

Metinvest B.V.

**Unaudited Interim Condensed
Consolidated Financial Information**

30 June 2012

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UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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Metinvest B.V.
Unaudited Interim Condensed Consolidated Balance Sheet
All amounts in millions of US dollars

| | Note | 30 June 2012 | 31 December 2011 |
|---|------|---------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | | 951 | 961 |
| Other intangible assets | | 950 | 989 |
| Property, plant and equipment | | 7,261 | 7,299 |
| Investments in associates | | 266 | 276 |
| Deferred tax asset | | 287 | 280 |
| Other non-current assets | | 437 | 234 |
| Total non-current assets | | 10,152 | 10,039 |
| Current assets | | | |
| Inventories | | 2,084 | 2,137 |
| Trade and other receivables | 7 | 3,506 | 3,039 |
| Cash and cash equivalents | | 713 | 792 |
| Total current assets | | 6,303 | 5,968 |
| TOTAL ASSETS | | 16,455 | 16,007 |
| EQUITY | | | |
| Share capital | | - | - |
| Share premium | | 5,461 | 5,461 |
| Other reserves | 8 | (3,932) | (3,818) |
| Retained earnings | | 6,948 | 6,673 |
| Equity attributable to the owners of the Company | | 8,477 | 8,316 |
| Non-controlling interest | | 917 | 1,201 |
| TOTAL EQUITY | | 9,394 | 9,517 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 9 | 2,777 | 2,614 |
| Seller's notes | | 185 | 220 |
| Retirement benefit obligations | | 573 | 537 |
| Deferred tax liability | | 73 | 146 |
| Other non-current liabilities | | 80 | 79 |
| Total non-current liabilities | | 3,688 | 3,596 |
| Current liabilities | | | |
| Loans and borrowings | 9 | 1,175 | 1,057 |
| Seller's notes | | 90 | 90 |
| Trade and other payables | 10 | 2,108 | 1,747 |
| Total current liabilities | | 3,373 | 2,894 |
| TOTAL LIABILITIES | | 7,061 | 6,490 |
| TOTAL LIABILITIES AND EQUITY | | 16,455 | 16,007 |

Signed and authorized for release on behalf of Metinvest B.V. on 24 October 2012:

Originally signed by Igor Syry – Director B

Originally signed by John W. Macdonald – Director A

Metinvest B.V.
Unaudited Interim Condensed Consolidated Income Statement
All amounts in millions of US dollars

| | Note | Six months ended 30 June | |
|--|------|--------------------------|--------------|
| | | 2012 | 2011 |
| Revenue | 5 | 6,743 | 6,991 |
| Cost of sales | | (5,258) | (4,618) |
| Gross profit | | 1,485 | 2,373 |
| Distribution costs | | (589) | (464) |
| General and administrative expenses | | (195) | (195) |
| Other operating (expenses)/income, net | 11 | (71) | (98) |
| Operating profit | | 630 | 1,616 |
| Finance income | | 37 | 39 |
| Finance costs | | (175) | (178) |
| Share of result of associates | | (9) | 1 |
| Profit before income tax | | 483 | 1,478 |
| Income tax expense | | (149) | (337) |
| Profit for the period | | 334 | 1,141 |
| Profit attributable to: | | | |
| Owners of the Company | | 179 | 879 |
| Non-controlling interests | | 155 | 262 |
| Profit for the period | | 334 | 1,141 |

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
All amounts in millions of US dollars

| | Note | Six months ended 30 June | |
|--|------|--------------------------|--------------|
| | | 2012 | 2011 |
| Profit for the period | | 334 | 1,141 |
| Other comprehensive income | | | |
| Currency translation differences | | (21) | 37 |
| Share in equity reserves of associates | | - | (24) |
| Total other comprehensive income | | (21) | 13 |
| Total comprehensive income for the period | | 313 | 1,154 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 158 | 887 |
| Non-controlling interest | | 155 | 267 |
| | | 313 | 1,154 |

