



## **MECHEL REPORTS THE 2015 FINANCIAL RESULTS**

**Revenue amounted to 253,141 million rubles**  
**Consolidated EBITDA(a)\* amounted to 45,730 million rubles**  
**Net loss attributable to shareholders of Mechel PAO amounted to 115,163 million rubles**

**Moscow, Russia – May 13, 2016 – Mechel PAO (MICEX: MTLR, NYSE: MTL), a leading Russian mining and steel group, announces financial results for the full year 2015**

In accordance with legislation of the Russian Federation, starting from financial results for the year 2015 the Company will be reporting its financial statements in accordance with International Financial Reporting Standards (IFRS). Presentation currency will be Russian ruble.

Mechel PAO's Chief Executive Officer Oleg Korzhov commented on the 2015 results:

“2015 was a complicated year for our company, but nevertheless a vital one. Our key event was reaching agreement in principle with the majority of our lenders on restructuring our debt. Even though not all official documents were signed in 2015, our main efforts and talks on restructuring conditions were made in that period. As of now, the company has announced signing deals with major lender banks as well as reaching an agreement with Gazprombank with the bank acquiring a share in the Elga project. So we may consider that the restructuring's pivot point has been passed.

In 2015, our revenue went up by 4% to reach 253,141 million rubles, with EBITDA up by 54% to reach 45,730 million rubles, as the EBITDA margin reached 18% and adjusted operating income up by 140% year-on-year. The 115,163 million ruble net loss was largely due to negative currency rate trends.

Mechel's operational and financial results improved to a large extent due to the fact that our key projects whose implementation had caused our company's debt growth, are reaching target capacity utilization levels and increase returns on invested capital.

At Elga Coal Complex, four million tonnes of coal were mined last year, with coking coal accounting for two-thirds of that amount. Five million tonnes are planned to be mined in 2016. Starting in 2016, we began supplying rails produced by Chelyabinsk Metallurgical Plant's universal rolling mill to Russian Railways, which will enable us to fully utilize the mill's potential for producing high-margin products. Rail supplies to Russian Railways may amount to from 150,000 to 250,000 tonnes this year, with the mill's overall output totaling over 500,000 tonnes of products.

The strengthening of steelmaking commodity and steel markets which we currently observe enable us to confidently conduct our operations and sales with a view to the company's further development.”

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\*Please find the calculation of the EBITDA(a) and other measures used here and hereafter in Attachment A

## Consolidated Results For The Full Year 2015

<b>Mln rubles</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>%</b>
<b>Revenue</b> from external customers	253,141	243,992	4%
<b>Adjusted operating income</b>	29,203	12,147	140%
<b>EBITDA (a)</b>	45,730	29,759	54%
<b>EBITDA (a), margin</b>	18%	12%	
<b>Net loss</b> attributable to shareholders of Mechel PAO	(115,163)	(132,704)	-13%
<b>Adjusted net (loss) / income</b>	(40,165)	(7,609)	428%
<b>Net debt</b>	506,891	407,240	25%
<b>Trade working capital</b>	(9,293)	(12,603)	-26%

### Mining Segment

Mechel Mining Management OOO's Chief Executive Officer Pavel Shtark noted:

“In 2015 the trend in steelmaking commodity markets was mostly negative. China's demand for coal imports took a constant downturn as facilities producing semi-finished steel goods faced massive closure. Imports were pushed out by local Chinese producers with the help of measures consistently taken by Chinese authorities. With this in mind, major Australian producers persisted in the policy of tough price competition with other global suppliers for the share in the market. Spot prices for coking coal plummeted, widening the gap with contract prices. As a result, the price for coking coal concentrate on the global market fell by more than 30% from \$117 FOB in 1Q2015 to \$81 FOB in 1Q2016 — further than it has been for many years.

In these conditions, our mining segment faced cuts in metallurgical coal sales. The chief decrease was in export sales, especially to China. At the same time the company increased coal supplies for internal use, for example, Elga coals replaced those coals that the Group's enterprises used to acquire from third parties. Meanwhile, the growth of ruble denominated prices for coal offered significant compensation for the decrease in sales due to ruble devaluation. As a result, the segment's revenue from sales to third parties demonstrated positive dynamics, while inter-segment revenue went up by a third. With operational costs at a stable level, the segment demonstrated a significant growth of its operational income and EBITDA, while its EBITDA margin reached 25%.

