OAO KOKS

International Financial Reporting Standards
Interim Condensed Consolidated Financial Information
(unaudited)

For the six months ended 30 June 2015

Contents

Report on review of interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Financial Position (unaudited) 1
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited) 2
Interim Condensed Consolidated Statement of Cash Flows (unaudited) 3
Interim Condensed Consolidated Statement of Changes in Equity (unaudited) 5
1 General information about OAO Koks and its subsidiaries 6
2 Basis of preparation 6
3 Summary of significant accounting policies 7
4 Critical accounting estimates and judgements in applying accounting policies 7
5 Segment information 8
6 Property, plant and equipment 11
7 Other intangible assets 11
8 Non-current loans issued 11
9 Investment in joint venture 12
10 Inventories 12
11 Trade and other receivables and advances issued 12
12 Cash and cash equivalents 12
13 Share capital 13
14 Retained earnings 13
15 Borrowings 13
16 Trade and other payables 14
17 Other taxes payable 15
18 Revenue 15
19 Cost of sales 15
20 Taxes other than income tax 15
21 Distribution costs 16
22 General and administrative expenses 16
23 Other operating expenses, net 16
24 Finance income 16
25 Finance expenses 16
26 Income tax expense 17
27 Balances and transactions with related parties 17
28 Financial instruments at fair value 18
29 Financial risks 19
30 Contingencies, commitments and operating risks 19
31 Earnings/(Loss) per Share 21

Report on Review of Interim Financial Information

To the Shareholders and Board of Directors of OAO Koks

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OAO Koks and its subsidiaries (the "Group") as of 30 June 2015 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 financial information 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

AO PricewaterhouseCoopers Audit

21 August 2015
Moscow, Russian Federation

(in million RR unless stated otherwise)

	Note	At 30 June 2015	At 31 December 2014
ASSETS			
Non-current assets:			
Property, plant and equipment	6	40,183	38,125
Goodwill		4,497	4,497
Other intangible assets	7	5,169	5,298
Deferred income tax asset		2,139	2,444
Non-current loans issued	8	8,278	2,311
Other non-current assets		275	232
Investment in joint venture	9	76	40
Total non-current assets		**60,617**	**52,947**
Current assets:			
Inventories	10	4,223	3,961
Trade and other receivables	11	3,742	2,411
VAT recoverable		1,541	1,643
Advances issued	11	476	435
Current loans issued		63	59
Cash and cash equivalents	12	3,672	855
Total current assets		**13,717**	**9,364**
Total assets		**74,334**	**62,311**
EQUITY			
Share capital	13	213	213
Treasury shares	13	(5,928)	(5,928)
Retained earnings	14	19,338	15,245
Revaluation reserve		591	624
Currency translation reserve		130	134
Equity attributable to the Company's equity holders		**14,344**	**10,288**
Non-controlling interest		**849**	**695**
Total equity		**15,193**	**10,983**
LIABILITIES			
Non-current liabilities:			
Provision for restoration liability		129	141
Deferred income tax liability		2,130	2,146
Long-term borrowings	15	12,371	14,158
Long-term bonds	15	-	17,300
Total non-current liabilities		**14,630**	**33,745**
Current liabilities:			
Trade and other payables	16	8,359	8,699
Current income tax payable		51	65
Other taxes payable	17	815	693
Provision for restoration liability		54	32
Short-term borrowings and current portion of long-term borrowings	15	17,846	7,819
Short-term bonds	15	17,386	275
Total current liabilities		**44,511**	**17,583**
Total liabilities		**59,141**	**51,328**
Total liabilities and equity		**74,334**	**62,311**

S.V. Cherkaev
Vice President, Chief Financial Officer
Management Company Industrial Metallurgical Holding

L.V. Arincheva
Chief Accountant
Management Company Industrial Metallurgical Holding

21 August 2015

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2015	30 June 2014
Revenue	18	29,388	21,394
Cost of sales	19	(17,849)	(14,854)
Gross profit		**11,539**	**6,540**
Distribution costs	21	(2,113)	(1,517)
General and administrative expenses	22	(2,393)	(1,688)
Impairment of property, plant and equipment and intangible assets		-	(891)
Impairment of goodwill		-	(89)
Taxes other than income tax	20	(314)	(290)
Other operating expenses, net	23	(27)	(243)
Operating profit		**6,692**	**1,822**
Finance income	24	790	139
Finance expenses	25	(2,121)	(1,582)
Profit before income tax		**5,361**	**379**
Income tax expense	26	(1,145)	(475)
Profit/(loss) for the period		**4,216**	**(96)**
Profit/(loss) is attributable to:			
Equity holders of the Company		4,048	(179)
Non-controlling interest		168	83
Profit/(loss) for the period		**4,216**	**(96)**
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the period		(4)	(53)
Total other comprehensive loss for the period		**(4)**	**(53)**
Total comprehensive income/(loss) for the period		**4,212**	**(149)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		4,044	(232)
Non-controlling interest		168	83
Total comprehensive income/(loss) for the period		**4,212**	**(149)**
Profit /(loss) per ordinary share, basic and diluted (in RR per share)	31	**13.31**	**(0.59)**