Metinvest B.V.
Unaudited Interim Condensed Consolidated Statement of Cash Flows
All amounts in millions of US Dollars

| Note | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2012 | 2011 |
| Cash flows from operating activities | | |
| Profit before income tax | 483 | 1,478 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment ("PPE") and amortisation of intangible assets | 437 | 412 |
| Finance income | (37) | (39) |
| Finance costs | 175 | 178 |
| Unrealised foreign exchange differences | 9 | (25) |
| Share of result of associates | 9 | 1 |
| Write-offs of inventory | (22) | (4) |
| Impairment of trade receivables | - | 42 |
| Other non-cash operating (incomes)/losses | 11 | 34 |
| Operating cash flows before working capital changes | 1,065 | 2,077 |
| Decrease /(increase) in inventories | 69 | (210) |
| Increase in trade and other accounts receivable | (409) | (104) |
| Increase /(decrease) in trade and other accounts payable | 195 | (120) |
| Increase in other non-current assets | (4) | - |
| Decrease in other non-current liabilities | (2) | (2) |
| Cash generated from operations | 914 | 1,641 |
| Income taxes paid | (444) | (409) |
| Interest paid | (110) | (82) |
| Net cash from operating activities | 360 | 1,150 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (380) | (544) |
| Proceeds from sale of property, plant and equipment | 2 | 17 |
| Proceeds from disposal of subsidiaries | 4 | - |
| Settlement of payables related to prior years business combination | - | (25) |
| Prepayment issued for interest in Zaporozhstal Group | (212) | - |
| Proceeds from repayments of loans issued | 164 | 49 |
| Loans issued | (77) | - |
| Interest received | 59 | 10 |
| Dividends received | - | 2 |
| Net cash used in investing activities | (440) | (491) |
| Cash flows from financing activities | | |
| Proceeds from loans and borrowings | 410 | 912 |
| Repayment of loans and borrowings | (205) | (439) |
| Repayment of seller's notes | (45) | (50) |
| Net trade financing proceeds / (repayments) | 86 | (362) |
| Payment for acquisition of non-controlling interest in subsidiaries | (7) | - |
| Dividends paid | (238) | (442) |
| Net cash generated from/(used in) financing activities | 1 | (381) |
| Effect of exchange rate changes on cash and cash equivalents | - | (3) |
| Net (decrease)/increase in cash and cash equivalents | (79) | 275 |
| Cash and cash equivalents at the beginning of the year | 792 | 449 |
| Cash and cash equivalents at the end of the period | 713 | 724 |

Metinvest B.V.**Unaudited Interim Condensed Consolidated Statement of Changes in Equity**

All amounts in millions of US Dollars

| | Attributable to owners of the Company | | | | | Non-controlling interest (NCI) | Total equity |
|---|---------------------------------------|---------------|----------------|-------------------|-------|--------------------------------|--------------|
| | Share capital | Share premium | Other reserves | Retained earnings | Total | | |
| Balance at 1 January 2012 | - | 5,461 | (3,818) | 6,673 | 8,316 | 1,201 | 9,517 |
| Currency translation differences | - | - | (21) | - | (21) | - | (21) |
| Other comprehensive income for the period | - | - | (21) | - | (21) | - | (21) |
| Profit for the period | - | - | - | 179 | 179 | 155 | 334 |
| Total comprehensive income for the period | - | - | (21) | 179 | 158 | 155 | 313 |
| Realised revaluation reserve | - | - | (93) | 93 | - | - | - |
| Acquisition of non-controlling interest in subsidiaries | - | - | - | 3 | 3 | (5) | (2) |
| Dividends declared by non wholly owned subsidiaries | - | - | - | - | - | (434) | (434) |
| Balance at 30 June 2012 | - | 5,461 | (3,932) | 6,948 | 8,477 | 917 | 9,394 |
| Balance at 1 January 2011 | - | 5,604 | (3,527) | 5,151 | 7,228 | 984 | 8,212 |
| Share in equity reserves of associates | - | - | (23) | - | (23) | (1) | (24) |
| Currency translation differences | - | - | 31 | - | 31 | 6 | 37 |
| Other comprehensive income for the period | - | - | 8 | - | 8 | 5 | 13 |
| Profit for the period | - | - | - | 879 | 879 | 262 | 1,141 |
| Total comprehensive income for the period | - | - | 8 | 879 | 887 | 267 | 1,154 |
| Realised revaluation reserve | - | - | (94) | 94 | - | - | - |
| Unwinding of discount on dividends | - | - | - | (28) | (28) | (3) | (31) |
| Dividends declared by non wholly owned subsidiaries | - | - | - | - | - | (271) | (271) |
| Balance at 30 June 2011 | - | 5,604 | (3,613) | 6,096 | 8,087 | 977 | 9,064 |

1 Metinvest B.V. and its operations

Metinvest B.V. (the “Company” or “Metinvest”), is a private limited liability company registered in the Netherlands. The Company is beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management (“SCM”).

