Metinvest B.V.

Unaudited Interim Condensed Consolidated Financial Information

30 June 2014

Contents

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

All amounts in millions of US dollars

	Note	30 June 2014	31 December 2013
ASSETS			
Non-current assets			
Goodwill		950	1,005
Other intangible assets		737	912
Property, plant and equipment	6	7,324	8,212
Investments in associates and joint venture	7	712	786
Deferred tax asset		136	226
Other non-current assets		189	188
Total non-current assets		**10,048**	**11,329**
Current assets			
Inventories		1,474	1,863
Income tax prepaid		189	193
Trade and other receivables	8	2,570	2,738
Cash and cash equivalents		530	783
Total current assets		**4,763**	**5,577**
TOTAL ASSETS		**14,811**	**16,906**
EQUITY			
Share capital		0	0
Share premium		5,461	5,461
Other reserves		(4,648)	(3,088)
Retained earnings		6,571	6,277
Equity attributable to the owners of the Company		**7,384**	**8,650**
Non-controlling interest		**817**	**981**
TOTAL EQUITY		**8,201**	**9,631**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	9	1,980	2,425
Seller's notes		35	75
Retirement benefit obligations		569	803
Deferred tax liability		398	192
Other non-current liabilities		49	63
Total non-current liabilities		**3,031**	**3,558**
Current liabilities			
Loans and borrowings	9	1,760	1,718
Seller's notes		90	90
Trade and other payables	10	1,729	1,909
Total current liabilities		**3,579**	**3,717**
TOTAL LIABILITIES		**6,610**	**7,275**
TOTAL LIABILITIES AND EQUITY		**14,811**	**16,906**

Signed and authorized for release on behalf of Metinvest B.V. on 5 September 2014:

Originally signed by Managing Director A, Yuriy Ryzhenkov

Originally signed by Managing Director B, ITPS (Netherlands) B.V.

	Note	Six months ended 30 June 2014	2013
Revenue	5	6,023	6,576
Cost of sales		(4,319)	(5,190)
Gross profit		**1,704**	**1,386**
Distribution costs		(556)	(584)
General and administrative expenses		(151)	(192)
Other operating income / (expenses), net	11	206	97
Operating profit		**1,203**	**707**
Finance income		12	28
Finance costs		(417)	(169)
Share of result of associates and joint venture		23	15
Profit before income tax		**821**	**581**
Income tax expense		(168)	(135)
Profit for the period		**653**	**446**
Profit attributable to:			
Owners of the Company		583	281
Non-controlling interests		70	165
Profit for the period		**653**	**446**

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

	Note	Six months ended 30 June 2014	2013
Profit for the period		653	446
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(3,164)	(22)
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		1,651	(5)
Share in other comprehensive income of joint venture		137	-
Remeasurement of retirement benefit obligations		(12)	-
Income tax related to items that will not be reclassified subsequently to profit or loss		(295)	1
Total other comprehensive loss		**(1,683)**	**(26)**
Total comprehensive (loss) / income for the period		**(1,030)**	**420**

Total comprehensive (loss) / income attributable to:

Owners of the Company	(866)	256
Non-controlling interest	(164)	164
	(1,030)	**420**

All amounts in millions of US Dollars

	Six months ended 30 June 2014	2013
Cash flows from operating activities		
Profit before income tax	**821**	**581**
Adjustments for:		
Depreciation of property, plant and equipment and amortisation of intangible assets	435	537
(Reversal of impairment) / Impairment of property, plant and equipment	(41)	8
Finance income	(12)	(28)
Finance costs	417	169
Unrealised operating foreign exchange differences	(168)	23
Change in retirement benefit obligations, except for interest costs	(23)	(24)
Share of result of associates and joint venture	(23)	(15)
(Reversal of write-down) / Write-down of inventories	(19)	3
Impairment / (Reversal of impairment) of trade receivables	4	(57)
Other non-cash operating income	(6)	(19)
Operating cash flows before working capital changes	**1,385**	**1,178**
(Increase) / decrease in inventories	(59)	255
Increase in trade and other accounts receivable	(160)	(222)
(Decrease) / increase in trade and other accounts payable	(56)	1
Increase in other non-current assets	-	(3)
Decrease in other non-current liabilities	(1)	-
Cash generated from operations	**1,109**	**1,209**
Income taxes paid	(226)	(206)
Interest paid	(117)	(114)
Net cash from operating activities	**766**	**889**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(279)	(290)
Proceeds from sale of property, plant and equipment	-	39
Acquisition of associate	(15)	(2)
Loans issued	(2)	(11)
Interest received	11	8
Proceeds from disposal of other non-current assets	5	14
Net cash used in investing activities	**(280)**	**(242)**
Cash flows from financing activities		
Proceeds from loans and borrowings	445	260
Repayment of loans and borrowings	(390)	(326)
Repayment of seller’s notes	(45)	(45)
Net trade financing repayments	(460)	(397)
Payment for acquisition of non-controlling interest in subsidiaries	(7)	(4)
Dividends paid	(253)	(284)
Net cash used in financing activities	**(710)**	**(796)**
Effect of exchange rate changes on cash and cash equivalents	(29)	(1)
Net decrease in cash and cash equivalents	**(253)**	**(150)**
Cash and cash equivalents at the beginning of the year	**783**	**531**
Cash and cash equivalents at the end of the period	**530**	**381**

