as disclosed in the Group’s annual consolidated financial statements as of and for the year ended 31 December 2018.

As a result of adoption of IFRS 16 all lease commitments were included into lease liabilities recognized in the interim condensed consolidated statement of financial position as of 1 January 2019. For reconciliation of the Company’s operating lease commitments as of 31 December 2018, to the lease liabilities recognized on 1 January 2019 please refer to Note 15.

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13. Commitments, contingencies and uncertainties (continued)

Guarantees in favour of VEON Holdings B.V.

On 29 June 2011, VEON Holdings B.V., a subsidiary owned by VEON Ltd., completed an offering of an aggregate principal amount of USD 2,200 million notes (the equivalent of RUB 62,117 as of 29 June 2011 at the exchange rate provided by the Central Bank of Russia) split between three-, five- and ten-year tranches, with an annual interest rates range of LIBOR plus 4.0% - 7.50%. The Company guaranteed these notes issues. On 2 April 2015, 19 June 2017, 29 June 2017 and 31 December 2018 (Note 9), VEON Amsterdam B.V. partially repurchased the current notes issued by VEON Holdings B.V. As of 31 March 2019 and 31 December 2018, the outstanding principal amount under the notes was and USD 417 million (the equivalent of RUB 26,994 as of 31 March 2019 at the exchange rate provided by the Central Bank of Russia) and USD 417 million (the equivalent of RUB 28,969 as of 31 December 2018 at the exchange rate provided by the Central Bank of Russia), respectively. No triggering events under the guarantee occurred. The Company believes that probability of these events is remote.

14. Events after the reporting period

On 16 April 2019, Kcell JSC announced the termination of the 4G/LTE network sharing agreement (the "Agreement") with KaR-Tel LLP (the subsidiary of the Group) signed in August 2016. Following the early termination of the Agreement, KaR-Tel LLP will receive termination compensation in the amount of 14,552 million Kazakhstan tenge (RUB 2,479 or USD 38 million).

Significant changes in financial assets and liabilities after the reporting period related to the loans granted to related parties and loans received from related parties were described in Note 12.

15. Basis of preparation of the interim condensed consolidated financial statements

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards.

The preparation of these interim condensed consolidated financial statements has required Company's management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgements, estimates and assumptions affects the amounts reported in the interim consolidated statement of financial position, interim consolidated income statement, interim consolidated statements of comprehensive income, interim consolidated statement of changes in equity, interim consolidated statement of cash flows as well as the notes to the interim condensed consolidated financial statements. The final amounts for items for which estimates and assumptions were made in the interim condensed consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Group's interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended 31 December 2018 except for the adoption of amended standards that are mandatory for financial annual periods beginning on 1 January 2019.

A number of new and amended standards became effective as of 1 January 2019, the impact of which is described below. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

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15. Basis of preparation of the interim condensed consolidated financial statements (continued)

New standards, interpretations and amendments adopted by the Group (continued)

IFRIC 23 “Uncertainty over income tax treatments”

The Interpretation clarifies the application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation had no impact on the consolidated income statement and consolidated statement of financial position upon adoption in 2019.

IFRS 16 “Leases”

IFRS 16 “Leases” (“IFRS 16”) replaces the IAS 17 “Leases”, the current lease accounting standard and became effective on 1 January 2019. Under the new lease standard assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability.

In 2018, the Group performed a detailed impact assessment of IFRS 16 and the impact of IFRS 16 adoption was as follows:

	Opening balance as of 1 January 2019	Impact of IFRS 16	Adjusted opening balance as of 1 January 2019
Assets			
Non-current assets			
Property and equipment			
Property and equipment	193,895	(4,777)	189,118
Right-of-use assets	–	92,408	92,408
Intangible assets	28,557	(1,038)	27,519
Goodwill	97,729	–	97,729
Deferred tax assets	1,824	52	1,876
Other financial assets	1,148	–	1,148
Other non-current non-financial assets	1,126	–	1,126
Total non-current assets	324,279	86,645	410,924
Current assets			
Trade and other receivables	23,049	–	23,049
Other current assets	110,348	(1,316)	109,032
Total current assets	133,397	(1,316)	132,081
Assets classified as held for sale	23	–	23
Total assets	457,699	85,329	543,028
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	133,763	(217)	133,546
Non-controlling interests	3,053	–	3,053
Total equity	136,816	(217)	136,599
Non-current liabilities			
Non-current financial liabilities	206,160	(3,004)	203,156
Provisions	2,978	–	2,978
Lease liabilities	–	83,253	83,253
Deferred tax liabilities	7,981	4	7,985
Other liabilities	653	–	653
Total non-current liabilities	217,772	80,253	298,025
Current liabilities			
Trade and other payables	63,408	(1,800)	61,608
Other current financial liabilities	10,228	(486)	9,742
Lease liabilities	–	7,733	7,733
Provisions	3,877	(154)	3,723
Other current liabilities	25,598	–	25,598
Total current liabilities	103,111	5,293	108,404
Total equity and liabilities	457,699	85,329	543,028

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15. Basis of preparation of the interim condensed consolidated financial statements (continued)

New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 "Leases" (continued)

The Company, as a lessee, recognizes a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use assets is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the interest rate implicit to the lease or Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

- Change in lease price due to indexation or rate which has become effective in reporting period;
- Modifications to the lease contract;
- Reassessment of the lease term.

Leases of non-core assets and not related to the main operating activities of the Group, which are short term in nature (less than 12 months including extension options) and leases of low-value items are expensed in the Income Statement as incurred.

Transition

The Company adopted IFRS 16 on the date the standard becomes effective, 1 January 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of 1 January 2019 and that comparatives was not restated.

The Group used the following practical expedients when adopting IFRS 16 on its effective date:

- IFRS 16 applied only to contracts that were previously assessed as leases in accordance with the previous IFRS standards (IAS 17 "Leases" and IFRIC 4 "Determining whether and Arrangement contains a Lease");
- a single discount rate applied to a portfolio of leases with reasonably similar characteristics as permitted by IFRS 16;
- initial direct cost was excluded from the measurement of the right-of-use asset as of 1 January 2019;
- the Group's onerous contract provision process used as the impairment assessment of right-of-use assets upon transition.

The weighted-average incremental rate applied to lease liabilities recognized on 1 January 2019 was 8.76%.

Carrying values of property and equipment and financial liabilities related to finance leases as of 31 December 2018 were reclassified to right-of-use assets and lease liabilities, respectively on 1 January 2019. These carrying values related to finance leases were not remeasured at the transition date.

Carrying value of right-of-use related to Euroset's retail stores as of 31 December 2018 was reclassified to right-of-use assets on 1 January 2019.

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15. Basis of preparation of the interim condensed consolidated financial statements (continued)

New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 “Leases” (continued)

Significant judgements upon adoption IFRS 16

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Company’s lease portfolio includes lease contracts which are extendable through mutual agreement between Company and the lessor or lease contracts which are cancelable by the Company on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that these cancelable future lease periods should be included within the lease term, which represents an increase to the future lease payments used in determining the lease liability upon initial recognition. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

The following table reconciles the Company’s operating lease commitments as of 31 December 2018, to the lease liabilities recognized upon initial application of IFRS 16 on 1 January 2019:

	Amount
Operating lease commitments as of 31 December 2018	7,208
Increase in lease commitments of cancelable leases included in reasonably certain lease term	105,457
Use of IFRS 16 practical expedients (old lease accounting continues for exceptions)	(4)
Leases commencing subsequent to transition date committed to as of 31 December 2018	(3,255)
Accruals included in the lease liability calculation	1,554
Other	(157)
Total undiscounted lease payments which are reasonably certain	110,803
Discounting effect using incremental borrowing rate	(23,474)
IAS 17 finance lease liabilities recognized on balance sheet as of 31 December 2018 (discounted)	3,657
IFRS 16 Lease liability recognized on balance sheet as of 1 January 2019	90,986
Non-current	83,253
Current	7,733