The Company and its subsidiaries (together referred to as the “Group” or “Metinvest Group”) are an integrated steel producer, owning assets in each link of the production chain – from iron ore mining, coking coal mining and coke production, through to semi-finished and finished steel production; as well as pipe rolling and plate/coil production. The steel products, iron ore and coke are sold on both the Ukrainian and export markets.

Until November 2007, the Company was indirectly 100% controlled by SCM (System Capital Management) Limited (“SCM Cyprus”).

In November 2007 the Company acquired from parties known as Smart Group (“SMART” or “Smart Group”) 82% of JSC Inguletskiy Mining and Processing Works in exchange for the transfer to SMART of 25% of the of the Company. In the Shareholders’ Agreement of 1 July 2007 SCM Cyprus and SMART negotiated and agreed that SMART would contribute their equity interest in JSC Makeyevka Steel Plant (“MMZ”) and JSC Promet Steel. In exchange SMART would acquire veto rights over the management of the Company (the “Shareholders’ Agreement”). Due to the complexity of the transaction, Promet Steel was acquired in 2009 and MMZ in October 2010. Both MMZ and Promet Steel have been consolidated from 1 January 2009. Following this transaction, Metinvest B.V. was owned 75% by SCM Cyprus and 25% by SMART. As part of the Shareholder Agreement, SCM Cyprus has agreed to sell/contribute remaining equity interests in certain subsidiaries owned by SCM as at 31 December 2007 and certain other equity investments to Metinvest B.V. As at 30 June 2012, SCM's carrying value of such assets totalled USD 527 million (31 December 2011: USD 754 million). As of the date of preparation of these financial statements, the Shareholders are undecided on the exact mechanism, and at which value of these assets will be brought into Metinvest B.V.

In 2010, as part of the acquisition of Ilyich Group, the Company issued 5% of its share capital to the sellers of Ilyich Group.

As of 30 June 2012, Metinvest B.V. is owned 71.25% by SCM Cyprus and 23.75% by companies of the Smart Group, and 5% by a company linked to previous owners of Ilyich Group.

The principal subsidiaries of Metinvest B.V. are presented below:

| Name | effective % interest as at | | Segment | Country of incorporation |
|---|----------------------------|------------------|---------------|--------------------------|
| | 30 June 2012 | 31 December 2011 | | |
| Metinvest Holding LLC | 100.0% | 100.0% | Corporate | Ukraine |
| MetalUkr Holding Limited | 100.0% | 100.0% | Corporate | Cyprus |
| PJSC Azovstal Iron and Steel Works | 96.1% | 95.9% | Metallurgical | Ukraine |
| PJSC Yenakiieve Iron and Steel Works | 90.8% | 90.6% | Metallurgical | Ukraine |
| JV Metalen LLC | 100.0% | 100.0% | Metallurgical | Ukraine |
| PJSC Khartsyzsk Pipe Plant | 98.0% | 97.6% | Metallurgical | Ukraine |
| Ferriera Valsider S.p.A. | 70.0% | 70.0% | Metallurgical | Italy |
| Metinvest Tramelal S.p.A. | 100.0% | 100.0% | Metallurgical | Italy |
| Spartan UK Limited | 100.0% | 100.0% | Metallurgical | UK |
| Metinvest International SA | 100.0% | 100.0% | Metallurgical | Switzerland |
| Metinvest Eurasia LLC | 99.0% | 99.0% | Metallurgical | Russia |
| Metinvest Service Metal Centres LLC | 100.0% | 100.0% | Metallurgical | Ukraine |
| Metinvest Ukraine LLC | 100.0% | 100.0% | Metallurgical | Ukraine |
| JSC Promet Steel | 95.3% | 95.3% | Metallurgical | Bulgaria |
| PJSC Makiivka Iron and Steel Works | 90.2% | 90.2% | Metallurgical | Ukraine |
| PJSC Ilyich Iron and Steel Works | 99.1% | 99.1% | Metallurgical | Ukraine |
| PSC Ilyich Steel | 100.0% | 100.0% | Metallurgical | Ukraine |
| PJSC Avdiivka Coke Plant | 92.0% | 91.7% | Metallurgical | Ukraine |
| PJSC Northern Iron Ore Enrichment Works | 63.3% | 63.3% | Mining | Ukraine |
| PJSC Central Iron Ore Enrichment Works | 76.0% | 76.0% | Mining | Ukraine |
| PJSC Ingulets Iron Ore Enrichment Works | 82.5% | 82.5% | Mining | Ukraine |
| OSC Komsomolske Flux Plant | 99.7% | 99.7% | Mining | Ukraine |
| United Coal Company LLC | 100.0% | 100.0% | Mining | USA |
| PJSC Krasnodon Coal Company | 91.9% | 91.6% | Mining | Ukraine |