In the first quarter 2016, we saw some positive trends on the steel raw materials markets which led to contract prices reaching \$84 per tonne, with spot prices rising higher than contract prices in April-May — for the first time since mid-2013. Considering low production costs at our mining assets and the decrease in transport costs due to ruble devaluation, the company's products remain highly competitive both domestically and internationally, which will enable us to further demonstrate stable financial results.”

<b>Mln rubles</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>%</b>
<b>Revenue</b> from external customers	80,632	79,509	1%
<b>Revenue</b> intersegment	28,091	21,049	33%
<b>EBITDA(a)</b>	26,831	13,359	101%
<b>EBITDA (a), margin <sup>(4)</sup></b>	25%	13%	

### Steel Segment

Mechel-Steel Management Company OOO's Chief Executive Officer Andrey Ponomarev noted:

“Throughout practically all of last year, we had to cope with weakened demand for steel products in the construction industry which is crucial for the segment's sales structure. Russian long steel market in 2015 went down by 14% due to the decrease in construction volumes as the overall

economic situation worsened, with effective demand going down and the state and business investment activity slowing down. Despite a significant decrease in visible consumption of construction-grade long steel in Russia, we maintained the volume of domestic sales at the level of the previous year, increasing our share at this strategically important market. We also optimized our sales portfolio for other types of long steel products, minimizing manufacture of low value-added products. We even managed to increase sales of some types of products, such as flat steel. Nevertheless, overall sales decreased tonnage-wise year-on-year. At the same time, ruble devaluation had a positive impact on domestic prices, which was the major cause of the growth of the segment's revenue. Due to our efforts on optimizing our product range by increasing the share of high value-added products and cost control, the segment demonstrated a growth of operating income and EBITDA.

The increase of high value-added products' share in our sales structure was largely thanks to the capacity utilization growth of the universal rolling mill. In 2015 the mill produced 175,000 tonnes and is due to more than double that volume this year. We consider Russian beam and rail markets to be among the most promising markets for the steel segment due to limited supply from domestic producers. Thus the mill's contribution to the segment's financial results will be more and more tangible each year."

<b>Mln rubles</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>%</b>
<b>Revenue</b> from external customers	146,032	138,660	5%
<b>Revenue</b> intersegment	6,972	8,207	-15%
<b>EBITDA(a)</b>	17,127	14,906	15%
<b>EBITDA(a), margin</b>	11%	10%	

### **Power Segment**

Mechel-Energo OOO's Chief Executive Officer Pyotr Pashnin noted:

"Last year, our segment demonstrated, as usual, stable operational profit. Electricity generation and sales topped those of the previous year, while heat production and sales saw a moderate decrease primarily due to climatic factors. As a result, we demonstrated a small increase in revenue from sales to third parties, while our EBITDA(a) went up by nearly half."

<b>Mln. rubles</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>%</b>
<b>Revenue</b> from external customers	26,477	25,823	3%
<b>Revenue</b> intersegment	14,990	13,731	9%
<b>EBITDA(a)</b>	2,090	1,403	49%
<b>EBITDA(a), margin <sup>(4)</sup></b>	5%	3%	

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The management of Mechel will host a conference call today at 18:00 p.m. Moscow time (4:00 p.m. London time, 11 a.m. New York time) to review Mechel's financial results and comment on current operations. The call may be accessed via the Internet at <http://www.mechel.com>, under the Investor Relations section.

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Alexey Lukashov  
 Director of Investor Relations  
 Mechel PAO  
 Phone: 7-495-221-88-88  
 Fax: 7-495-221-88-00  
[alexey.lukashov@mechel.com](mailto:alexey.lukashov@mechel.com)

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Mechel is one of the leading Russian companies. Its business includes three segments: mining, steel and power. Mechel unites producers of coal, iron ore concentrate, steel, rolled products, ferroalloys, hardware, heat and electric power. Mechel products are marketed domestically and internationally.