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 2014	**0**	**5,461**	**(3,088)**	**6,277**	**8,650**	**981**	**9,631**
Revaluation of property, plant and equipment	-	-	1,558	-	**1,558**	93	**1,651**
Share in other comprehensive income of joint venture	-	-	137	-	**137**	-	**137**
Remeasurement of retirement benefit obligation	-	-	-	(12)	**(12)**	-	**(12)**
Income tax related to items included in other comprehensive income	-	-	(280)	2	**(278)**	(17)	**(295)**
Currency translation differences	-	-	(2,854)	-	**(2,854)**	(310)	**(3,164)**
Other comprehensive income for the period	**-**	**-**	**(1,439)**	**(10)**	**(1,449)**	**(234)**	**(1,683)**
Profit for the period	-	-	-	583	**583**	70	**653**
Total comprehensive income for the period	-	-	**(1,439)**	**573**	**(866)**	**(164)**	**(1,030)**
Realised revaluation reserve	-	-	(121)	121	**-**	-	**-**
Dividends declared	-	-	-	(400)	**(400)**	-	**(400)**
Balance at 30 June 2014	**0**	**5,461**	**(4,648)**	**6,571**	**7,384**	**817**	**8,201**
Balance at 1 January 2013	**0**	**5,461**	**(3,213)**	**6,957**	**9,205**	**1,201**	**10,406**
Devaluation of property, plant and equipment	-	-	(5)	-	**(5)**	-	**(5)**
Income tax related to items included in other comprehensive income	-	-	1	-	**1**	-	**1**
Currency translation differences	-	-	(21)	-	**(21)**	(1)	**(22)**
Other comprehensive income for the period	**-**	**-**	**(25)**	**-**	**(25)**	**(1)**	**(26)**
Profit for the period	-	-	-	281	**281**	165	**446**
Total comprehensive income for the period	-	-	**(25)**	**281**	**256**	**164**	**420**
Realised revaluation reserve	-	-	(159)	159	**-**	-	**-**
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	**-**	(4)	**(4)**
Dividends declared	-	-	-	(610)	**(610)**	-	**(610)**
Balance at 30 June 2013	**0**	**5,461**	**(3,397)**	**6,787**	**8,851**	**1,361**	**10,212**

All tabular amounts in millions of US Dollars

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 PJSC Ingulets Iron Ore Enrichment Works in exchange for the transfer to SMART of 25% of the Company. Following the November 2007 transaction, Metinvest B.V. was owned 75% by SCM Cyprus and 25% by SMART. SCM Cyprus and SMART additionally agreed that both would sell/contribute to the Group their remaining equity interests in certain metals and mining assets owned by SCM and SMART. In exchange SMART would acquire certain additional rights over the management of the Company and the Group. Due to the complexity of the transaction, it was executed in several stages during 2007 through 2014; and was completed in July 2014 (Note 13).