As at 30 June 2012, the Group employed approximately 105 thousand people (31 December 2011: 108 thousand).

The Company’s registered address is Alexanderstraat 23, 2514 JM, The Hague. The company is registered with the commercial trade register under the number 24321697. The principal places of production facilities of the Group are in Ukraine, Italy, UK and the USA.

2 Operating environment of the Group

The Group is one of the largest mining and steel company globally and is the largest steel producer in Ukraine. Its major subsidiaries are located in Ukraine, the European Union and the USA.

Ukraine, whose economy is considered to be developing and characterised by relatively high economic and political risks, continues to implement economic reforms and the development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Ukrainian economy is largely dependent upon these reforms and the effectiveness of economic, financial and monetary measures undertaken by government, together with tax, legal, regulatory, and political developments. The developing economies are vulnerable to market downturns and economic slowdowns elsewhere in the world.

Metinvest's financial performance is largely dependent on the global price of and demand for steel and steel products, iron ore and coal. The prices of steel products are influenced by many factors, including global economic conditions, demand, worldwide production capacity, capacity utilisation rates, raw material costs, foreign exchange rates and improvements in steel making processes. In recent years steel prices have experienced significant fluctuations.

In the fourth quarter 2011, generally positive trends in development of steel and iron ore markets changed resulting in decrease in prices for steel products and iron ore. In 2012 downward trend on prices for steel products continued. Prices for iron ore products were relatively stable up to July 2012 with significant decrease during August – September 2012.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

3 Basis of preparation and significant accounting policies

This condensed consolidated interim financial information for the six months ended 30 June 2012 have been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRS as adopted by EU.

Except as described below, the basis of preparation and accounting policies applied are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011.

Exchange rate fluctuations. The following table summarises exchange rates of UAH against USD and EUR as of the dates used for translating foreign currency balances:

| | 30 June 2012 | 31 December 2011 |
|---------|--------------|------------------|
| USD/UAH | 7.993 | 7.990 |
| EUR/UAH | 9.971 | 10.298 |

Current and deferred taxes. Income tax expense in the interim period is recognised based on management's best estimate of the weighted average effective annual income tax rate expected for the full financial year.

Change in segment reporting. In 2012 the Group has changed the structure of segment reporting due to changes in operating model. Comparative information for the six months ended 30 June 2011 have been presented under the new management structure (Note 5).

Change in classification of interest expense on pension obligations. In 2012 management has changed the classification of interest expense related to pension obligations. This change resulted in decrease of cost of sales in the period ended 30 June 2011 by USD 45 million and respective increase in finance costs.

4 Adoption of new or revised standards and interpretations

There were no new standards, amendments to standards, and interpretations that are effective for the first time for the financial periods beginning on or after 1 January 2012 that could have significant effect on the Group's consolidated financial information. There were no new standards, amendments to standards, and interpretations that are relevant to the Group that were issued since the date of the issue of the Group's latest annual consolidated financial statements.

5 Segment information

In August 2011 the Group approved a new operating model, comprising two operating divisions: metallurgical and mining.

