Metinvest B.V.

Unaudited Interim Condensed Consolidated Financial Information

30 June 2015

Contents

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

All amounts in millions of US dollars

	Note	30 June 2015	31 December 2014
ASSETS			
Non-current assets			
Goodwill	7	666	754
Other intangible assets	7	305	534
Property, plant and equipment	8	5,731	6,538
Investments in associates and joint ventures	9	843	906
Deferred tax asset		70	89
Income tax prepaid		136	108
Other non-current assets		135	139
Total non-current assets		**7,886**	**9,068**
Current assets			
Inventories		1,026	1,222
Income tax prepaid		47	110
Trade and other receivables	10	2,229	2,042
Cash and cash equivalents		151	114
Total current assets		**3,453**	**3,488**
TOTAL ASSETS		**11,339**	**12,556**
EQUITY			
Share capital		-	-
Share premium		6,225	6,225
Other reserves		(7,105)	(6,034)
Retained earnings		6,380	6,372
Equity attributable to the owners of the Company		**5,500**	**6,563**
Non-controlling interest		**174**	**199**
TOTAL EQUITY		**5,674**	**6,762**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	11	16	1,878
Seller's notes	11	44	-
Retirement benefit obligations	12	318	473
Deferred tax liability		522	504
Other non-current liabilities		63	39
Total non-current liabilities		**963**	**2,894**
Current liabilities			
Loans and borrowings	11	2,968	1,268
Seller's notes	11	42	86
Trade and other payables	13	1,692	1,546
Total current liabilities		**4,702**	**2,900**
TOTAL LIABILITIES		**5,665**	**5,794**
TOTAL LIABILITIES AND EQUITY		**11,339**	**12,556**

Signed and authorized for release on behalf of Metinvest B.V. on 16 October 2015:

Originally signed by Managing Director A, Yuriy Ryzhenkov

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

	Note	Six months ended 30 June 2015	2014
Revenue	6	3,650	6,023
Cost of sales		(3,047)	(4,319)
Gross profit		**603**	**1,704**
Distribution costs		(463)	(556)
General and administrative expenses		(99)	(151)
Other operating income / (expenses), net	14	47	206
Operating profit		**88**	**1,203**
Finance income		11	12
Finance costs		(371)	(417)
Share of result of associates and joint ventures		99	23
(Loss) / profit before income tax		**(173)**	**821**
Income tax credit / (expense)		7	(168)
(Loss) / profit for the period		**(166)**	**653**
(Loss) / profit attributable to:			
Owners of the Company		(167)	583
Non-controlling interests		1	70
(Loss) / profit for the period		**(166)**	**653**

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

All amounts in millions of US dollars

	Note	Six months ended 30 June 2015	2014
(Loss) / profit for the period		(166)	653
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(1,731)	(3,164)
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		872	1,651
Share in other comprehensive income of joint venture	9	56	137
Remeasurement of retirement benefit obligations	12	47	(12)
Income tax related to items that will not be reclassified subsequently to profit or loss		(166)	(295)
Total other comprehensive loss		**(922)**	**(1,683)**
Total comprehensive loss for the period		**(1,088)**	**(1,030)**

Total comprehensive loss attributable to:

Owners of the Company	(1,063)	(866)
Non-controlling interest	(25)	(164)
	(1,088)	**(1,030)**