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*Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.*

**Attachment A**

*Non-IFRS financial measures.* This press release includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.

Adjusted EBITDA (EBITDA (a)) represents net income or loss before Depreciation, depletion and amortization, Foreign exchange loss (gain), Finance costs, Finance income, Net result on the disposal of non-current assets, Impairment of goodwill and other non-current assets, Allowance for doubtful accounts, Write-offs of inventories to net realisable value, (Profit) loss after tax for the year from discontinued operations, net, Net result on the disposal of subsidiaries, Amount attributable to non-controlling interests, Income taxes, Loss (profit) from pension obligations, Fines and penalties, Gain from accounts payable write-off and Other one-off items. Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of our net revenues. Our adjusted EBITDA may not be similar to EBITDA measures of other companies. Adjusted EBITDA is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that our adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While interest, depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with non-current assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry.

Adjusted net income / (loss) represents net income / (loss) before Impairment of goodwill and other non-current assets, Allowance for amounts due from related parties, (Profit) loss after tax for the year from discontinued operations, net, Net result on the disposal of subsidiaries, Effect on net profit (loss) attributable to non-controlling interests, Foreign exchange loss (gain), Loss (profit) from pension obligations, Fines and penalties, Gain from accounts payable write-off and Other one-off items. Our adjusted net income / (loss) may not be similar to adjusted net income / (loss) measures of other companies. Adjusted net income / (loss) is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that our adjusted net income / (loss) provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations. While impairment of goodwill and other non-current assets and allowance for amounts due from related parties are considered operating costs under IFRS, these expenses represent the non-cash current period allocation of costs associated with assets acquired or constructed in prior periods. Our adjusted net income / (loss) calculation is used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry.

Our calculations of Net debt<sup>†</sup> and trade working capital are presented below:

<i>Mln RUB</i>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>01.01.2014</b>
Short-term borrowings and current portion of long-term debt	444,199	371,903	265,026
Interest payable	27,269	13,093	2,052
Fines and penalties on overdue amounts	20,206	1,522	-
Long-term debt	4,308	9,346	25,251
Derivative instruments	-	-	823
less Cash and cash equivalents	(3,079)	(3,983)	(8,979)
<b>Net debt, excluding finance lease liabilities</b>	<b>492,903</b>	<b>391,881</b>	<b>284,173</b>
Finance lease liabilities, current portion	13,507	15,213	10,809
Finance lease liabilities, non-current portion	481	146	2,973
<b>Net debt</b>	<b>506,891</b>	<b>407,240</b>	<b>297,955</b>

<i>Mln RUB</i>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>01.01.2014</b>
Trade and other receivables	15,981	19,808	22,477
Due from related parties, net of allowance	96	138	196
Inventories	35,189	36,337	46,629
Other current assets	8,127	8,750	7,225
<b>Trade current assets</b>	<b>59,393</b>	<b>65,033</b>	<b>76,527</b>
Trade and other payables	54,524	61,493	51,973
Advances received	3,492	4,286	4,290
Provisions and other current liabilities	2,558	2,166	1,560
Taxes and social charges payable	8,034	9,647	7,440
Due to related parties	78	44	1,024
<b>Trade current liabilities</b>	<b>68,686</b>	<b>77,636</b>	<b>66,287</b>
<b>Trade working capital</b>	<b>(9,293)</b>	<b>(12,603)</b>	<b>10,240</b>

Adjusted EBITDA can be reconciled to our consolidated statements of operations as follows:

<sup>†</sup> Calculations of Net debt could differ from indicators calculated in accordance with loan agreements upon dependence on definitions in such agreements.