The structure and format of management reporting has changed in 2012 and, accordingly, format of segments disclosure has changed compared to the latest annual financial statements and comparative information was restated.

Under the new operating model the Group is organised on the basis of two main business segments:

- Metallurgical – comprising the production and sale of coke, semi-finished and finished steel products;
- Mining – comprising the production, enrichment and sale of iron ore and coal.

The Group is a vertically integrated steel and mining business. A significant portion of the Group's iron ore and coke and coal production are used in its steel production operations.

| <i>In million of US Dollars</i> | Metallurgical | Mining | Corporate overheads | Eliminations | Total |
|--|---------------|--------------|------------------------|----------------|--------------|
| Six months ended 30 June 2012 | | | | | |
| Sales – external | 4,949 | 1,794 | - | - | 6,743 |
| Sales to other segments | 38 | 1,122 | - | (1,160) | - |
| Total of the reportable segments' revenue | 4,987 | 2,916 | - | (1,160) | 6,743 |
| Adjusted EBITDA | (205) | 1,350 | (71) | 11 | 1,085 |
| Reconciling items: | | | | | |
| Depreciation and amortisation | | | | | (437) |
| Sponsorship and other charity payments | | | | | (18) |
| Finance income | | | | | 37 |
| Finance costs | | | | | (175) |
| Share of result of associates | | | | | (9) |
| Profit before tax | | | | | 483 |
| | Metallurgical | Mining | Corporate overheads | Eliminations | Total |
| Capital expenditure | 133 | 250 | 5 | - | 388 |

| <i>In million of US Dollars</i> | Metallurgical | Mining | Corporate overheads | Eliminations | Total |
|--|---------------|--------------|------------------------|----------------|--------------|
| Six months ended 30 June 2011 | | | | | |
| Sales – external | 5,240 | 1,751 | - | - | 6,991 |
| Sales to other segments | 43 | 1,462 | - | (1,505) | - |
| Total of the reportable segments' revenue | 5,283 | 3,213 | - | (1,505) | 6,991 |
| Adjusted EBITDA | 337 | 1,856 | (52) | (96) | 2,045 |
| Reconciling items: | | | | | |
| Depreciation and amortisation | | | | | (412) |
| Sponsorship and other charity payments | | | | | (17) |
| Finance income | | | | | 39 |
| Finance costs | | | | | (178) |
| Share of result of associates | | | | | 1 |
| Profit before tax | | | | | 1,478 |
| | Metallurgical | Mining | Corporate overheads | Eliminations | Total |
| Capital expenditure | 191 | 362 | 6 | - | 559 |

6 Investments in associates

The principal associates of the Group are as follows:

| Name | Segment | 30 June 2012 | | 31 December 2011 | |
|--------------------|---------------|----------------|----------------|------------------|----------------|
| | | % of ownership | Carrying value | % of ownership | Carrying value |
| Zaporozhstal Group | Metallurgical | 24.9% | 195 | 24.9% | 202 |
| IMU | Metallurgical | 49.9% | 22 | 49.9% | 22 |
| JSC Donetskkoks | Metallurgical | 37.5% | 16 | 37.5% | 16 |
| JSC Zaporozhkoks | Metallurgical | 25.0% | 31 | 25.0% | 33 |
| Other | Mining | n/a | 2 | n/a | 3 |
| Total | | | 266 | | 276 |

No associates are listed on international stock exchanges.

In July 2011, Metinvest jointly with the two other investors entered binding agreements with the owners of Industrial Group (owner of group of steel and mining assets in Ukraine, the most significant being a 50% interest in JSC Zaporozhstal Integrated Iron & Steel Works), to acquire 50% of the assets owned by Industrial Group. The purchase price of 50% of the Industrial Group's interest was USD 416 million, the Group's 24.9% interest was purchased for USD 208 million.

In addition to the sale and purchase agreement the parties concluded a Shareholders Agreement which prescribes a mechanism for corporate governance in respect of their interests in Zaporozhstal Group.

In August 2011, Metinvest, jointly with the same two other investors, acquired an option for USD 30 million to purchase the remaining 50% interest in the Industrial Group's steel and mining business for USD 416 million. The option is exercisable before 4th August 2012 and its value is deductible from final purchase consideration. Metinvest and the two other investors had to agree the split of 50% interest which may be acquired according to the option. The agreements also envisaged certain adjustments to final purchase consideration if certain criteria related to working capital balances of the acquired business were not met.