All amounts in millions of US Dollars

	Note	Six months ended 30 June 2015	2014
Cash flows from operating activities			
(Loss) / profit before income tax		**(173)**	**821**
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets		295	435
Impairment / (reversal of impairment) of property, plant and equipment and intangible assets	7	165	(41)
Impairment of goodwill	7	39	-
Finance income		(11)	(12)
Finance costs		371	417
Unrealised operating foreign exchange differences		(82)	(168)
Net change in retirement benefit obligations, except for interest costs, remeasurements and currency translation		(23)	(23)
Share of result of associates and joint ventures		(99)	(23)
Write-down / (reversal of write-down) of inventories, net		8	(19)
Impairment of trade receivables		2	4
Other non-cash operating income, net		(12)	(7)
Operating cash flows before working capital changes		**480**	**1,384**
Increase in inventories		(24)	(59)
Increase in trade and other accounts receivable		(309)	(160)
Increase / (decrease) in trade and other accounts payable		315	(56)
Cash generated from operations		**462**	**1,109**
Income taxes paid		(22)	(226)
Interest paid		(89)	(117)
Net cash from operating activities		**351**	**766**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(113)	(279)
Proceeds from sale of property, plant and equipment		8	-
Acquisition of associate		-	(15)
Loans issued		-	(2)
Interest received		10	11
Proceeds from disposal of other non-current assets		1	5
Net cash used in investing activities		**(94)**	**(280)**
Cash flows from financing activities			
Proceeds from loans and borrowings		-	445
Prepayment under consent solicitation agreement	10	(33)	-
Repayment of loans and borrowings		(82)	(390)
Repayment of seller’s notes		-	(45)
Net trade financing repayments		(94)	(460)
Payment for acquisition of non-controlling interest in subsidiaries		-	(7)
Dividends paid		-	(253)
Net cash used in financing activities		**(209)**	**(710)**
Effect of exchange rate changes on cash and cash equivalents		(11)	(29)
Net increase / (decrease) in cash and cash equivalents		**37**	**(253)**
Cash and cash equivalents at the beginning of the year		**114**	**783**
Cash and cash equivalents at the end of the period		**151**	**530**

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 31 December 2014	**-**	**6,225**	**(6,034)**	**6,372**	**6,563**	**199**	**6,762**
Revaluation of property, plant and equipment	-	-	853	-	**853**	19	**872**
Share in other comprehensive income of joint venture	-	-	56	-	**56**	-	**56**
Remeasurement of retirement benefit obligation	-	-	-	44	**44**	3	**47**
Income tax related to items included in other comprehensive income	-	-	(154)	(8)	**(162)**	(4)	**(166)**
Currency translation differences	-	-	(1,687)	-	**(1,687)**	(44)	**(1,731)**
Other comprehensive loss for the period	**-**	**-**	**(932)**	**36**	**(896)**	**(26)**	**(922)**
Loss for the period	-	-	-	(167)	**(167)**	1	**(166)**
Total comprehensive loss for the period	-	**-**	**(932)**	**(131)**	**(1,063)**	**(25)**	**(1,088)**
Realised revaluation reserve	-	-	(139)	139	**-**	-	**-**
Balance at 30 June 2015	**-**	**6,225**	**(7,105)**	**6,380**	**5,500**	**174**	**5,674**
Balance at 31 December 2013	**-**	**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 loss for the period	**-**	**-**	**(1,439)**	**(10)**	**(1,449)**	**(234)**	**(1,683)**
Profit for the period	-	-	-	583	**583**	70	**653**
Total comprehensive loss 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	**-**	**5,461**	**(4,648)**	**6,571**	**7,384**	**817**	**8,201**

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”), and Mr. Vadim Novinsky, through various entities commonly referred to as “SMART” or “Smart Group”.

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 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.

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 2015, Metinvest B.V. is owned 71.24% by SCM Cyprus and 23.76% by companies of the Smart Group. The remaining 5% interest in the Company has been acquired from the previous owners of Ilyich Group for the benefit of SCM and SMART. It is the intention of SCM and SMART to dispose of the said 5% interest in due course (after receipt of respective governmental approvals if such will be necessary), and in such manner that the ultimate interest of SCM in the Company shall be 75% minus 1 share, and the ultimate interest of SMART in the Company shall be 25% plus 1 share.