<i>Mln RUB</i>	<b>Consolidated Results</b>		<b>Mining Segment **</b>		<b>Steel Segment**</b>		<b>Power Segment**</b>	
	<b>12m 2015</b>	<b>12m 2014</b>	<b>12m 2015</b>	<b>12m 2014</b>	<b>12m 2015</b>	<b>12m 2014</b>	<b>12m 2015</b>	<b>12m 2014</b>
<b><u>Net loss attributable to shareholders of Mechel PAO</u></b>	<b><u>(115,163)</u></b>	<b><u>(132,704)</u></b>	<b><u>(71,120)</u></b>	<b><u>(86,787)</u></b>	<b><u>(41,438)</u></b>	<b><u>(45,356)</u></b>	<b><u>(2,286)</u></b>	<b><u>(651)</u></b>
<i>Add:</i>								
Depreciation, depletion and amortization	14,085	14,429	9,106	8,747	4,650	5,391	329	291
Foreign exchange loss (gain), net	71,106	103,176	49,872	70,553	21,122	32,910	111	(287)
Finance costs	60,452	28,110	33,880	15,045	25,645	12,966	2,173	1,208
Finance income	(183)	(107)	(1,030)	(777)	(344)	(390)	(55)	(48)
Net result on the disposal of non-current assets, impairment of goodwill and other non-current assets, allowance for doubtful accounts and write-offs of inventories to net realisable value	4,772	12,710	900	1,357	2,122	10,658	1,751	696
(Profit) loss after tax for the year from discontinued operations, net	(932)	11,702	(764)	13,141	(168)	(1,468)	-	29
Net result on the disposal of subsidiaries	19	89	-	-	19	89	-	-
Amount attributable to non-controlling interests	535	(1,263)	(444)	(971)	812	(408)	166	114
Income taxes	8,322	(8,822)	5,632	(8,435)	2,794	(374)	(103)	(13)
Loss (profit) from pension obligations	50	(6)	125	(5)	(81)	(7)	6	7
Fines and penalties	1,598	915	707	755	890	189	-	(29)
Gain from accounts payable write-off	(224)	(38)	(33)	(2)	(190)	(35)	(1)	-
Other one-off items	1,293	1,568	-	741	1,293	742	-	86
<b><u>Adjusted EBITDA</u></b>	<b><u>45,730</u></b>	<b><u>29,759</u></b>	<b><u>26,831</u></b>	<b><u>13,359</u></b>	<b><u>17,127</u></b>	<b><u>14,906</u></b>	<b><u>2,090</u></b>	<b><u>1,403</u></b>
<i>Adjusted EBITDA, margin</i>	<i>18%</i>	<i>12%</i>	<i>25%</i>	<i>13%</i>	<i>11%</i>	<i>10%</i>	<i>5%</i>	<i>3%</i>

<i>Mln RUB</i>	<b>12m 2015</b>	<b>12m 2014</b>	<b>12m 2015</b>	<b>12m 2014</b>	<b>12m 2015</b>	<b>12m 2014</b>	<b>12m 2015</b>	<b>12m 2014</b>
<b><u>Net loss attributable to shareholders of Mechel PAO</u></b>	<b><u>(115,163)</u></b>	<b><u>(132,704)</u></b>	<b><u>(71,120)</u></b>	<b><u>(86,787)</u></b>	<b><u>(41,438)</u></b>	<b><u>(45,356)</u></b>	<b><u>(2,286)</u></b>	<b><u>(651)</u></b>
<i>Add:</i>								
Impairment of goodwill and other non-current assets	1,460	7,996	-	(19)	16	8,015	1,444	-
Allowance for amounts due from related parties	43	126	43	126	-	-	-	-
(Profit) loss after tax for the year from discontinued operations, net	(932)	11,702	(764)	13,141	(168)	(1,468)	-	29
Net result on the disposal of subsidiaries	19	89	-	-	19	89	-	-
Effect on profit (loss) attributable to non-controlling interests	585	(433)	-	-	560	(433)	25	-
Foreign exchange loss (gain), net	71,106	103,176	49,872	70,553	21,122	32,910	111	(287)
Loss (profit) from pension obligations	50	(6)	125	(5)	(81)	(7)	6	7
Fines and penalties	1,598	915	707	755	890	189	-	(29)
Gain from accounts payable write-off	(224)	(38)	(33)	(2)	(190)	(35)	(1)	-
Other one-off items	1,293	1,568	-	741	1,293	742	-	85
<b><u>Adjusted net (loss) income, net of income tax</u></b>	<b><u>(40,165)</u></b>	<b><u>(7,609)</u></b>	<b><u>(21,170)</u></b>	<b><u>(1,498)</u></b>	<b><u>(17,978)</u></b>	<b><u>(5,355)</u></b>	<b><u>(701)</u></b>	<b><u>(846)</u></b>
<b><u>Operating profit (loss)</u></b>	<b><u>24,068</u></b>	<b><u>887</u></b>	<b><u>15,895</u></b>	<b><u>1,718</u></b>	<b><u>8,456</u></b>	<b><u>(1,347)</u></b>	<b><u>35</u></b>	<b><u>424</u></b>
<i>Add:</i>								
Impairment of goodwill and other non-current assets	1,460	7,996	-	(19)	16	8,015	1,444	-
Allowance for amounts due from related parties	43	126	43	126	-	-	-	-
Loss on write-off of property, plant and equipment	691	661	199	309	492	242	-	110
Loss (profit) from pension obligations	50	(6)	125	(5)	(81)	(7)	6	7
Fines and penalties	1,598	915	707	755	890	189	-	(29)
Other one-off items	1,293	1,568	-	741	1,293	742	-	85
<b><u>Adjusted operating income</u></b>	<b><u>29,203</u></b>	<b><u>12,147</u></b>	<b><u>16,969</u></b>	<b><u>3,624</u></b>	<b><u>11,066</u></b>	<b><u>7,834</u></b>	<b><u>1,486</u></b>	<b><u>597</u></b>