In 2011, 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 2014, 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:

	Effective % interest as at			
Name	30 June 2014	31 December 2013	Segment	Country of incorporation
Metinvest Holding LLC	100.0%	100.0%	Corporate	Ukraine
PJSC Azovstal Iron and Steel Works	96.2%	96.2%	Metallurgical	Ukraine
PJSC Yenakiieve Iron and Steel Works	91.4%	91.4%	Metallurgical	Ukraine
JV Metalen LLC	100.0%	100.0%	Metallurgical	Ukraine
PJSC Khartsyzsk Pipe Plant	98.2%	98.2%	Metallurgical	Ukraine
Ferriera Valsider S.p.A.	70.0%	70.0%	Metallurgical	Italy
Metinvest Trametal 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	100.0%	100.0%	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	100.0%	100.0%	Metallurgical	Bulgaria
PJSC Ilyich Iron and Steel Works	99.2%	99.2%	Metallurgical	Ukraine
PJSC Avdiivka Coke Plant	92.8%	92.8%	Metallurgical	Ukraine
JSC Zaporozhkoks	53.1%	53.1%	Metallurgical	Ukraine
PJSC Northern Iron Ore Enrichment Works	78.4%	78.4%	Mining	Ukraine
PJSC Central Iron Ore Enrichment Works	99.8%	99.8%	Mining	Ukraine
PJSC Ingulets Iron Ore Enrichment Works	85.6%	85.6%	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	92.7%	92.7%	Mining	Ukraine

As at 30 June 2014, the Group employed approximately 100 thousand people (31 December 2013: 101 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 companies globally and is the largest steel and iron ore producer in Ukraine.

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.

Having its key production subsidiaries in Ukraine and selling part of output on the domestic market, the Group is also dependent on the situation in Ukraine. The Ukrainian economy is considered to be developing and characterised by relatively high economic and political risks.

The situation in Ukraine deteriorated in late 2013 to early 2014 following the protests in Kyiv. Beginning in April and continuing to the present, parts of Donetsk and Lugansk regions have been subject to conflict. Some, but not the majority, of the Group's assets are located in these areas of conflict.

In January and April 2014, Moody's Investors Service downgraded Ukraine's sovereign rating from Caa1 to Caa2 and then further to Caa3 with a negative outlook. During the period January to April 2014, the Ukrainian hryvnya devalued against the major world currencies by approximately 50% and has continued to devalue subsequent to the balance sheet date. The future stability of the Ukrainian economy continues to be largely dependent upon reforms and the effectiveness of economic, financial and monetary measures as well as cooperation with international financial institutions to avoid the possible default. On 30 April 2014, the International Monetary Fund approved a two-year Stand-By Arrangement for Ukraine, amounting to USD 17 billion, to support the new Government's economic program; on 7 May 2014, Ukraine received the first tranche of USD 3.2 billion under this arrangement. On 26 May 2014, the Government signed loan agreements worth a total of USD 1.5 billion with the World Bank. On 25 May 2014 a new President of Ukraine was elected. Following the signing of political provisions of the Ukraine–European Union ("EU") Association Agreement on 21 March 2014, the economic part of the treaty was signed on 27 June 2014. The Association Agreement will come into force at the beginning of the second month after Ukraine and each of the 28 member countries of the EU ratifies it.

The devaluation of Ukrainian hryvnya ("UAH") had a short-term impact on the Group's overall profitability, given that the part of Group's costs is UAH based while its sales are largely US dollar ("USD") denominated. This may be observed from the reduction in cost of sales and a corresponding increase in gross profit and in addition other reductions in operating costs in the interim condensed consolidated income statement. Additionally, there was some decline in the sales of the Group's products in the Ukrainian and Russian markets (though the Group has found alternative markets) and a reduction in the market price for iron ore.

During the six months ended 30 June 2014, there have been some but not significant issues with production and supply chains at Group's main production facilities located in Ukraine. Please also refer to Note 13 on events after the balance sheet date. As of 30 June 2014, the Group had significant balances receivable with and prepayments made to the State, mainly including prepaid income taxes and VAT recoverable. The timing of settlement of these balances is uncertain and is dependent upon the availability of State funds. Management believes that these balances are ultimately recoverable.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances. However, the final resolution and the effects of the political and economic crisis are difficult to predict and they may have negative implications on the Ukrainian economy and the Group's business.

All tabular amounts in millions of US Dollars

3 Basis of preparation and significant accounting policies

This interim condensed consolidated financial information for the six months ended 30 June 2014 has been prepared in accordance with IAS 34, "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, 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 2013.

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.