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

	Effective % interest as at			
Name	**30 June 2015**	**31 December 2014**	**Segment**	**Country of incorporation**
Metinvest Holding LLC	100.0%	100.0%	Corporate	Ukraine
PJSC Azovstal Iron and Steel Works	96.1%	96.1%	Metallurgical	Ukraine
PJSC Yenakiieve Iron and Steel Works	90.8%	90.8%	Metallurgical	Ukraine
JV Metalen LLC	100.0%	100.0%	Metallurgical	Ukraine
PJSC Khartsyzsk Pipe Plant	98.3%	98.3%	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 Makiivka Iron and Steel Works	90.2%	90.2%	Metallurgical	Ukraine
PJSC Ilyich Iron and Steel Works	99.2%	99.2%	Metallurgical	Ukraine
PSC Ilyich Steel	100.0%	100.0%	Metallurgical	Ukraine
PJSC Avdiivka Coke Plant	92.5%	92.5%	Metallurgical	Ukraine
JSC Zaporozhkoks	51.0%	51.0%	Metallurgical	Ukraine
JSC Donetskkoks	93.6%	93.6%	Metallurgical	Ukraine
PJSC Northern Iron Ore Enrichment Works	96.3%	96.4%	Mining	Ukraine
PJSC Central Iron Ore Enrichment Works	99.6%	99.6%	Mining	Ukraine
PJSC Ingulets Iron Ore Enrichment Works	99.8%	99.8%	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	92.4%	92.4%	Mining	Ukraine

As at 30 June 2015, the Group employed approximately 92 thousand people (31 December 2014: 94 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

Starting in late 2013 the political and economic situation in Ukraine has experienced instability with numerous protests and continued political uncertainty that has led to a deterioration of the State's finances, volatility of financial markets and sharp depreciation of the national currency against major foreign currencies (since early 2014). The ratings of Ukrainian sovereign debt were downgraded by international rating agencies with negative outlooks for the future. The National Bank of Ukraine, among other measures, imposed requirement for companies to sell on the inter-bank market 75% of their foreign currency revenue and other inflows, restrictions on the purchase of foreign currency on the inter-bank market, and ban for payment of dividends abroad. As of 30 June 2015, the amount of undistributed retained earnings of the Group's Ukrainian subsidiaries was USD 1,770 million.

The political situation in 2014 has also been volatile, with changes in the Ukrainian Parliament and the Presidency. In March 2014, various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. The Group has no significant operations in Crimea.

The majority of the Group's Metallurgical segment and some of the Mining segment is located in, or near to, the parts of the Donetsk and Lugansk regions where there has been armed conflict. This includes the city of Mariupol (where the Group's two largest steel plants, PJSC Ilyich Iron and Steel Works and PJSC Azovstal Iron and Steel Works, are located), which is approximately 20 kilometres from the area of conflict. Production at these plants has been negatively impacted by the situation, starting from the second half of 2014.

The negative impact on production volumes has been caused primarily by disruptions in infrastructure (rail transportation, road transport and electricity and gas supply). This has resulted in some temporary suspensions of operations or decrease of production at some plants during 2014 and 2015. Management have sought to actively manage and limit the impact of these events on the Group's operations by adopting a number of contingency arrangements. There has been no significant impact to the physical conditions of the Group's assets.

The reduction in production in the first half of 2015 of approximately 32% in steel volume terms, as well as a reduction of production of iron ore by 12% (compared to first half of 2014) has reduced revenue and cost of sales, whilst raw material transportation costs have increased due to the disruptions in transportation infrastructure. The recovery in production levels was noted in the last few months of 2014, but has slowed in January and February 2015 as a result of a number of short-term disruptions. Additionally PJSC Yenakiieve Iron and Steel Works recommenced production in March 2015 after a one month suspension of operations.

As of the date of this report the official NBU exchange rate of Hryvnya against US dollar was UAH 21.69 per USD 1, compared to 21.02 per USD 1 as at 30 June 2015. The devaluation of the Ukrainian Hryvnya ("UAH") during 2015 had a short-term positive impact on the profitability of Group's operations, given that a large part of Group's costs is UAH based while its sales are largely US dollar ("USD") denominated.

Additionally, there has been a significant volatility in the market prices for iron ore, coking coal and steel in first half of 2015. These prices remain depressed as compared to prior years.

As of 30 June 2015, the Group had significant balances receivable from and prepayments made to the State 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 and amounts of future taxable profits of Group's subsidiairies.

These events in Ukraine increase uncertainties, including the Group's assessment of the revaluation of property, plant and equipment and the recoverable amount of property, plant and equipment and goodwill under impairment testing for assets located in Ukraine.