\*\* including intersegment operations

## Attachment B

### Consolidated statement of financial position

(All amounts are in millions of Russian rubles)

	December 31, 2015	December 31, 2014	January 1, 2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents.....	3,079	3,983	8,979
Trade and other receivables.....	15,981	19,809	22,477
Due from related parties, net of allowance.....	96	138	196
Inventories.....	35,189	36,337	46,629
Income tax receivables.....	603	578	2,936
Other current financial assets.....	45	186	360
Other current assets.....	8,127	8,750	7,225
<b>Total current assets.....</b>	<b>63,120</b>	<b>69,781</b>	<b>88,802</b>
Assets of disposal group classified as held for sale.....	–	8,696	–
<b>Non-current assets</b>			
Property, plant and equipment.....	215,844	224,299	226,253
Mineral licenses.....	38,517	40,122	51,727
Non-current financial assets.....	194	489	543
Investments in associates.....	284	274	251
Deferred tax assets.....	1,492	1,438	517
Goodwill.....	21,378	22,697	22,520
Other non-current assets.....	1,243	1,462	2,481
<b>Total non-current assets.....</b>	<b>278,952</b>	<b>290,781</b>	<b>304,292</b>
<b>Total assets.....</b>	<b>342,072</b>	<b>369,258</b>	<b>393,094</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Interest-bearing loans and borrowings, including Interest payable, fines and penalties on overdue amounts of RUB 47,475 million, RUB 14,615 million and RUB 2,052 million as of December 31, 2015, 2014 and January 1, 2014.....	491,674	386,518	267,078
Trade and other payables.....	54,524	61,493	51,973
Advances received.....	3,492	4,286	4,290
Due to related parties.....	78	44	1,024
Provisions.....	2,532	2,130	1,531
Pension obligations.....	1,120	1,072	877
Finance lease liabilities.....	13,507	15,213	10,809
Income tax payable.....	5,549	3,033	3,173
Tax payable other than income tax.....	8,034	9,647	7,440
Other current liabilities.....	26	36	29
<b>Total current liabilities.....</b>	<b>580,536</b>	<b>483,472</b>	<b>348,224</b>
Liabilities of disposal group classified as held for sale.....	–	8,607	–
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings.....	4,308	9,346	25,251
Provisions.....	3,439	2,998	4,303
Pension obligations.....	3,746	3,445	4,903
Finance lease liabilities.....	481	146	2,973
Deferred tax liabilities.....	11,090	3,053	17,475
Other non-current liabilities.....	189	1,157	3,453
Income tax payable.....	137	3,447	–
<b>Total non-current liabilities.....</b>	<b>23,390</b>	<b>23,592</b>	<b>58,358</b>
<b>Total liabilities.....</b>	<b>603,926</b>	<b>515,671</b>	<b>406,582</b>
<b>Equity</b>			
Common shares.....	4,163	4,163	4,163
Preferred shares.....	833	833	833
Additional paid-in capital.....	28,322	25,592	25,591
Accumulated other comprehensive income (loss).....	445	1,018	(11)
Accumulated deficit.....	(301,565)	(186,272)	(53,564)
<b>Equity attributable to equity shareholders of Mechel PAO.....</b>	<b>(267,802)</b>	<b>(154,666)</b>	<b>(22,988)</b>
Non-controlling interests.....	5,948	8,253	9,500
<b>Total equity.....</b>	<b>(261,854)</b>	<b>(146,413)</b>	<b>(13,488)</b>
<b>Total equity and liabilities.....</b>	<b>342,072</b>	<b>369,258</b>	<b>393,094</b>