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

	30 June 2014	**31 December 2013**
USD / UAH	11.823	7.993
EUR / UAH	16.087	11.042

The following table summarises average exchange rates of UAH against USD and EUR:

	Six months ended 30 June	
	2014	**2013**
USD / UAH	10.176	7.993
EUR / UAH	13.953	10.492

The devaluation of UAH during the six month ended 30 June 2014 had a positive impact on profitability of the Group as discussed in Note 2 and also resulted in one-off increases in finance costs (through foreign exchange losses on USD denominated debt) and other operating income (mainly through foreign exchange gains on USD denominated trade receivables) on the Group's subsidiaries who have determined the UAH to be their functional currency. Additionally, the translation to the USD presentation currency of certain balances (primarily Property, plant and equipment, Other intangible assets and Retirement benefit obligations) of entities whose functional currency is the UAH has resulted in a reduction in those balances and a corresponding decrease reflected in cumulative currency translation reserve in equity.

Valuation techniques and inputs used to determine fair values of financial assets and liabilities in this interim condensed consolidated financial information for the six months ended 30 June 2014 are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2013. Unless otherwise stated, fair values of financial instruments approximate their carrying values as at 30 June 2014 and 31 December 2013.

4 Adoption of new or revised standards and interpretations

The following new standards and amendments to the standards which are relevant to the Group and have been adopted by the European Union are effective in the European Union for the annual periods beginning on or after 1 January 2014, and have been adopted by the Group:

- IFRS 10, Consolidated Financial Statements;
- Amended IAS 28, Investments in Associates and Joint Ventures;
- IFRS 11, Joint Arrangements and
- IFRS 12, Disclosure of Interest in Other Entities.

These and other new or revised standards or interpretations that became effective from 1 January 2014 had no material impact to the Group.

The following new standards which are relevant to the Group, have been issued, but have not been adopted by the European Union:

- IFRS 9, Financial Instruments Part 1: Classification and Measurement and
- IFRS 15, Revenue from Contracts with Customers.

The Group is currently assessing the possible impact of adoption of the above standards.

Other new or revised standards or interpretations that will become effective for annual periods starting after 1 January 2014 will likely have no material impact to the Group.

All tabular amounts in millions of US Dollars

5 Segment information

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

In million of US Dollars	**Metallurgical**	**Mining**	**Corporate overheads**	**Eliminations**	**Total**
Six months ended 30 June 2014					
Sales – external	4,688	1,335	-	-	**6,023**
Sales to other segments	42	748	-	(790)	-
Total of the reportable segments' revenue	**4,730**	**2,083**	**-**	**(790)**	**6,023**
Adjusted EBITDA	**572**	**1,121**	**(62)**	**(22)**	**1,609**
Reconciling items:					
Depreciation and amortisation					(435)
Finance income					12
Finance costs					(417)
Reversal of impairment of property, plant and equipment and intangible assets					41
Share of result of associates and joint venture					23
Other reconciling items					(12)
Profit before tax					**821**

	Metallurgical	**Mining**	**Corporate overheads**	**Eliminations**	**Total**
Capital expenditure	109	135	28	-	**272**
Significant non-cash items included into adjusted EBITDA:					
- foreign exchange gains / (losses)	(134)	352	(1)	(39)	**178**
- impairment of trade and other receivables	(4)	-	-	-	**(4)**

In million of US Dollars	**Metallurgical**	**Mining**	**Corporate overheads**	**Eliminations**	**Total**
Six months ended 30 June 2013					
Sales – external	4,888	1,688	-	-	**6,576**
Sales to other segments	34	926	-	(960)	-
Total of the reportable segments' revenue	**4,922**	**2,614**	**-**	**(960)**	**6,576**
Adjusted EBITDA	**174**	**1,188**	**(58)**	**(52)**	**1,252**
Reconciling items:					
Depreciation and amortisation					(537)
Finance income					28
Finance costs					(169)
Impairment of property, plant and equipment and intangible assets					(8)
Share of result of associates and joint venture					15
Profit before tax					**581**

	Metallurgical	**Mining**	**Corporate overheads**	**Eliminations**	**Total**
Capital expenditure	118	112	21	-	**251**
Significant non-cash items included into adjusted EBITDA:					
- reversal of impairment / (impairment) of trade and other receivables	59	(2)	-	-	**57**