The final resolution of the political and economic situation in Ukraine and the final effects of this are difficult to predict, but it may have further negative implications on the Ukrainian economy and the Group's business.

3 Going concern

In March 2015, the Group sought approval for a partial deferral of principal payments to May 2015 in respect of the pre-export financing (PXF) facilities due in March and April 2015. Whilst agreement was obtained from the majority of PXF lenders under the facilities, the Group was unable to obtain the required full consent. The Group decided to target a broader restructuring and consequently did not make the necessary principal repayments, triggering default and cross default clauses on its bank and non-bank loans and borrowings, as well as bonds. This has resulted in a reclassification from non-current loans and borrowings to current loans and borrowing of USD 1,672 million as of 30 June 2015.

Prior to the commencement of broader debt restructuring negotiations, the Group has started discussions with its PXF lenders for a standstill agreement until end of January 2016 and its bondholders to extend the maturity of 2015 bonds and waive certain existing or potential events of default under the outstanding bonds of Metinvest.B.V. until end of January 2016.

In April 2015, the Group launched consent solicitations with respect to its bonds (totalling USD 1,173 million as of 30 June 2015). Following bondholders' meetings for the 2015, 2017 and 2018 bonds, the majority of bondholders agreed to waive existing and related potential events of default until end of January 2016. Moreover, 2015 bondholders agreed to extend the 2015 bonds maturity from 20 May 2015 to end of January 2016 in exchange for a redemption of 25% of principal. The Group made a prepayment equal to 25% of the principal of its 2015 bonds (a payment of USD 28.4 million) in June 2015 and offset it against the payment due on bonds on 2 July 2015, after the reporting date. The terms of these consent solicitations require the Group, inter alia, not to pay dividends for a period until end of January 2016.

The Group is currently negotiating a standstill agreement with its PXF lenders, so that the PXF lenders will forbear from taking enforcement actions under the PXF facilities until 29 January 2016. A Term Sheet relating to, and containing key terms of, the discussed standstill agreement was agreed between PXF lenders' coordinating committee and Metinvest B.V. as of 26 August 2015. Once the standstill agreement is signed the Group will start a formal restructuring of its debt. The Group continues to pay all interest on its loans, borrowings and bonds. The amount of liability to PXF lenders is disclosed in Note 11.

Management has also prepared monthly cash flow projections for the remainder of 2015 and for January 2016. Additionally, management has performed a high level liquidity analysis for the remainder of 2016 and consider that there is sufficient liquidity to maintain operations. Judgments with regard to future steel and iron ore prices, production volumes, willingness of lenders not to require early repayments and the timing of settlements with various counterparties were required for the preparation of the cash flow projections. Positive overall cash flows (indicating that there is no liquidity gap in any period) are crucially dependent on the willingness of the Group's lenders not to demand early repayment.

The Group preserved full operational control over all its assets and there has been no significant impact to the physical conditions of the Group's assets. Operating cash flow of the Group is adequate to continue its operations in the foreseeable period, but the Group is nevertheless unable to wholly repay during the remainder of 2015 or in 2016 the amount of borrowing and other obligations classified as current liabilities due to event of default. So far as management remains in discussions with its lenders, there is an uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Despite these material uncertainties with respect to the repayment of the current loans and the debt restructuring and based on cash flow projections performed, management considers that the application of the going concern assumption for the preparation of this interim condensed consolidated financial information is appropriate.

All tabular amounts in millions of US Dollars

4 Basis of preparation and significant accounting policies

This interim condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union ("EU"). The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, 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 2014.

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 2015	**31 December 2014**
USD / UAH	21.02	15.77
EUR / UAH	23.54	19.23

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

	Six months ended 30 June	
	2015	**2014**
USD / UAH	21.37	10.18
EUR / UAH	23.83	13.96

The devaluation of UAH during the six month ended 30 June 2015 had a positive impact on profitability of the Group's operations, 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, Investments in associates and joint ventures 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 2015 are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2014. Unless otherwise stated, fair values of financial instruments approximate their carrying values as at 30 June 2015 and 31 December 2014.