In June 2012, Metinvest entered agreements to acquire interests in Industrial Group's business held by the co-investors and issued prepayment in the amount of USD 212 million for these interests. As of 30 June 2012, ownership rights for these interests have not been transferred to Metinvest, and the whole amount of prepayments was included into other non-current assets.

7 Trade and other receivables

| | 30 June 2012 | 31 December 2011 |
|---|--------------|------------------|
| Trade receivables and receivables on commission sales | 1,934 | 1,470 |
| Receivables for bonds and promissory notes sold | 361 | 361 |
| Loans issued to related parties | 257 | 325 |
| Interest accrued on loans issued to related parties | 25 | 62 |
| Receivables for disposal of subsidiaries and associates | 176 | 176 |
| Receivables for deposit certificates sold | 61 | 62 |
| Option for acquisition of interest in Zaporozhstal Group (Note 6) | 30 | 30 |
| Other financial receivables | 40 | 39 |
| Total financial assets | 2,884 | 2,525 |
| Recoverable value added tax | 264 | 309 |
| Prepayments made | 72 | 95 |
| Income tax prepaid | 222 | 51 |
| Other receivables | 64 | 59 |
| Total trade and other receivables | 3,506 | 3,039 |

8 Share capital and other reserves

| | Revaluation of available-for-sale investments and share in equity of associates | Revaluation of property, plant and equipment | Merger reserve | Cumulative currency translation reserve | Total |
|---|---|--|----------------|---|----------------|
| Balance as at 1 January 2012 | (13) | 1,584 | (2,987) | (2,402) | (3,818) |
| Total comprehensive income for the period | - | - | - | (21) | (21) |
| Depreciation transfer, net of tax | - | (93) | - | - | (93) |
| Balance as at 30 June 2012 | (13) | 1,491 | (2,987) | (2,423) | (3,932) |
| | Revaluation of available-for-sale investments and share in equity of associates | Revaluation of property, plant and equipment | Merger reserve | Cumulative currency translation reserve | Total |
| Balance as at 1 January 2011 | 18 | 1,788 | (2,987) | (2,346) | (3,527) |
| Total comprehensive income for the period | (23) | - | - | 31 | 8 |
| Depreciation transfer, net of tax | - | (94) | - | - | (94) |
| Balance as at 30 June 2011 | (5) | 1,694 | (2,987) | (2,315) | (3,613) |

9 Loans and borrowings

| | 30 June 2012 | 31 December 2011 |
|-----------------------------------|-------------------------|-----------------------------|
| Non-current | | |
| Bank borrowings | 1,543 | 1,382 |
| Bonds | 1,234 | 1,232 |
| | 2,777 | 2,614 |
| Current | | |
| Bank borrowings | 289 | 245 |
| Trade finance | 858 | 784 |
| Bonds | 28 | 28 |
| | 1,175 | 1,057 |
| Total loans and borrowings | 3,952 | 3,671 |

In May 2012 the Group obtained a 3-year loan totalling USD 325 million from the syndicate of banks arranged by Deutsche Bank AG. The loan bears an interest of LIBOR+4.75% per annum.

10 Trade and other payables

| | 30 June 2012 | 31 December 2011 |
|---|-------------------------|-----------------------------|
| Trade payables and payables on sales made on commission | 1,277 | 1,027 |
| Payables for acquired subsidiaries and non-controlling interest | - | 5 |
| Dividends payable to shareholders of Metinvest B.V. | 66 | 109 |
| Dividends payable to non-controlling shareholders of Company subsidiaries | 286 | 48 |
| Payable for acquired property, plant and equipment, intangibles | 114 | 106 |
| Other financial liabilities | 28 | 24 |
| Total financial liabilities | 1,771 | 1,319 |
| Prepayments received | 124 | 167 |
| Accruals for employees' unused vacations and other payments to employees | 83 | 83 |
| Income tax payable | 12 | 57 |
| Other tax payable | 50 | 49 |
| Wages and salaries payable | 37 | 43 |
| Other allowances | 31 | 29 |
| Total trade and other payables | 2,108 | 1,747 |

During March-April 2012 non-wholly-owned subsidiaries of the Group declared dividends to the minority shareholders in the amount of USD 434 million.