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

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash flows from operating activities			
Profit before income tax		**5,361**	**379**
Adjustments for:			
Depreciation of property, plant and equipment	19, 22	1,343	1,661
Amortisation of intangible assets	19	136	136
Interest income	24	(425)	(86)
Interest expenses	25	2,069	1,064
Loss arising on revaluation of derivative financial instruments, net		-	137
Impairment of property, plant and equipment and intangible assets		-	891
Impairment of goodwill		-	89
Accrual of vacation reserve		151	18
(Reversal)/Accrual of obsolete stock provision	23	(1)	200
Accrual/(Reversal) of bad debt provision	23	2	(1)
Exchange (gain)/loss, net	23, 24, 25	(358)	268
Other effects		(36)	(78)
Operating cash flows before working capital changes		**8,242**	**4,678**
Changes in working capital			
Increase in trade and other receivables		(943)	(467)
Increase in inventories		(271)	(34)
Decrease in trade and other payables		(345)	(1,183)
Increase in taxes other than income tax payable		269	160
Decrease in other liabilities		(1)	(1)
Cash from operating activities		**6,951**	**3,153**
Income tax paid		(936)	(406)
Net cash from operating activities		**6,015**	**2,747**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,706)	(2,459)
Proceeds from sale of property, plant and equipment		24	57
Acquisition of intangible assets and other non-current assets		(7)	(91)
Changes in restricted cash		-	(4)
Loans issued		(6,232)	(159)
Repayment of loans issued		231	13
Interest received on loans issued		51	22
Dividend received		15	-
Net cash used in investing activities		**(9,624)**	**(2,621)**

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash flows from financing activities			
Settlement of payables on treasury shares		-	(120)
Proceeds from borrowings and bonds issued	15	14,104	15,780
Repayment of borrowings and bonds	15	(6,415)	(14,751)
Interest paid on loans and borrowings		(1,926)	(881)
(Repayment)/Proceeds from derivative financial instruments, net		-	(534)
Proceeds from disposal of shares in subsidiary		-	6
Purchase of non-controlling interest in subsidiaries		(2)	-
Net cash from/(used in) financing activities		**5,761**	**(500)**
Net increase/(decrease) in cash and cash equivalents		**2,152**	**(374)**
Effects of exchange rate changes on cash and cash equivalents		36	(54)
Net cash and cash equivalents at the beginning of the period, including		**855**	**362**
Cash and cash equivalents		855	503
Bank overdraft		-	(141)
Net cash and cash equivalents at the end of the period, including		**3,043**	**(66)**
Cash and cash equivalents		3,672	255
Bank overdraft		(629)	(321)

(in million RR unless stated otherwise)

	Share capital	**Treasury shares**	**Currency translation reserve**	**Revaluation reserve**	**Retained earnings**	**Total attributable to equity holders of the Company**	**Non-controlling interest**	**Total equity**
Balance at 31 December 2013	**213**	**(5,928)**	**37**	**702**	**23,769**	**18,793**	**590**	**19,383**
Loss for the period	-	-	-	-	(179)	**(179)**	83	**(96)**
Other comprehensive loss for the period	-	-	(53)	-	-	**(53)**	-	**(53)**
Total comprehensive (loss)/income for the period	**-**	**-**	**(53)**	**-**	**(179)**	**(232)**	**83**	**(149)**
Disposal of non-controlling interest in subsidiaries, net	-	-	-	-	(18)	**(18)**	25	**7**
Revaluation reserve written-off to retained earning	-	-	-	(42)	42	**-**	-	**-**
				(42)	**24**	**(18)**	**25**	**7**
Balance at 30 June 2014	**213**	**(5,928)**	**(16)**	**660**	**23,614**	**18,543**	**698**	**19,241**
Balance at 31 December 2014	**213**	**(5,928)**	**134**	**624**	**15,245**	**10,288**	**695**	**10,983**
Profit for the period	-	-	-	-	4,048	**4,048**	168	**4,216**
Other comprehensive loss for the period	-	-	(4)	-	-	**(4)**	-	**(4)**
Total comprehensive (loss)/income for the period	**-**	**-**	**(4)**		**4,048**	**4,044**	**168**	**4,212**
Purchase of non-controlling interest in subsidiaries, net	-	-	-		12	**12**	(14)	**(2)**
Revaluation reserve written-off to retained earning	-	-	-	(33)	33	**-**	-	**-**
	-	**-**	**-**	**(33)**	**45**	**12**	**(14)**	**(2)**
Balance at 30 June 2015	**213**	**(5,928)**	**130**	**591**	**19,338**	**14,344**	**849**	**15,193**

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

(in RR, tabular amounts in million RR unless stated otherwise)

1 General information about OAO Koks and its subsidiaries

OAO Koks (the "Company") was established as state-owned enterprise Kemerovski Koksokhimicheski Kombinat in 1924. It was incorporated as an open joint stock company on 30 July 1993 as part of Russia's privatisation programme. The Company's registered office is located at 1st Stakhanovskaya street, 6, Kemerovo, Russian Federation, 650021.

OAO Koks and its subsidiaries' (together, the "Group") principal activities include coal mining, production of coke and coal concentrate, iron-ore concentrate, pig iron, as well as metal powder production (high purity chrome products). The Group's manufacturing facilities are primarily based in the city of Kemerovo, Kemerovo Region, and in the city of Tula, Tula Region, Russia. Products are sold in Russia as well as in other countries.

As at 30 June 2015 and 31 December 2014 85.9% of total issued shares of the Company was ultimately owned by members of the Zubitskiy family: Mr B.D. Zubitskiy, Mr E.B. Zubitskiy and Mr A.B. Zubitskiy.

The Group's main subsidiaries are:

Name	Country of incorporation	Type of activity	Percentage of voting shares 30 June 2015	Percentage of voting shares 31 December 2014
PAO Mill Berezovskaya	Russia	Production of coal concentrate	97.4%	97.2%
OOO Uchastok Koksoviy	Russia	Coal mining	100%	100%
OOO Gornyak	Russia	Coal mining	100%	100%
ZAO Sibirskie Resursy	Russia	Coal mining	100%	100%
OOO Butovskaya mine	Russia	Coal mining	100%	100%
OOO Tikhova mine	Russia	Coal mining	100%	100%
PAO Tulachermet	Russia	Pig-iron production	95.0%	95.0%
OAO Kombinat KMA Ruda	Russia	Mining and concentration of iron-ore	100%	100%
OAO Polema	Russia	Production of chrome	100%	100%
ZAO Krontif-Centre	Russia	Production of cast-iron ware	100%	100%
PTW Ltd.	China	Sales activities	100%	100%
OOO Consultinvest 2000	Russia	Lease of property	100%	100%
OOO Management Company Industrial Metallurgical Holding	Russia	Management services	100%	100%
OOO BKF Gorizont	Russia	Transactions with securities	100%	100%
OOO Koks-Mining	Russia	Management services for coal mines	100%	100%
Koks Finance Limited	Ireland	Structured entity	-	-