5 Adoption of new or revised standards and interpretations

There are no new standards and amendments to the standards which are relevant to the Group and have been adopted by the European Union for the annual periods beginning on or after 1 January 2015.

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 2016, and have not been early adopted by the Group:

- Annual improvements to IFRSs 2012. The improvements consist of changes to seven standards, three of which are relevant to the Group. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

The Group is not expecting any impact of the above amendments on its financial statements.

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;
- IFRS 15, Revenue from Contracts with Customers;
- Amendments to IFRS 10 and IAS 28;
- Annual improvements to IFRSs 2014; and
- Disclosure initiative amendments to IAS 1.

The Group is currently assessing the possible impact of adoption of the above standards but it is not currently expected that it will be significant.

Other new or revised standards or interpretations that will become effective for annual periods starting after 1 January 2016 will likely have no material impact to the Group.

All tabular amounts in millions of US Dollars

6 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.

Starting from 1 January 2015, management has changed the method of measurement of adjusted EBITDA so that realised and unrealised foreign exchange gains and losses are now excluded from adjusted EBITDA. The effect of this change on adjusted EBITDA for six months ended 30 June 2015 is to decrease it by USD 104 million (compared with previous method of measurement). The comparative figures for adjusted EBITDA are unchanged in the tables below; should the new method of measurement been applied for the six months ended 30 June 2014, adjusted EBITDA of Metallurgical segment would have been higher by USD 100 million, adjusted EBITDA of Mining segment would have been lower by USD 372 million and total adjusted EBITDA would have been lower by USD 224 million.

	Metallurgical	**Mining**	**Corporate overheads**	**Eliminations**	**Total**
Six months ended 30 June 2015					
Sales – external	2,839	811	-	-	**3,650**
Sales to other segments	32	690	-	(722)	-
Total of the reportable segments' revenue	**2,871**	**1,501**	**-**	**(722)**	**3,650**
Adjusted EBITDA	**320**	**181**	**(33)**	**14**	**482**
Share in EBITDA of joint ventures	101	37			**138**
Adjusted EBITDA including share in EBITDA of joint ventures	**421**	**218**	**(33)**	**14**	**620**
Reconciling items:					
Depreciation and amortisation					**(295)**
Finance income					**11**
Finance costs					**(371)**
(Impairment) / reversal of impairment of property, plant and equipment and intangible assets	5	(170)	-	-	**(165)**
Goodwill impairment	-	(39)	-	-	**(39)**
Share of result of associates and share of depreciation, amortisation, tax and finance income and costs of joint ventures					**(39)**
Foreign exchange gains less losses, net					**104**
Other reconciling items					**1**
Loss before tax					**(173)**

	Metallurgical	**Mining**	**Corporate overheads**	**Eliminations**	**Total**
Capital expenditure	49	63	5	-	**117**

There were no significant non-cash items included into adjusted EBITDA for six months ended 30 June 2015.

All tabular amounts in millions of US Dollars

6 Segment information (continued)

	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**
Share in EBITDA of joint venture	57	-	-	-	**57**
Adjusted EBITDA including share in EBITDA of joint venture	**629**	**1,121**	**(62)**	**(22)**	**1,666**
Reconciling items:					
Depreciation and amortisation					**(435)**
Finance income					**12**
Finance costs					**(417)**
Reversal of impairment of property, plant and equipment and intangible assets	41				**41**
Share of result of associates and share of depreciation, amortisation, tax and finance income and costs of joint venture					**(34)**
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)**

7 Goodwill and Other intangible assets

Management considered the observed adverse volatility of coking coal prices in the first half of 2015 to be an impairment indicator and updated their impairment assessment for assets of United Coal Company LLC ("UCC") for the latest available analysts's forecasts. Resulted prices are 10–20% less than those forecasted as of 31 December 2014 which in a combination with improved production costs and decrease of freight costs resulted in recoverable amount of UCC at the level of USD 391 million as of 30 June 2015. Total impairment charge of USD 213 million has been recorded in profit and loss for six months ended 30 June 2015, out of which USD 39 million were recorded against goodwill, USD 161 million – against coal reserves, and USD 13 million – against property, plant and equipment of separate mines.