As at 30 June 2012, the Group has contractual capital expenditure commitments in respect of property, plant and equipment totalling USD 187 million (31 December 2011: USD 168 million).

11 Other operating (expenses)/income, net

Other operating income and expenses for the six months ended 30 June were as follows:

| | 30 June 2012 | 30 June 2011 |
|---|-------------------------|-------------------------|
| Impairment of trade and other receivables | - | (42) |
| Maintenance of social infrastructure | (16) | (10) |
| Foreign exchange gains less losses | (17) | 25 |
| Sponsorship and other charity payments | (27) | (32) |
| Other (expenses)/income, net | (11) | (39) |
| Total other operating (expenses)/income, net | (71) | (98) |

12 Balances and transactions with related parties

Unless stated otherwise, other related parties are related through common control under SCM. As at 30 June 2012 and 31 December 2011 significant balances outstanding with related parties are detailed below:

| | As at 30 June 2012 | | | | As at 31 December 2011 | | | |
|---|--------------------|-----------------|-----------------------------|----------------|------------------------|-----------------|-----------------------------|----------------|
| | SCM | Asso- ciates | Other related parties | Smart Group | SCM | Asso- ciates | Other related parties | Smart Group |
| ASSETS | | | | | | | | |
| Other non-current assets, including: | - | 98 | 78 | - | - | 98 | 73 | 18 |
| Long-term loans issued | - | 98 | - | - | - | 98 | - | 18 |
| Other non-current assets | - | - | 78 | - | - | - | 73 | - |
| Trade and other receivables, including: | 539 | 313 | 378 | 69 | 685 | 221 | 367 | 25 |
| Trade receivables and receivables on commission sales | - | 304 | 106 | - | - | 195 | 90 | - |
| Prepayments made | - | 7 | 1 | - | - | 24 | 1 | - |
| Receivables for promissory notes and bonds sold | 142 | - | 211 | - | 140 | 2 | 211 | - |
| Loans issued | 185 | - | 9 | 63 | 293 | - | 10 | 22 |
| Interest accrued on loans issued | 19 | - | - | 6 | 59 | - | - | 3 |
| Receivables for disposal of subsidiaries and associates | 171 | - | 5 | - | 171 | - | 5 | - |
| Receivables for deposit certificates sold | 20 | - | 33 | - | 20 | - | 33 | - |
| Other financial receivables | 2 | 2 | 13 | - | 2 | - | 17 | - |
| Cash and cash equivalents | - | - | 109 | - | - | - | 466 | - |

| | As at 30 June 2012 | | | | As at 31 December 2011 | | | |
|---|--------------------|-----------------|-----------------------------|----------------|------------------------|-----------------|-----------------------------|----------------|
| | SCM | Asso- ciates | Other related parties | Smart Group | SCM | Asso- ciates | Other related parties | Smart Group |
| LIABILITIES | | | | | | | | |
| Non-current liabilities, including: | - | - | 1 | - | - | - | 1 | - |
| Other non-current liabilities | - | - | 1 | - | - | - | 1 | - |
| Trade and other payables, including: | 255 | 76 | 122 | 76 | 75 | 60 | 116 | 66 |
| Accounts payable for promissory notes purchased | - | - | - | - | - | 1 | - | - |
| Dividends payable | 254 | 1 | - | 76 | 74 | 1 | 1 | 66 |
| Trade payables and payables on sales made on commission | - | 73 | 111 | - | - | 54 | 99 | - |
| Prepayments received | - | 2 | 10 | - | - | 4 | 14 | - |
| Other financial liabilities | 1 | - | 1 | - | 1 | - | 2 | - |