## Consolidated statement of profit (loss) and other comprehensive income (loss)

(All amounts are in millions of Russian rubles)

	Year ended December 31, 2015	Year ended December 31, 2014
<b>Continuing operations</b>		
Revenue .....	253,141	243,992
Cost of goods sold .....	(151,334)	(153,057)
<b>Gross profit</b> .....	<b>101,807</b>	<b>90,935</b>
Selling and distribution expenses .....	(51,117)	(55,661)
Loss on write-off of property, plant and equipment .....	(691)	(661)
Impairment of goodwill and other non-current assets .....	(1,460)	(7,996)
Allowance for doubtful accounts .....	(1,464)	(3,671)
Taxes other than income taxes .....	(5,853)	(6,469)
Allowance for amounts due from related parties .....	(43)	(126)
Administrative and other operating expenses .....	(17,300)	(16,315)
Other operating income .....	189	851
<b>Total selling, distribution and operating expenses, net</b> .....	<b>(77,739)</b>	<b>(90,048)</b>
<b>Operating profit</b> .....	<b>24,068</b>	<b>887</b>
Finance income .....	183	107
Finance costs .....	(60,452)	(28,110)
Foreign exchange gain (loss), net .....	(71,106)	(103,176)
Share of profit of associates .....	-	7
Other income .....	526	684
Other expenses .....	(347)	(1,486)
<b>Total other income and (expense), net</b> .....	<b>(131,196)</b>	<b>(131,974)</b>
<b>Loss before tax from continuing operations</b> .....	<b>(107,128)</b>	<b>(131,087)</b>
Income tax (expense) benefit .....	(8,322)	8,822
<b>Loss for the year from continuing operations</b> .....	<b>(115,450)</b>	<b>(122,265)</b>
<b>Discontinued operations</b> .....		
Profit (loss) after tax for the year from discontinued operations, net .....	822	(11,702)
<b>Loss for the year</b> .....	<b>(114,628)</b>	<b>(133,967)</b>
<b>Attributable to:</b>		
Equity holders of the parent .....	(115,163)	(132,704)
Non-controlling interests .....	535	(1,263)
<b>Other comprehensive income</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax:</i> .....		
Exchange differences on translation of foreign operations .....	295	1,170
Net gain on available for sale financial assets .....	287	1,168
	8	2
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of income tax:</i> .....		
Re-measurement losses on defined benefit plans .....	(194)	(127)
	(194)	(127)
<b>Other comprehensive income for the year, net of tax</b> .....	<b>101</b>	<b>1,043</b>
<b>Total comprehensive loss for the year, net of tax</b> .....	<b>(114,527)</b>	<b>(132,924)</b>
<b>Attributable to:</b>		
Equity holders of the parent .....	(115,064)	(131,675)
Non-controlling interests .....	537	(1,249)
<b>Earnings (loss) per share</b>		
Weighted average number of common shares .....	416,270,745	416,270,745
Basic and diluted, loss for the year attributable to ordinary equity holders of the parent .....	(276.65)	(318.79)
Loss per share from continuing operations (Russian rubles per share) basic and diluted .....	(278.44)	(289.96)
Earnings (loss) per share from discontinued operations (Russian rubles per share) .....	1.79	(28.83)