All tabular amounts in millions of US Dollars

6 Property, plant and equipment

The movements of property, plant and equipment during six months ended 30 June 2014 were as follows:

	Land	Buildings and structures	Plant and machinery	Furniture, fittings and equipment	Construction in progress	Total
As at 1 January 2014	**83**	**3,019**	**4,104**	**90**	**916**	**8,212**
Additions	-	-	-	-	272	**272**
Transfers	-	27	164	6	(197)	**-**
Disposals and other movements	-	-	(5)	-	(13)	**(18)**
Depreciation charge	-	(100)	(298)	(10)	-	**(408)**
Currency translation differences	(2)	(898)	(1,217)	(26)	(283)	**(2,426)**
Revaluation	-	860	816	16	-	**1,692**
As at 30 June 2014	**81**	**2,908**	**3,564**	**76**	**695**	**7,324**

As at 30 June 2014, the Group decided to revalue its property, plant and equipment mainly due to significant devaluation of UAH against USD and EUR during six months ended 30 June 2014.

Fair values of items of property, plant and equipment were estimated as follows:

- carrying amounts of items of plant and machinery which were imported into Ukraine were adjusted to account for changes in USD / UAH and EUR / UAH exchange rates during six months ended 30 June 2014; and
- carrying amounts of other items of property, plant and equipment were adjusted to account for relevant cumulative price indices (for construction works and materials, different types of equipment, etc.) in Ukraine since the date of the latest revaluation of such items.

The resulting fair values were validated using discounted cash flow forecasts (income approach), and were adjusted if the values obtained using income approach are lower than those obtained using indexation of carrying amounts.

The Group intends to perform revaluation of its property, plant and equipment with involvement of independent professional valuers for the purpose of preparation of its consolidated financial statements for the year ending 31 December 2014.

Changes in the techniques, estimates and judgments involved in fair valuation could have had a material effect on the fair value of property, plant and equipment as at 30 June 2014, which, however, is impracticable to quantify due to wide variety of assumptions and assets being valued. The described valuation approach represents Level 3 in the fair value hierarchy.

7 Investments in associates and joint venture

The principal associates and joint ventures of the Group are as follows:

			30 June 2014		31 December 2013	
Name	**Type of relationship**	**Segment**	**% of ownership**	**Carrying value**	**% of ownership**	**Carrying value**
Zaporozhstal	Joint venture	Metallurgical	49.9%	666	49.9%	742
Zaporozhogneupor	Associate	Metallurgical	45.39%	4	45.39%	11
Yenakievskiy Koksohimprom	Associate	Metallurgical	50.0%	10	50.0%	8
IMU	Associate	Metallurgical	49.9%	15	49.9%	22
Black Iron (Cyprus) Limited	Associate	Mining	36.6%	15	-	-
Other	Associate	Mining	n/a	2	n/a	3
Total				**712**		**786**

During March through June 2014 the Group acquired 36% in Black Iron (Cyprus) Limited for USD 15 million. Black Iron Cyprus Limited owns licences for development of two iron ore deposits nearby Kryvyi Rih, Ukraine. In July 2014 the Group increased its share in Black Iron (Cyprus) Limited to 49% (Note 13).

All tabular amounts in millions of US Dollars

8 Trade and other receivables

	30 June 2014	31 December 2013
Trade receivables and receivables on commission sales	1,964	1,844
Loans issued to related parties (USD denominated, 11.5% effective interest rate on average)	58	48
Other financial receivables	90	148
Total financial assets	**2,112**	**2,040**
Recoverable value added tax	233	308
Prepayments made	146	298
Other receivables	79	92
Total trade and other receivables	**2,570**	**2,738**

9 Loans and borrowings

	30 June 2014	31 December 2013
Non-current		
Bank borrowings	793	1,186
Bonds	742	1,239
Non-bank borrowings (9.5% p.a., repayable in 2017; Note 12)	445	-
	1,980	**2,425**
Current		
Bank borrowings	785	777
Trade finance	445	911
Bonds	530	30
	1,760	**1,718**
Total loans and borrowings	**3,740**	**4,143**

As at 30 June 2014, the fair value of bonds was USD 1,163 million (31 December 2013: USD 1,240 million) as determined by reference to observable market quotations. The fair value of bank borrowings was USD 1,541 million (31 December 2013: USD 1,948 million) as estimated based on expected cash flows discounted at 8.5% which is estimated current interest rate for new instruments with similar credit risk and remaining maturity.