As at 30 June 2015 and 31 December 2014, the percentage of the Group's ownership interest in its subsidiaries was equal to the percentage of its voting interest, with exception of PAO Tulachermet, the percentage of the Group's ownership in which was 93,8% at 30 June 2015 and 93,7% at 31 December 2014.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Each company of the Group registered in Russia maintains its own accounting records and prepares financial statements in accordance with the Russian accounting standards ("RAS"). The attached interim condensed consolidated financial information have been prepared using RAS records and reports that have been adjusted and re-classified in compliance with IFRS.

Each company of the Group registered outside Russia maintains its own accounting records and prepares financial statements in accordance with the local GAAP. The financial statements of companies outside Russia have been adjusted and reclassified in compliance with IFRS.

As at 30 June 2015, the official exchange rate set by the Central Bank of the Russian Federation for transactions denominated in foreign currencies was RR 55.5240 per 1 US dollar ("USD") (as at 31 December 2014: RR 56.2584 per 1 US dollar) and RR 61.5206 per 1 euro ("EUR") (as at 31 December 2014: RR 68.3427 per 1 euro).

2 Basis of preparation (continued)

At 30 June 2015, the Group's current liabilities exceeded its current assets by RR 30,794 million (as at 31 December 2014 – by RR 8,219 million), principally as a result of borrowings and bonds due to be repaid within one year after the end of the reporting period. The Group has undrawn borrowing facilities in the amount of RR 7,698 million (see note 15) as at 30 June 2015 (out of which RR 6,381 million are long-term facilities), also in July 2015 the Group exchanged U.S.$136,496,000 7.75% loan participation notes due 2016 for new U.S.$ 136,496,000 10.75% loan participation notes due 2018 (see note 15). In order to cover the remaining liquidity deficit currently the Group conducts negotiations with a number of leading Russian banks to either obtain new medium-term debt financing or increase limits for existing credit lines available for the Group or extent the maturity period for certain existing loans. In addition, the Group has three registered series of RR denominated exchange bonds for RR 12,000 million and it is currently investigating opportunities for their issue. These facts together with anticipation of increased free cash flows caused by increased revenues and strict control over operating and capital expenditure make management believe that the Group will have enough liquidity resources to settle its existing indebtedness at contractual maturity dates and continue its activity in the foreseeable future. Accordingly, management believes that a going concern basis for the preparation of this interim condensed consolidated financial information is appropriate.

3 Summary of significant accounting policies

The principal accounting policies and methods of computation followed by the Group and the critical accounting judgments in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014 with the exception of income tax expense, which is recognised based on management's best estimate of the annual effective income tax rate expected for the full financial year (which excludes the impact of deferred tax asset impairment which was recorded for the six months ended 30 June 2015 and 30 June 2014, see note 26).

The Group has adopted all new standards and interpretations that were effective from 1 January 2015. The application of these new standards and interpretations did not affect this interim condensed consolidated financial information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the consolidated financial statements for the year ended 31 December 2014, have been issued but are not yet effective and have not been early adopted by the Group. The Group is currently considering the implications of these new accounting pronouncements, their impact on its consolidated financial statements and the timing of their adoption by the Group.

4 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying accounting policies. Judgements that have the most significant effect on the amounts recognised in the interim condensed consolidated financial information and estimates that could cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include the following:

4.1 Estimated useful lives of property, plant and equipment

The Group applies a range of useful lives to buildings, installations, plant and equipment, transport vehicles and other assets classified as property, plant and equipment. Significant judgement is required in estimating the useful life of such assets. If management's estimates of useful lives were to decrease by 10%, profit before tax for the six months ended 30 June 2015 would decrease by RR 148 million (for the six months ended 30 June 2014 profit before tax would decrease by RR 183 million). An increase in useful lives by 10% would result in an increase of profit before tax for the six months ended 30 June 2015 by RR 121 million (for the six months ended 30 June 2014: increase of profit before tax by RR 149 million).

4.2 Recognition of deferred tax asset

The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

(in RR, tabular amounts in million RR unless stated otherwise)

4 Critical accounting estimates and judgements in applying accounting policies (continued)

4.2 Recognition of deferred tax asset (continued)

In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgements and applies estimates based on taxable profits of the previous three years and expectations of future income that are believed to be reasonable under the circumstances.

5 Segment information

The Group operates as a vertically integrated business. Chief Executive Officer of OOO Management company "Industrial Metallurgical Holding" is considered to be the Chief Operating Decision Maker ("CODM"). The CODM is responsible for decision-making, estimating results and distributing resources, relying on internal financial information prepared using IFRS principals. The Group's management has determined the following operating segments based on nature of production:

- Coal – coal mining;
- Coke – coke production;
- Ore & Pig iron – production of iron ore concentrate, pig iron, crushed pig iron and cast iron ware;
- Polema – production of powder metallurgy articles (chrome articles);
- Other – other segments.

Inter-segment sales are generally composed of:

- Sales of coal to the Coke segment;
- Sales of coke to the Ore & Pig iron segment and;
- Management services rendered to the segments Coke, Ore & Pig iron and Polema.

Segment revenue and segment results include transfers between operating segments. Analysis of revenue generated from external sales by the products and services are included in Note 18.

The Group's management assess the performance of operating segments based on revenue, a measure of adjusted EBITDA, assets and liabilities.