## Consolidated statement of Cash Flows

(All amounts are in millions of Russian rubles, unless stated otherwise)

	Year ended December 31,	
	2015	2014
<b>Cash flows from operating activities</b>		
Net loss.....	(114,628)	(133,967)
(Profit) loss from discontinuing operations, net of income tax .....	(822)	11,702
Net loss from continuing operations.....	(115,450)	(122,265)
<i>Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities:</i>		
Depreciation .....	12,397	12,639
Depletion and amortization .....	1,688	1,790
Foreign exchange loss .....	71,106	103,176
Deferred income taxes .....	7,946	(15,525)
Allowance for doubtful accounts.....	1,464	3,671
Allowance for amounts due from related parties .....	43	126
Write-off of accounts receivable.....	247	185
Write-off of taxes receivable .....	-	1,605
Write-offs of inventories to net realisable value .....	1,003	394
Revision in estimated cash flows of rehabilitation provision.....	(47)	(236)
Loss on write-off of property, plant and equipment .....	691	661
Impairment of goodwill and non-current assets.....	1,460	7,996
Loss (gain) on sale of property, plant and equipment .....	102	85
Gain on sale of investments.....	-	(483)
Gain on accounts payable with expired legal term .....	(222)	(37)
Pension benefit plan curtailment gain.....	(142)	(58)
Pension service cost and actuarial loss, other expenses .....	192	52
Finance income.....	(183)	(107)
Finance costs .....	60,452	28,110
Other.....	480	1,492
<i>Changes in working capital items :</i>		
Trade and other receivables .....	4,719	2,089
Inventories.....	1,873	14,565
Trade and other payables .....	(7,972)	(1,640)
Advances received.....	(664)	62
Taxes payable and other current liabilities .....	(1,465)	8,771
Settlements with related parties .....	(275)	(29)
Other current assets .....	997	(822)
Interest received .....	25	22
Interest paid .....	(28,910)	(14,963)
Income taxes paid.....	(1,437)	(2,509)
Net operating cash flows of discontinued operations .....	(136)	(745)
<b>Net cash provided by operating activities .....</b>	<b>9,982</b>	<b>28,072</b>
<b>Cash flows from investing activities</b>		
Monthly installments for acquisition of DEMP .....	(4,819)	(3,223)
Proceeds from disposal of securities.....	143	538
Loans issued and other investments.....	(6)	(36)
Proceeds from disposal of Bluestone.....	101	-
Proceeds from disposal of subsidiaries .....	76	632
Purchases available for sale securities .....	-	(113)
Proceeds from loans issued.....	15	151
Proceeds from disposals of property, plant and equipment .....	405	830
Purchases of property, plant and equipment .....	(5,076)	(11,365)
Purchases of mineral licenses and other related payments .....	(71)	-
Interest paid, capitalized.....	(830)	(5,141)
Net investing cash flows of discontinued operations .....	-	(12)
<b>Net cash used in investing activities .....</b>	<b>(10,062)</b>	<b>(17,739)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings.....	13,875	64,469
Repayment of borrowings .....	(11,896)	(77,761)
Dividends paid.....	(4)	(4)
Dividends paid to noncontrolling interest.....	(1)	(6)
Acquisition of noncontrolling interest in subsidiaries .....	(1)	(1,425)
Repayment of obligations under finance lease .....	(2,677)	(1,863)
Sale leaseback proceeds.....	-	675
Net financing cash flows of discontinued operations .....	-	(105)

<b>Net cash used in financing activities</b> .....	<u>(704)</u>	<u>(16,020)</u>
Effect of exchange rate changes on cash and cash equivalents.....	331	901
<b>Net decrease in cash and cash equivalents</b> .....	<u>(453)</u>	<u>(4,786)</u>
Cash and cash equivalents at beginning of period .....	<u>1,344</u>	<u>6,130</u>
<b>Cash and cash equivalents at end of period</b> .....	<u><b>891</b></u>	<u><b>1,344</b></u>