All tabular amounts in millions of US Dollars

10 Trade and other payables

	30 June 2014	31 December 2013
Trade payables and payables on sales made on commission	1,016	1,255
Dividends payable to shareholders of Metinvest B.V.	220	70
Dividends payable to non-controlling shareholders of Company subsidiaries	5	12
Payable for acquired property, plant and equipment, intangibles	79	98
Other financial liabilities	49	21
Total financial liabilities	**1,369**	**1,456**
Prepayments received	109	189
Accruals for employees' unused vacations and other payments to employees	70	116
Income tax payable	12	15
Other tax payable	98	57
Wages and salaries payable	31	35
Other non-financial liabilities	40	41
Total trade and other payables	**1,729**	**1,909**

As at 30 June 2014, the Group has contractual capital expenditure commitments in respect of property, plant and equipment totalling USD 339 million (31 December 2013: USD 346 million).

11 Other operating income / (expenses), net

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

	Six months ended 30 June 2014	2013
Foreign exchange gains less losses	223	20
(Impairment) / reversal of impairment of trade and other receivables	(4)	57
Maintenance of social infrastructure	(19)	(30)
Sponsorship and other charity payments	(6)	(4)
Other income / (expenses), net	12	54
Total other operating income / (expenses), net	**206**	**97**

During the six months ended 30 June 2013 the reversal of impairment of trade and other receivables was recognised as the amounts due from one of the key customers of the Group that were previously written down were received during the first half of 2013.

All tabular amounts in millions of US Dollars

12 Balances and transactions with related parties

Unless stated otherwise, other related parties are related through common control under SCM. As at 30 June 2014 and 31 December 2013 significant balances outstanding with related parties are detailed below:

					30 June 2014					**31 December 2013**
	SCM	**Asso-ciates**	**Joint venture**	**Other related parties**	**Smart Group**	**SCM**	**Asso-ciates**	**Joint venture**	**Other related parties**	**Smart Group**
ASSETS										
Other non-current assets, including:	**-**	**-**	**98**	**34**	**13**	**-**	**-**	**98**	**32**	**26**
Long-term loans issued	-	-	98	32	13	-	-	98	30	26
Other non-current assets	-	-	-	2	-	-	-	-	2	-
Trade and other receivables, including:	**7**	**40**	**314**	**108**	**55**	**3**	**34**	**505**	**178**	**40**
Trade receivables and receivables on commission sales	-	40	218	40	10	-	34	291	51	7
Prepayments made	-	-	96	-	-	-	-	214	2	-
Loans issued	-	-	-	10	45	3	-	-	11	33
Other financial receivables	7	-		58	-	-	-	-	114	-
Cash and cash equivalents	**-**	**-**	**-**	**127**	**-**	**-**	**-**	**-**	**122**	**-**

					30 June 2014					**31 December 2013**
	SCM	**Asso-ciates**	**Joint venture**	**Other related parties**	**Smart Group**	**SCM**	**Asso-ciates**	**Joint venture**	**Other related parties**	**Smart Group**
LIABILITIES										
Non-current liabilities, including:	**-**	**-**	**1**	**335**	**111**	**-**	**-**	**1**	**1**	**-**
Non-bank borrowings	-	-	-	334	111	-	-	-	-	-
Other non-current liabilities	-	-	1	1	-	-	-	1	1	-
Trade and other payables, including:	**118**	**56**	**73**	**147**	**356**	**15**	**48**	**55**	**154**	**590**
Dividends payable	115	-	-	-	105	12	-	-	-	58
Trade payables and payables on sales made on commission	-	55	73	105	250	-	47	55	84	531
Prepayments received	-	-	-	38	-	-	-	-	66	-
Other financial liabilities	3	1	-	4	1	3	1	-	4	1

All tabular amounts in millions of US Dollars

12 Balances and transactions with related parties (continued)

Significant transactions with related parties during the six months ended 30 June 2014 are detailed below:

	SCM	Associates	Joint venture	Other related parties	Smart Group	Total
Sales, including:	**-**	**38**	**310**	**41**	**37**	**426**
Steel	-	9	3	35	9	**56**
Scrap metal	-	-	37	1	-	**38**
Coke and coking coal	-	23	119	1	4	**147**
Iron ore	-	-	135	1	-	**136**
Other	-	6	16	3	24	**49**
Other operating income / (expense) net, including:	**-**	**-**	**-**	**10**	**-**	**10**
Other operating income	-	-	-	10	-	**10**
Finance income / (expense), including:	**-**	**-**	**5**	**(3)**	**-**	**2**
Interest income	-	-	5	2	2	**9**
Interest expense	-	-	-	(5)	(2)	**(7)**

Significant transactions with related parties during the six months ended 30 June 2013 are detailed below:

	SCM	Associates	Joint venture	Other related parties	Smart Group	Total
Sales, including:	**-**	**6**	**362**	**69**	**25**	**462**
Steel	-	-	6	29	9	**44**
Scrap metal	-	-	64	3	-	**67**
Coke and coking coal	-	6	151	30	-	**187**
Iron ore	-	-	139	1	-	**140**
Other	-	-	2	6	16	**24**
Finance income, including:	**8**	**-**	**5**	**7**	**4**	**24**
Interest income	6	-	5	3	4	**18**
Other finance income	2	-	-	4	-	**6**

All tabular amounts in millions of US Dollars

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 2014:

	SCM	Associates	Joint venture	Other related parties	Smart Group	Total
Purchases, including:	**-**	**67**	**797**	**846**	**55**	**1,765**
Steel products	-	10	783	1	-	**794**
Coke and coking coal	-	52	-	33	-	**85**
Raw materials and spare parts	-	4	13	86	55	**158**
Electricity	-	-	-	398		**398**
Gas	-	-	-	77	-	**77**
Fuel	-	-	-	8	-	**8**
Services, including transportation	-	1	1	231	-	**233**
Other	-	-	-	12	-	**12**

The following is a summary of purchases from related parties during the six months ended 30 June 2013:

	SCM	Associates	Joint venture	Other related parties	Smart Group	Total
Purchases, including:	**-**	**11**	**678**	**825**	**40**	**1,554**
Steel products	-	-	662	7	-	**669**
Coke and coking coal	-	9	2	77	-	**88**
Raw materials and spare parts	-	2	7	118	40	**167**
Electricity	-	-	-	475	-	**475**
Fuel	-	-	-	4	-	**4**
Services, including transportation	-	-	-	123	-	**123**
Other	-	-	7	21	-	**28**

During the six months ended 30 June 2014, the remuneration of key management personnel of the Group comprised current salaries and related bonuses totalling USD 7.5 million (six months ended 30 June 2013: USD 5.6 million).

13 Events after the balance sheet date

In July 2014 the Group entered into a number of transactions with SMART to acquire a 44.8% effective interest in PJSC Yuzhnyi Mining and Processing Works (an iron ore mining and enrichment facility located in Ukraine) and certain non-controlling interests in Group's subsidiaries (16.1% in PJSC Northern Iron Ore Enrichment Works and 14.1% in PJSC Ingulets Iron Ore Enrichment Works). In exchange additional share rights in Metinvest B.V. were obtained by SMART. Management is currently assessing the financial impact of these transactions.

In July 2014 the Group purchased an additional 13% holding in Black Iron (Cyprus) Limited for USD 5 million. As a result of this additional purchase the Group owns a 49% interest in this entity (Note 7).

In the third quarter of 2014, the Group has been negatively impacted by the conflicts in the parts of the Donetsk and Lugansk regions. In particular, the Group experienced periodic interruptions in its production and supply chain, mainly as a result of logistic and electricity related issues in the region, resulting in some temporary suspension of (or reduction in) production which commenced in the second half of August and continues to the present. Upon resolution of this conflict the production is expected to recommence. The entities that are impacted represent 13% of the Group's revenue for the six months ended 30 June 2014 and 19% of the carrying value of its property, plant and equipment as of 30 June 2014.

Further, the area of conflict has expanded in recent weeks towards the south-eastern part of the Donetsk region, up to approximately 20 kilometres east of the city of Mariupol. The Group has two large steel plants in the city of Mariupol, which in total account for 35% of the carrying value of Group's property, plant and equipment as of 30 June 2014 and the majority of its steel and rolled products output. These two plants are currently fully operational, but subject to raw material logistical constraints. Management has developed a contingency plan and been actively implementing it in order to manage and limit the impact of these events on the Group's operations.