	Coal	**Coke**	**Ore & Pig iron**	**Polema**	**Other**	**Total**
Six months ended 30 June 2015						
Inter-segment revenue	3,711	5,599	69	2	502	**9,883**
External revenue	1,473	8,585	18,331	999	-	**29,388**
Segment revenue, total	**5,184**	**14,184**	**18,400**	**1,001**	**502**	**39,271**
Adjusted EBITDA	**1,410**	**2,777**	**4,117**	**208**	**(386)**	**8,126**
Six months ended 30 June 2014						
Inter-segment revenue	2,872	4,385	41	1	435	**7,734**
External revenue	821	4,380	15,549	644	-	**21,394**
Segment revenue, total	**3,693**	**8,765**	**15,590**	**645**	**435**	**29,128**
Adjusted EBITDA	**416**	**1,016**	**2,918**	**81**	**108**	**4,539**

There are no reconciling items between external revenue of operating segments and total revenue in the interim condensed consolidated statement of profit or loss and other comprehensive income.

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

The reconciliation between profit/(loss) before income tax and adjusted EBITDA by segments is as follows:

	Coal	Coke	Ore & Pig iron	Polema	Other	Total
Six months ended 30 June 2015						
Profit/(loss) before income tax	204	1,767	3,619	177	(406)	**5,361**
Amortisation and depreciation	657	157	630	24	11	**1,479**
Finance income	(2)	(20)	(397)	(1)	(5)	**(425)**
Inter-segment interest income	-	(164)	(100)	(5)	-	**(269)**
Interest expense	467	1,179	423	-	-	**2,069**
Inter-segment interest expense	214	34	7	-	14	**269**
Exchange (gain)/loss, net	(129)	(176)	(66)	13	-	**(358)**
Adjusted EBITDA	**1,411**	**2,777**	**4,116**	**208**	**(386)**	**8,126**
Six months ended 30 June 2014						
(Loss)/profit before income tax	(1,952)	(74)	2,253	58	94	**379**
Amortisation and depreciation	973	164	623	27	10	**1,797**
Finance income	(3)	(41)	(39)	(2)	(1)	**(86)**
Inter-segment interest income	-	(113)	(81)	(1)	-	**(195)**
Interest expense	268	707	89	-	-	**1,064**
Inter-segment interest expense	151	38	1	-	5	**195**
Impairment of property, plant and equipment and intangible assets	891	-	-	-	-	**891**
Impairment of goodwill	89	-	-	-	-	**89**
Exchange (gain)/loss, net	(1)	198	72	(1)	-	**268**
Loss arising on revaluation of derivative financial instruments, net	-	137	-	-	-	**137**
Adjusted EBITDA	**416**	**1,016**	**2,918**	**81**	**108**	**4,539**

Adjusted EBITDA analysed by the CODM is defined as profit/(loss) before income tax adjusted for, exchange gain /(losses), finance income, interest expenses and other finance expenses, depreciation, amortisation and impairment, any extraordinary gains and losses.

Segment assets and liabilities

Segment assets consist primarily of property, plant and equipment, other intangible assets, inventories, trade and other receivables, advances issued, loans issued, VAT recoverable and cash and cash equivalents.

Segment liabilities include accounts payable arising during operating activities, borrowings and interest payable.

Capital expenditures comprise additions to property, plant and equipment and intangible assets, including acquisitions resulting from business combinations.

Segment assets and liabilities and capital expenditures are presented below:

	Coal	Coke	Ore & Pig iron	Polema	Other	Total
At 30 June 2015						
Segment assets	20,583	20,622	38,045	1,561	1,092	**81,903**
Segment liabilities	22,583	28,866	17,942	264	661	**70,316**
Capital expenditures for the six months ended 30 June 2015	2,518	273	1,515	24	21	**4,351**
At 31 December 2014						
Segment assets	19,536	17,106	29,174	1,416	1,083	**68,315**
Segment liabilities	21,857	27,050	11,873	277	253	**61,310**
Capital expenditures for the six months ended 30 June 2014	1,464	71	919	22	80	**2,556**

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

The reconciliation between the assets of operating segments and total assets in the interim condensed consolidated statement of financial position is presented below:

	At 30 June 2015	At 31 December 2014
Segment assets	**81,903**	**68,315**
Items not included in segment assets:		
Goodwill	4,497	4,497
Deferred income tax asset	2,139	2,444
Other non-current assets	149	114
Elimination of intersegment balances	(14,354)	(13,059)
Total assets	**74,334**	**62,311**

The reconciliation between the liabilities of operating segments and total liabilities in the interim condensed consolidated statement of financial position is presented below:

	At 30 June 2015	At 31 December 2014
Segment liabilities	**70,316**	**61,310**
Items not included in segment liabilities:		
Deferred income tax liability	2,130	2,146
Taxes payable	866	758
Provision for restoration liability	183	173
Elimination of intersegment balances	(14,354)	(13,059)
Total liabilities	**59,141**	**51,328**

Information about geographical areas

The following table presents revenues from external customers:

	Six months ended	
	30 June 2015	**30 June 2014**
Total sales:	**29,388**	**21,394**
Russia	9,930	6,204
Switzerland	15,707	14,153
Ukraine	2,493	16
England	690	78
Taiwan	126	92
Belarus	115	352
Germany	92	264
USA	54	79
Other	181	156

For the six months ended 30 June 2015 revenue from the largest customer of the Group’s Coke and Ore & Pig Iron segments, which is related party, represented RR 15,368 million of the Group’s total revenues (for the six months ended 30 June 2014: RR 14,122 million).