12 Balances and transactions with related parties (continued)

Significant transactions (excluding purchases) with related parties during the six months ended 30 June 2012 are detailed below:

| | SCM | Associates | Other related parties | Smart Group | Total |
|---|-----------|------------|-----------------------|-------------|-------------|
| Sales, including: | - | 443 | 38 | - | 481 |
| Steel | - | 3 | 34 | - | 37 |
| Scrap metal | - | 79 | - | - | 79 |
| Coke and coking coal | - | 183 | - | - | 183 |
| Iron ore | - | 159 | - | - | 159 |
| Other | - | 19 | 4 | - | 23 |
| Other operating income/(expense) net | | (1) | (19) | | (20) |
| Sponsorship and other charity payments | - | - | (18) | - | (18) |
| Other | - | (1) | (1) | - | (2) |
| Finance income, including: | 14 | 5 | 6 | 3 | 28 |
| Interest income - other | 12 | 5 | 1 | 3 | 21 |
| Other finance income | 2 | - | 5 | - | 7 |

Significant transactions (excluding purchases) with related parties during the six months ended 30 June 2011 are detailed below:

| | SCM | Associates | Other related parties | Smart Group | Total |
|---|------------|------------|-----------------------|-------------|-------------|
| Sales, including: | - | 138 | 37 | - | 175 |
| Steel | - | 1 | 34 | - | 35 |
| Coke and coking coal | - | 129 | - | - | 129 |
| Other | - | 8 | 3 | - | 11 |
| Other operating income/(expense) net | (5) | (1) | (7) | - | (13) |
| Sponsorship and other charity payments | (5) | - | (10) | - | (15) |
| Other | - | (1) | 3 | - | 2 |
| Finance income, including: | 16 | - | 2 | 3 | 21 |
| Interest income - other | 6 | - | - | 3 | 9 |
| Other finance income | 10 | - | 2 | - | 12 |

12 Balances and transactions with related parties (continued)

The following is a summary of purchases from related parties during the six months ended 30 June 2012:

| | SCM | Associates | Other related parties | Smart Group | Total |
|-------------------------------|-----|------------|-----------------------|-------------|-------|
| Purchases, including: | - | 271 | 671 | - | 942 |
| Metal products | - | 200 | - | - | 200 |
| Coke and coking coal | - | 66 | 56 | - | 122 |
| Raw materials and spare parts | - | 4 | 155 | - | 159 |
| Electricity | - | - | 419 | - | 419 |
| Fuel | - | - | 2 | - | 2 |
| Services | - | - | 25 | - | 25 |
| Other | - | 1 | 14 | - | 15 |

The following is a summary of purchases from related parties during the six months ended 30 June 2011:

| | SCM | Associates | Other related parties | Smart Group | Total |
|-------------------------------|-----|------------|-----------------------|-------------|-------|
| Purchases, including: | - | 96 | 610 | - | 706 |
| Metal products | - | - | 1 | - | 1 |
| Coke and coking coal | - | 95 | 69 | - | 164 |
| Raw materials and spare parts | - | - | 193 | - | 193 |
| Electricity | - | - | 321 | - | 321 |
| Fuel | - | 1 | 1 | - | 2 |
| Services | - | - | 20 | - | 20 |
| Other | - | - | 5 | - | 5 |

During the six months ended 30 June 2012, the key management of the Group consisted of ten members of the Executive Committee (six months ended 30 June 2011: fifteen members). Their remuneration comprised current salaries and related bonuses totalling USD 6.9 million (six months ended 30 June 2011: USD 6.9 million).

13 Events after the balance sheet date

In July 2012, Metinvest exercised an option to purchase a 50% stake in the Industrial Group's mining and steel business. The purchase price of 50% of the Industrial Group's interest is USD 300 million. Following the agreements entered in June 2012, in August 2012 the ownership rights for 24.9% interest in the Industrial Group's business have been transferred to Metinvest from one of the co-investors. As a result of these and other related transactions executed during 2011-2012 (refer to Note 6), the Group became an owner of 99.8% interest in the group of companies previously owned by Industrial Group which concentrate 50.0032% interest in JSC Zaporozhstal Integrated Iron & Steel Works and non-controlling stakes in other entities in steel and mining business, the most significant being JSC Zaporizhya Iron Ore Plant, JSC Zaporozhkoks, JSC Zaporozhogneupor, JSC Lugansk Pipe Plant, in exchange for total purchase consideration of USD 750 million.

The initial accounting for this acquisition is incomplete as of the date of issue of this interim consolidated financial information.