The impairment assessment is sensitive to coal prices changes. The decrease of coal prices in all forecasted periods by 5% with all other variables held constant would result in additional impairment charge of USD 108 million, out of which USD 35 million will be charged to goodwill.

As of 30 June 2015 goodwill related to acquisition of UCC is carried at USD 35 million.

Apart from impairment, changes in the carrying amounts of Group's goodwill and other intangible assets are mainly due to currency translation differences.

All tabular amounts in millions of US Dollars

8 Property, plant and equipment

The movements of property, plant and equipment during six-months period ended 30 June 2014 and 30 June 2015 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**

	Land	Buildings and structures	Plant and machinery	Furniture, fittings and equipment	Construction in progress	Total
As at 1 January 2015	**72**	**2,082**	**3,684**	**52**	**648**	**6,538**
Additions	-	-	-	-	110	**110**
Transfers	-	31	50	3	(84)	**-**
Disposals and other movements	-	-	(1)	-	(8)	**(9)**
Depreciation charge	-	(70)	(208)	(5)	-	**(283)**
Currency translation differences	(6)	(477)	(853)	(13)	(144)	**(1,493)**
Impairment	-	(8)	(5)	-	-	**(13)**
Revaluation	-	290	584	5	2	**881**
As at 30 June 2015	**66**	**1,848**	**3,251**	**42**	**524**	**5,731**

As at 30 June 2015, the Group decided to revalue its property, plant and equipment mainly due to significant inflation in Ukraine and further devaluation of UAH against USD and EUR during the six months ended 30 June 2015.

Fair values of items of property, plant and equipment located in Ukraine were estimated as follows: carrying amounts 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; and 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.

A revaluation exercise was considered unnecessary for balances located outside of Ukraine as management estimated that their fair value as of 30 June 2015 is not materially different from their cumulative carrying amount of USD 579 million.

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 2015.

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 2015, 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.

All tabular amounts in millions of US Dollars

9 Investments in associates and joint ventures

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

			30 June 2015		31 December 2014	
Name	**Type of relationship**	**Segment**	**% of ownership**	**Carrying value**	**% of ownership**	**Carrying value**
PJSC Southem Iron Ore Enrichment Works	Joint venture	Mining	45.9%	308	45.9%	345
Zaporozhstal Group	Joint venture	Metallurgical	49.9%	504	49.9%	522
Zaporozhogneupor	Associate	Metallurgical	45.4%	2	45.4%	4
Yenakievskiy Koksohimprom	Associate	Metallurgical	50.0%	7	50.0%	6
IMU	Associate	Metallurgical	49.9%	11	49.9%	13
Black Iron (Cyprus) Limited	Associate	Mining	49.0%	10	49.9%	14
Other	Associate	Mining	n/a	1	n/a	2
Total				**843**		**906**

Key changes in the carrying amount of the Group's investments in associates and joint ventures during six months ended 30 June 2015 were due to Group's share in their after tax results of USD 99 million, share in other comprehensive income of USD 56 million (originated due to revaluation of property plant and equipment and remeasurement of the defined benefit obligations) and negative currency translation differences of USD 218 million due to devaluation of UAH against USD.

10 Trade and other receivables

	30 June 2015	31 December 2014
Trade receivables and receivables on commission sales	1,563	1,544
Current portion of loans issued to related parties	86	86
Other financial receivables	117	78
Total financial assets	**1,766**	**1,708**
Recoverable value added tax	255	225
Prepayments made	158	45
Prepaid expenses and other non-financial receivables	50	64
Total trade and other receivables	**2,229**	**2,042**

Other financial receivables include the amount of prepayment made to the bank-agent under consent solicitation agreement with Group's bondholders comprising agreed principal repayment (Note 3) and transaction fees.

The increased prepayments made reflect the compensation to foreign suppliers of goods and services for the increased risks and uncertainties of doing business with Ukrainian counterparties.