The following table presents information about non-current assets of the Group (different from financial instruments and deferred income tax asset) located in Russian Federation and abroad:

	At 30 June 2015	At 31 December 2014
Russian Federation	49,548	47,913
Foreign countries	6	7
Total non-current assets	**49,554**	**47,920**

(in RR, tabular amounts in million RR unless stated otherwise)

6 Property, plant and equipment

	Six months ended 30 June 2015	Six months ended 30 June 2014
Cost at the beginning of the period	**53,671**	**51,886**
Additions	4,344	2,465
Disposals	(256)	(2,122)
Cost at the end of the period	**57,759**	**52,229**
Accumulated depreciation and impairment at the beginning of the period	**(15,546)**	**(15,714)**
Depreciation charges	(2,198)	(1,955)
Accumulated depreciation and impairment related to disposals	168	2 054
Impairment	-	(756)
Accumulated depreciation and impairment at the end of the period	**(17,576)**	**(16,371)**
Net book value at the beginning of the period	**38,125**	**36,172**
Net book value at the end of the period	**40,183**	**35,858**

During the six months ended 30 June 2015 depreciation expense of RR 1,244 million (six months ended 30 June 2014: RR 1,561 million) was included in cost of sales, a depreciation expense of RR 99 million (six months ended 30 June 2014: RR 100 million) was included in general and administrative expenses and depreciation expense of RR 855 million (six months ended 30 June 2014: RR 294 million) was capitalised.

Additions to property, plant and equipment during the six months ended 30 June 2015 include capitalised interest of RR 398 million (six months ended 30 June 2014: RR 52 million) and foreign exchange losses from financing activities in the amount of RR 7 million (six months ended 30 June 2014: 0) directly attributable to the qualifying assets. The capitalisation rate used to determine the amount of capitalised interest for the six months ended 30 June 2015 was 11.17% (six months ended 30 June 2014: 8.6%).

7 Other intangible assets

Movements of other intangible assets are provided below:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Cost as at the beginning of the period	**7,589**	**7,493**
Accumulated amortisation and impairment	**(2,291)**	**(1,882)**
Net book value as at the beginning of the period	**5,298**	**5,611**
Additions	7	91
Amortisation charge	(136)	(136)
Impairment loss	-	(135)
Net book value at the end of the period	**5,169**	**5,431**
Cost as at the end of the period	**7,596**	**7,584**
Accumulated amortisation and impairment	**(2,427)**	**(2,153)**

8 Non-current loans issued

	At 30 June 2015	Interest rate	At 31 December 2014	Interest rate
Loans issued to related parties and denominated in Russian roubles (note 27)	7,997	11.25% – 15.54%	1,999	11.25%
Loans issued to related parties and denominated in euros with maturity in 2018 (note 27)	281	2.7%	312	2.7%
Total non-current loans issued	**8,278**		**2,311**	

(in RR, tabular amounts in million RR unless stated otherwise)

9 Investment in joint venture

In 2014, PAO Tulachermet, a subsidiary of the Group, established a joint venture OOO Tulachermet-Stal together with OOO Stal and DILON Cooperatief U.A., the Group's related parties. The entity is located in Russia. The principal activity of the entity will be steel production. As at 30 June 2015, each participant owned a 33.33% stake in the joint venture.

The summarised financial information for OOO Tulachermet-Stal as at 30 June 2015 is as follows:

	At 30 June 2015
Current assets	1,427
Non-current assets	6,252
Current liabilities	828
Non-current liabilities	6,621
Profit for the period	107

Carrying amount of the Group's share in net assets of the joint venture as at 30 June 2015 is RR 76 million.

In July 2015 PAO Tulachermet sold investment in joint venture OOO Tulachermet-Stal to OOO Stal for RR 44 million.

10 Inventories

	At 30 June 2015	At 31 December 2014
Raw materials and supplies held for production purposes	3,380	3,223
Finished goods	454	396
Work in progress	389	342
Total inventories	**4,223**	**3,961**

Raw materials and supplies held for production purposes are recorded at net realisable value, net of obsolete stock provision which amounted to RR 41 million as at 30 June 2015 (RR 42 as at 31 December 2014).

11 Trade and other receivables and advances issued

	At 30 June 2015	At 31 December 2014
Trade receivables (net of impairment amounting to RR 1 million as at 30 June 2015; RR 2 million as at 31 December 2014)	2,667	1,840
Trade receivables from related parties	253	144
Other accounts receivable (net of impairment amounting to RR 50 million as at 30 June 2015; RR 49 milion as at 31 December 2014)	269	275
Other accounts receivable from related parties (net of impairment amounting to 1 milion as at 30 June 2015; RR 1 million as at 31 December 2014)	19	19
Interest on loans issued to related parties (net of impairment amounting to RR 7 million as at 30 June 2015; RR 7 milion as at 31 December 2014)	428	74
Taxes receivable	106	59
Total trade and other receivables	**3,742**	**2,411**
Advances issued	483	442
Less impairment	(7)	(7)
Total advances issued	**476**	**435**

12 Cash and cash equivalents

	At 30 June 2015	At 31 December 2014
RR-denominated cash in hand and bank balances	2,973	60
Bank balances denominated in foreign currencies	699	795
Total cash and cash equivalents	**3,672**	**855**

(in RR, tabular amounts in million RR unless stated otherwise)

13 Share capital

As at 30 June 2015 and 31 December 2014 share capital authorised, issued and paid in totalled RR 213 million and consisted of 330,046,400 ordinary shares with nominal value of RR 0.1 per share. As at 30 June 2015 and 31 December 2014 share capital includes hyperinflation adjustment totaling RR 180 million, which was calculated in accordance with requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" and relates to the reporting periods prior to 1 January 2003.

In June 2010 the Group's subsidiary bought 26,000,278 of the Company's shares from its shareholders for RR 5,928 million. These shares are classified as treasury shares and deducted from equity at cost.

14 Retained earnings

The Russian statutory financial statements is the basis for the Company's profit distribution and other appropriations. The basis of distribution is defined by Russian legislation as a company's net profit. The net profit recognised in the Company's published Russian statutory financial statements for the six months ended 30 June 2015 was RR 1,683 million (for the six months ended 30 June 2014: net loss equaled RR 1,025 million) and the accumulated profit after dividends as at 30 June 2015 was equal to RR 3,036 million (31 December 2014: RR 1,351 million). However, legislation and other statutory laws and regulations dealing with profit distribution are open to legal interpretation and, accordingly, management believes that at present it would not be appropriate to disclose the amount for distributable reserves in the interim condensed consolidated financial information.

During the six months ended 30 June 2015 and 30 June 2014 no dividends were declared and paid.

15 Borrowings

Short-term borrowings and current portion of long-term borrowings

	At 30 June 2015	At 31 December 2014
RR denominated bank loans, fixed	12,301	3,789
USD denominated bank loans, fixed	4,848	4,025
RR denominated bank overdraft, fixed	629	-
Other RR denominated borrowings, fixed	68	5
Total short term borrowings and current portion of long-term borrowings	**17,846**	**7,819**

As at 30 June 2015 and 31 December 2014 there were no short-term borrowings secured with the assets of the Group, except for current portion of long-term borrowings in the amount of RR 2,383 (as at 31 December 2014: RR 1,582 million).

Long-term borrowings

	At 30 June 2015	At 31 December 2014
USD-denominated bank loans, fixed	8,748	8,233
RR- denominated bank loans, fixed	3,623	5,925
Total long-term borrowings	**12,371**	**14,158**

As at 30 June 2015 long-term borrowings of RR 9,699 million (as at 31 December 2014: RR 10,150 million) were secured by assets of the Group. As separate loan agreements do not specify individual pledged assets, the carrying amount of pledged assets is not disclosed in the interim condensed consolidated financial information.

Borrowings of the Group are due for repayment as follows:

	At 30 June 2015	At 31 December 2014
Borrowings to be repaid – within one year	17,846	7,819
- between one and five years	10,957	11,847
- after five years	1,414	2,311
Total borrowings	**30,217**	**21,977**

(in RR, tabular amounts in million RR unless stated otherwise)

15 Borrowings (continued)

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Short-term borrowings:		
Balance at the beginning of the period	**7,819**	**4,432**
Borrowings received	13,638	11,104
Borrowings repaid	(6,415)	(9,979)
Reclassification of borrowings	2,120	131
Bank overdrafts received	5,738	5,152
Bank overdrafts repaid	(5,109)	(4,972)
Effect of changes in exchange rates	55	63
Balance at the end of the period	**17,846**	**5,931**
Long-term borrowings:		
Balance at the beginning of the period	**14,158**	**7,432**
Borrowings received	466	4,676
Reclassification of borrowings	(2,120)	(131)
Effect of changes in exchange rates	(133)	-
Balance at the end of the period	**12,371**	**11,977**

As at 30 June 2015 the Group has the undrawn borrowing facilities in the amount of RR 7,698 million, including long-term facilities in amount of RR 6,381 million (as at 31 December 2014: RR 16,734 million, including long-term: RR 10,862 million).
After the reporting date the Group received bank loans in the amount of RR 1,285 million.

Bonds

Eurobonds

On 23 June 2011 the Group issued five year maturity 350,000,000 eurobonds in the amount of USD 350 million at a coupon rate of 7.75% through its structured entity, Koks Finance Ltd. The coupons are payable semi-annually. In November-December 2011 the Group repurchased 34,000,000 eurobonds for the total amount of USD 31 million. In February 2013 the Group sold 18,000,000 of repurchased eurobonds for USD 17.6 million. In July-August 2013 the Group repurchased 4,000,000 eurobonds for USD 3.8 million. In March 2014 the Group repurchased 2,979,000 eurobonds for USD 2.7 million, and in October-December 2014 it repurchased 12,880,000 eurobonds for USD 11 million.

As at 30 June 2015, the carrying value of the eurobonds amounts to RR 17,386 million, net of transaction costs (as at 31 December 2014, the carrying value of the eurobonds is RR 17,575 million, including the current portion of the bonds, which is equal to RR 275 million).

On 2 July 2015 the Group exchanged U.S.$136,496,000 7.75% loan participation notes due 2016 for new U.S.$ 136,496,000 10.75% loan participation notes due 2018.

16 Trade and other payables

	At 30 June 2015	At 31 December 2014
Financial liabilities		
Trade accounts payables	3,747	2,691
Dividends payable	2	4
Other accounts payable	91	99
Bank interest payable	60	31
Total financial liabilities	**3,900**	**2,825**
Non-financial liabilities		
Advances received	3,418	4,983
Wages and salaries payable	1,041	891
Total non-financial liabilities	**4,459**	**5,874**
Total trade and other payables	**8,359**	**8,699**

(in RR, tabular amounts in million RR unless stated otherwise)

17 Other taxes payable

	At 30 June 2015	At 31 December 2014
VAT	442	317
Contributions to the state pension and social insurance funds	194	203
Property tax	98	96
Individual income tax	65	64
Other taxes	16	13
Total other taxes payable	**815**	**693**

18 Revenue

	Six months ended	
	30 June 2015	**30 June 2014**
Sales in Russia:		
Sales of coke and coking products	4,689	2,984
Sales of pig iron	1,660	774
Sales of coal and coal concentrate	1,467	810
Sales of cast-iron ware	801	669
Sales of powder metallurgy products	482	335
Sales of crushed pig iron	469	145
Sales of services	274	305
Other sales	88	182
Total sales in Russia	**9,930**	**6,204**
Sales to other countries:		
Sales of pig iron	15,057	13,605
Sales of coke and coking products	3,885	1,244
Sales of chrome	206	72
Sales of powder metallurgy products	169	142
Sales of cast-iron ware	50	47
Sales of coal and coal concentrate	4	15
Other sales	87	65
Total sales to other countries	**19,458**	**15,190**
Total revenues	**29,388**	**21,394**

19 Cost of sales

	Six months ended	
	30 June 2015	**30 June 2014**
Raw materials and supplies	12,477	9,823
Wages and salaries including associated taxes	3,034	2,494
Depreciation of property, plant and equipment	1,244	1,561
Energy	603	639
Other expenses	295	275
Amortisation of intangible assets	136	136
Other services	167	102
Changes in finished goods and work in progress	(107)	(176)
Total of cost of sales	**17,849**	**14,854**