All tabular amounts in millions of US Dollars

11 Loans and borrowings and Seller's notes

	30 June 2015	31 December 2014
Non-current		
Bank borrowings	16	476
Bonds	-	1,032
Non-bank borrowings	-	370
	16	**1,878**
Current		
Bank borrowings	1,094	714
Trade finance	315	416
Bonds	1,173	138
Non-bank borrowings	386	-
	2,968	**1,268**
Total loans and borrowings	**2,984**	**3,146**

As disclosed in Note 3, the Group breached its payment covenants and consequently as a result of this breach and the associated impact of cross default the vast majority of loans and borrowing were reclassified to current loans and borrowings. As at 30 June 2015, the bank borrowing includes PXF in the amount USD 1,094 million.

As of 30 June 2015, the Group's 2018 bonds were traded on open markets with discount of approximately 44% to their nominal value, 2017 bonds were traded on open markets with discount of approximately 41% and 2016 bonds were traded on open markets with discount of approximately 27%. However, as trading volumes are low, these trades may not represent the fair value of bonds. Further, given the current default status on loans and borrowings (including bonds) and the uncertainties on the timing of cash flows on their repayment, management considers it is impracticable to estimate a fair value of the loans and borrowings as at 30 June 2015.

As of 30 June 2015 and 30 June 2014, seller's notes were carried at USD 86 million. Terms of repayment of the seller's notes were prolonged in January 2015 causing reclassification of USD 44 million to non-current liabilities.

12 Retirement benefit obligations

The decrease in retirement benefit obligations as of 30 June 2015 resulted primarily from the following factors:

- adoption of changes to the mandatory State defined benefit plan, being an increase of the required overall service period and gradual increase of the early retirement age for women by 5 years. These resulted in USD 15 million of negative past service costs recognised in profit and loss for the six months ended 30 June 2015;
- actuarial gains on revisiting of discount rate and other assumptions as well as experience adjustment on actual increase in salary in the reporting period. These resulted in USD 47 million of remeasurement gains recorded in other comprehensive income for the six months ended 30 June 2015; and
- devaluation of UAH against USD in the reporting period. This resulted in negative currency translation difference of USD 114 million.

All tabular amounts in millions of US Dollars

13 Trade and other payables

	30 June 2015	**31 December 2014**
Trade payables and payables on sales made on commission	1,204	996
Dividends payable to shareholders of Metinvest B.V.	88	88
Dividends payable to non-controlling shareholders of Company subsidiaries	2	3
Payable for acquired property, plant and equipment and other intangible assets	62	95
Other financial liabilities	55	37
Total financial liabilities	**1,411**	**1,219**
Prepayments received	90	114
Accruals for employees' unused vacations and other payments to employees	62	67
Income tax payable	22	9
Other taxes payable	68	73
Wages and salaries payable	19	20
Other allowances	20	44
Total trade and other payables	**1,692**	**1,546**

As at 30 June 2015, the Group has contractual capital expenditure commitments in respect of property, plant and equipment totalling USD 221 million (31 December 2014: USD 166 million).

14 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	
	2015	**2014**
Foreign exchange gains less losses, net	104	224
Impairment of trade and other receivables	(2)	(4)
Maintenance of social infrastructure	(14)	(19)
Sponsorship and other charity payments	(8)	(6)
Goodwill impairment	(39)	-
Other income, net	6	11
Total other operating income / (expenses), net	**47**	**206**

All tabular amounts in millions of US Dollars

15 Balances and transactions with related parties

Unless stated otherwise, other related parties are related through common control under SCM. As at 30 June 2015 and 31 December 2014 significant balances outstanding with related parties are detailed below:

	30 June 2015					31 December 2014				
	SCM Limited	**Asso-ciates**	**Joint ventures**	**SCM and related entities**	**Smart Group**	**SCM Limited**	**Asso-ciates**	**Joint ventures**	**SCM and related entities**	**Smart Group**
ASSETS										
Other non-current assets, including:	**-**	**-**	**98**	**21**	**-**	**-**	**-**	**98**	**20**	**-**
Long-term loans issued	-	-	98	21	-	-	-	98	20	-
Trade and other receivables, including:	**-**	**42**	**304**	**82**	**74**	**1**	**27**	**274**	**92**	**74**
Trade receivables and receivables on commission sales	-	42	304	22	2	-	27	270	33	3
Prepayments made	-	-	-	14	-	-	-	1	4	-
Loans issued	-	-	-	14	72	-	-	3	12	71
Receivables for disposal of subsidiaries and associates	-	-	-	2	-	-	-	-	2	-
Receivables for disposal certificates sold	-	-	-	-	-	-	-	-	1	-
Other financial receivables	-	-	-	30	-	1	-	-	40	-
Cash and cash equivalents	**-**	**-**	**-**	**94**	**-**	**-**	**-**	**-**	**60**	**-**
Other current assets	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**

	30 June 2015					31 December 2014				
	SCM Limited	**Asso-ciates**	**Joint ventures**	**SCM and related entities**	**Smart Group**	**SCM Limited**	**Asso-ciates**	**Joint ventures**	**SCM and related entities**	**Smart Group**
LIABILITIES										
Non-bank borrowings	-	-	-	290	96	-	-	-	278	92
Other non-current liabilities	-	-	1	-	-	-	-	1	1	-
Trade and other payables, including:	**41**	**45**	**581**	**115**	**52**	**41**	**35**	**396**	**159**	**60**
Dividends payable	40	-	-	-	48	40	-	-	-	48
Trade payables and payables on sales made on commission	-	33	581	80	-	-	32	394	118	-
Prepayments received	-	12	-	21	-	-	3	2	29	-
Other financial liabilities	1	-	-	1	8	1	-	-	12	12

All tabular amounts in millions of US Dollars

15 Balances and transactions with related parties (continued)

Significant transactions with related parties during the six months ended 30 June 2015 are detailed below:

	Associates	Joint ventures	SCM and related entities	Smart Group	Total
Sales, including:	**25**	**302**	**22**	**-**	**349**
Steel	-	12	19	-	**31**
Scrap metal	-	22	1	-	**23**
Coke and coking coal	23	156	-	-	**179**
Iron ore	-	72	-	-	**72**
Other	2	40	2	-	**44**
Other operating income / (expense) net, including:	**-**	**-**	**(4)**	**-**	**(4)**
Sponsorship and other charity payments	-	-	(5)	-	**(5)**
Other operating income	-	-	1	-	**1**
Finance income / (expense), including:	**-**	**5**	**(10)**	**(1)**	**(6)**
Interest income	-	5	3	3	**11**
Interest expense	-	-	(13)	(4)	**(17)**

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

	Associates	Joint venture	SCM and related entities	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**
Sponsorship and other charity payments	-	-	-	-	**-**
Other operating income	-	-	10	-	**10**
Finance income / (expense), including:	**-**	**5**	**(3)**	**-**	**2**
Interest income	-	5	2	2	**9**
Interest expense	-	-	(5)	(2)	**(7)**

All tabular amounts in millions of US Dollars

15 Balances and transactions with related parties (continued)

The following is a summary of purchases from related parties during the six months ended 30 June 2015:

	Associates	Joint ventures	SCM and related entities	Smart Group	Total
Purchases, including:	**34**	**647**	**460**	**-**	**1,141**
Steel products	-	640	2	-	**642**
Coke and coking coal	31	1	-	-	**32**
Raw materials and spare parts	2	5	19	-	**26**
Electricity	-	-	223	-	**223**
Gas	-	-	55	-	**55**
Fuel	-	-	9	-	**9**
Services, including transportation	-	-	150	-	**150**
Other	1	1	2	-	**4**

The following is a summary of purchases from related parties during the six months ended 30 June 2014:

	Associates	Joint venture	SCM and related entities	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**

During the six months ended 30 June 2015, the remuneration of key management personnel of the Group comprised current salaries and related bonuses totalling USD 4.3 million (six months ended 30 June 2014: USD 7.5 million).

16 Events after the balance sheet date

There were no events after the balance sheet date other than those already disclosed in this interim condensed consolidated financial information.