20 Taxes other than income tax

	Six months ended	
	30 June 2015	**30 June 2014**
Property tax	166	151
Mineral resources extraction tax	66	53
Land tax	65	57
Accrual of other taxes	17	29
Total taxes other than income tax	**314**	**290**

(in RR, tabular amounts in million RR unless stated otherwise)

21 Distribution costs

	Six months ended	
	30 June 2015	**30 June 2014**
Transportation services	2,090	1,492
Other selling expenses	23	25
Total distribution costs	**2,113**	**1,517**

22 General and administrative expenses

	Six months ended	
	30 June 2015	**30 June 2014**
Wages and salaries including associated taxes	1,768	1,157
Other purchased services	448	347
Depreciation of property, plant and equipment	99	100
Materials	49	51
Other	29	33
Total general and administrative expenses	**2,393**	**1,688**

23 Other operating expenses, net

	Six months ended	
	30 June 2015	**30 June 2014**
Charity payments	96	89
Losses on disposal of property, plant and equipment	48	41
Accrual/(reversal) of bad debt provision	2	(1)
Accrual/(reversal) of obsolete stock provision	(1)	200
Exchange gain, net	(45)	(60)
Other	(73)	(26)
Other operating expenses, net	**27**	**243**

24 Finance income

	Six months ended	
	30 June 2015	**30 June 2014**
Financial foreign exchange gain on bond issued and on interest accrued on bonds issued	274	-
Financial foreign exchange gain on loans received and on interest accrued on loans received	91	-
Interest income	425	86
Financial foreign exchange gain on loans issued and on interest accrued on loans issued	-	53
Total finance income	**790**	**139**

25 Finance expenses

	Six months ended	
	30 June 2015	**30 June 2014**
Interest expense	2,069	1,064
Financial foreign exchange loss on loans received and on interest accrued on loans received	-	64
Financial foreign exchange loss on loans issued and on interest accrued on loans issued	42	-
Financial foreign exchange loss on deposits	10	13
Financial foreign exchange loss on bonds issued and on interest accrued on bonds issued	-	304
Loss arising on revaluation of derivative financial instruments	-	137
Total finance expenses	**2,121**	**1,582**

(in RR, tabular amounts in million RR unless stated otherwise)

26 Income tax expense

Income tax expense recorded in the interim condensed consolidated statement of profit or loss comprises the following:

	Six months ended	
	30 June 2015	**30 June 2014**
Current income tax expense	856	501
Impairment of deferred tax asset	10	395
Deferred income tax expense/(benefit)	279	(421)
Income tax expense	**1,145**	**475**

Income tax expense is accrued based on management's best estimates of annual effective income tax rate. The estimated effective income tax rate for the six months ended 30 June 2015 and 30 June 2014 is 20% (it excludes the impact deferred tax asset impairment recorded in the reporting period).

27 Balances and transactions with related parties

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Information about the parties who ultimately own and control the Company is disclosed in Note 1.

Accounts receivable and accounts payable – related parties, as at 30 June 2015:

	Companies under common control	Joint venture	Total
Trade and other receivables	253	-	253
Advances issued	206	-	206
Other accounts receivable	19	-	19
Loans issued	1,730	6,548	8,278
Interest on loans issued (including long-term loans)	181	347	528
Trade and other payables	(55)	-	(55)
Advances received	(3,284)	-	(3,284)
Loans received	(5)	-	(5)
Interest payable	(3)	-	(3)

Balances outstanding with related parties as of 31 December 2014:

	Companies under common control	Joint venture	Total
Trade and other receivables	144	-	144
Advances issued	154	-	154
Other accounts receivable	19	-	19
Loans issued	312	1,999	2,311
Interest on loans issued (including long-term loans)	115	59	174
Trade and other payables	(75)	-	(75)
Advances received	(4,597)	-	(4,597)
Loans received	(5)	-	(5)
Interest payable	(3)	-	(3)

(in RR, tabular amounts in million RR unless stated otherwise)

27 Balances and transactions with related parties (continued)

Related party transactions

	Companies under common control	
	Six months ended	
	30 June 2015	**30 June 2014**
Sales in Russia:		
Services	182	195
Other sales	356	2
Sales to other countries:		
Sales of pig iron	14,965	13,279
Sales of coke and coking products	403	843
Other income:		
Interest income	106	50
Purchase of goods and services:		
Transportation services	(844)	(542)
Purchase of raw materials and supplies	(112)	(159)
Other operating income/(expense), net	19	(21)

Payments to key management personnel

Payments to key management personnel included in general and administrative expenses amounted to RR 576 million for the six months ended 30 June 2015 (RR 185 million for the six months ended 30 June 2014). All these payments are short-term employee benefits. The number of people to whom this compensation relates is 27 for the six months ended 30 June 2015 and 35 for the six months ended 30 June 2014.

28 Financial instruments at fair value

The Group financial instruments are presented below:

	Note	**At 30 June 2015**	**At 31 December 2014**
Assets			
Non-current:			
Loans issued		8,278	2,311
Other non-current accounts receivable		154	158
Current:			
Trade and other accounts receivable	11	3,636	2,352
Loans issued		63	59
Cash and cash equivalents	12	3,672	855
Total carrying value		**15,803**	**5,735**
Liabilities			
Long-term:			
Long-term borrowings	15	12,371	14,158
Long-term bonds	15	-	17,300
Short-term:			
Short-term borrowings and current portion of long-term borrowings	15	17,846	7,819
Trade accounts payable	16	3,747	2,691
Dividends payable	16	2	4
Short-term bonds	15	17,386	275
Other accounts payable	16	91	99
Bank interest payable	16	60	31
Total carrying value		**51,503**	**42,377**

Fair value measurements are analysed by level in the fair value hierarchy as follows:

(i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
(ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
(iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

(in RR, tabular amounts in million RR unless stated otherwise)

28 Financial instruments at fair value (continued)

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. Carrying amounts of trade and other financial receivables, loans issued approximate fair values.

Liabilities carried at amortised cost

The fair value of Eurobonds as of 30 June 2015 was RR 16,669 million and was based on quoted market prices which are level 1 measurements.

Fair values of other long-term and short-term debt carried at amortised cost was determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on level 2 measurements as expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The fair values of term loans and bonds are presented in the following table.

	30 June 2015		31 December 2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Term loans (excluding overdrafts)	29,588	29,721	21,977	22,260
Bonds	17,386	16,669	17,575	14,318
Total borrowings	**46,974**	**46,390**	**39,552**	**36,578**

The carrying amounts of overdrafts carried at amortised cost in the interim condensed consolidated statement of financial position approximate its fair value.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities in the interim condensed consolidated statement of financial position approximate their fair value determined based on level 3 measurements.

29 Financial risks

The Group's risk management is based on determining risks to which the Group is exposed in the course of ordinary operations. The Group is exposed to the following major risks: (a) credit risk, (b) market risk (including foreign currency risk, interest rate risk), and (c) liquidity risk. Management works proactively to control and manage all opportunities, threats and risks arising in connection with the objectives of the Group's operations.

The condensed interim consolidated financial information do not include all the financial risk management information and disclosures (other than the changes in the Group's liquidity discussed in note 2) required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014. There have been no significant changes in the risk management policies since 2014 year end.

30 Contingencies, commitments and operating risks

Operating environment of the Group

Whilst there have been improvements in economic trends in the country, the Russian Federation continues to display certain characteristics of an emerging market, including relatively high inflation and high interest rates. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the government, together with tax, legal, regulatory, and political developments.

30 Contingencies, commitments and operating risks (continued)

The recent political and economic turmoil witnessed in the region, in particular the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian rouble, higher interest rates, reduced liquidity and making it harder to raise international funding. These events, including current and future possible international sanctions against Russian companies and individuals and the related uncertainty and volatility of the financial markets, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from management's expectations.

Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

Capital commitments

As at 30 June 2015 the amount of the Group's capital commitments was RR million 1,734 million (at 31 December 2014: RR 1,494 million).

Taxes

Russian tax and customs legislation, enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting such tax positions may be challenged by the tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the tax authorities for three calendar years preceding the year when decisions about the review were made. Under certain circumstances, reviews may cover longer periods.

Russia's transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation empowers the tax authorities to make transfer pricing adjustments and impose additional tax liabilities regarding controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to ensure compliance with this transfer pricing legislation.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible that, as the interpretation of the transfer pricing rules evolves, such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

Insurance policies

At 30 June 2015 and 31 December 2014 the Group held limited insurance policies on its assets and operations, or in respect of public liability or other insurable risks.

Environmental matters

The Group periodically evaluates its obligations under environmental regulations. As obligations are determined and reasonably estimated, they are recognised immediately. Potential liabilities which might arise as a result of changes in existing regulations, civil litigation or legislation cannot be estimated but could be material. In the current enforcement climate under the existing legislation, management believes that there are no significant liabilities for environmental damage in addition to those already reflected in the interim condensed consolidated financial information.

30 Contingencies, commitments and operating risks (continued)

Legal proceedings

The Group is involved in a number of court proceedings (both as a plaintiff and as a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding that could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in this interim condensed consolidated financial information.

Licences

The Group is subject to periodic reviews of its activities by government authorities with respect to compliance with the requirements of its mining licences. Management responds promptly, provides reports based on the reviews results and, if necessary, cooperates with the government authorities to agree on remedial actions necessary to resolve any findings resulting from these reviews. Failure to comply with the terms of a licence could result in fines, penalties or licence limitation, suspension or revocation. Management believes any issues of non-compliance, including changes in the work plan or financial measures, will be resolved by negotiations, eliminating weaknesses or corrective actions without any adverse effect on the Group's financial position, results of operations or cash flows. The Group may extend its licences beyond the original expiration date if meet the license agreements terms. Accordingly, depreciation of property, plant and equipment related to the licenced areas takes into account that the licences will be prolonged in the future.

The Group's coal fields are situated on land belonging to the Kemerovo Regional Administration; and ferruginous quartzite fields are in the territory of the Belgorod Regional Administration. Licences are issued by the Russian Ministry of Natural Resources, and the Group pays mineral resources extraction tax to explore and mine mineral resources from these fields.

Licence holder	Field	Expiry date
OOO Butovskaya mine	Butovskoe-Zapadnoe and Chesnokovskoe areas of Kemerovo coal field (Butovskaya mine)	January 2016
OOO Uchastok Koksoviy	Koksoviy area (Vakhrusheva coal mine)	December 2020
OOO Uchastok Koksoviy	Koksoviy area (Glubokiy)	April 2034
OOO Tikhova Mine	Nikitinsky coal area-2	September 2025
OAO Kombinat KMA Ruda	Licence to produce ferruginous quartzite from Korobkovsky mine	January 2026

The Group management plans to extend the term of the license for the extraction of coal at Butovskoe-Zapadnoe and Chesnokovskoe areas of Kemerovo coal fild, issued to OOO Butovskaya mine and does not expect that the Group will incur any significant expenses associated with this extension in addition to standard payment for the license extension.

31 Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

The Company has no dilutive potential ordinary shares; therefore, the diluted earnings/ (loss) per share equal to the basic earnings/ (loss) per share.

Earnings per share is calculated as follows:

		Six months ended	
	Note	**30 June 2015**	**30 June 2014**
Profit/(loss) for the period		4,048	(179)
Weighted average number of ordinary shares in issue (millions of shares)	13	304.05	304.05
Basic and diluted loss per ordinary share (expressed in RR per share)		**13.31**	**(0.59)**