

OAO Severstal and subsidiaries

Consolidated interim condensed financial statements
for the three months ended March 31, 2014 and 2013

OAO Severstal and subsidiaries

Consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

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Auditors' Report on Review of Consolidated Interim Condensed Financial Statements

Board of Directors

OA O Severstal

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OA O Severstal (the "Company") and its subsidiaries (the "Group") as at 31 March 2014, the related consolidated interim condensed income statements and consolidated interim condensed statements of comprehensive income for the three-month periods ended 31 March 2014 and 2013, the related consolidated interim condensed statements of changes in equity and cash flows for the three-month periods ended 31 March 2014 and 2013, and notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Audited entity: OA O Severstal

Registered by decree #1150 of Cherepovets' council on 24 September 1993.

Registered in the Unified State Register of Legal Entities on 31 July 2002 by the Vologda regional Tax Inspectorate of Ministry for Taxes and Duties of Russian Federation for Cherepovets, Registration No. 1023501236901, Certificate series 35 No. 000782100.

30, Mira Street, Cherepovets, Vologodskaya oblast, Russia, 162608

Independent auditor: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

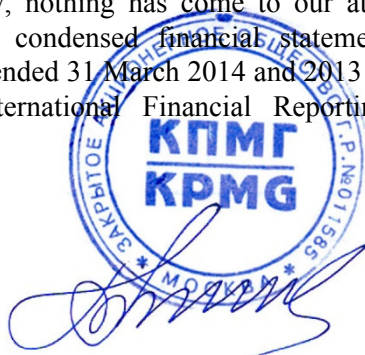
Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 31 March 2014 and for the three-month periods ended 31 March 2014 and 2013 are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



Mr. Altukhov K.V.

Director, power of attorney dated 1 October 2013 No. 65/13

ZAO KPMG

29 April 2014

Moscow, Russian Federation

OAO Severstal and subsidiaries

Consolidated interim condensed income statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Note	Three months ended March 31,	
		2014	2013
		(unaudited)	(unaudited)
Revenue			
Revenue - third parties		2,972,612	3,285,332
Revenue - related parties	4	34,091	36,711
	2	3,006,703	3,322,043
Cost of sales		(2,317,838)	(2,624,677)
Gross profit		688,865	697,366
General and administrative expenses		(142,061)	(183,551)
Distribution expenses		(176,079)	(251,752)
Other taxes and contributions		(28,325)	(39,455)
Share of associates' and joint ventures' loss		(3,460)	(2,338)
Gain/(loss) on disposal of property, plant and equipment and intangible assets		1,026	(6,454)
Net other operating (expenses)/income		(3,858)	8,062
Profit from operations		336,108	221,878
Impairment of non-current assets		(7,438)	(119)
Net other non-operating expenses		(16,886)	(19,839)
Profit before financing and taxation		311,784	201,920
Finance costs, net	3	(116,648)	(92,779)
Foreign exchange loss		(320,806)	(14,818)
(Loss)/profit before income tax		(125,670)	94,323
Income tax benefit/(expense)		25,468	(44,596)
(Loss)/profit for the period		(100,202)	49,727
Attributable to:			
shareholders of OAO Severstal		(99,581)	44,460
non-controlling interests		(621)	5,267
Basic and diluted weighted average number of shares outstanding during the period (millions of shares)		810.6	810.6
Basic and diluted (loss)/earnings per share (US dollars)		(0.12)	0.05

These consolidated interim condensed financial statements were approved by the Board of Directors on April 29, 2014.

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

OAO Severstal and subsidiaries

Consolidated interim condensed statements of comprehensive income Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Three months ended March 31,	
	2014 (unaudited)	2013 (unaudited)
(Loss)/profit for the period	(100,202)	49,727
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
Actuarial losses	(2,795)	(8,430)
Translation to presentation currency	(245,543)	(69,947)
Total items that will not be reclassified to profit or loss	(248,338)	(78,377)
Items that may be reclassified subsequently to profit or loss		
Translation to presentation currency - foreign operations	(19,040)	(63,285)
Changes in fair value of cash flow hedges	-	(2,965)
Deferred tax on changes in fair value of cash flow hedges	-	422
Changes in fair value of available-for-sale financial assets	-	(932)
Deferred tax on changes in fair value of available-for-sale financial assets	-	539
Total items that may be reclassified subsequently to profit or loss	(19,040)	(66,221)
Items that were reclassified to profit or loss		
Realised gains on disposal of available-for-sale financial assets	-	(1,756)
Total items that were reclassified to profit or loss	-	(1,756)
Other comprehensive loss for the period, net of tax	(267,378)	(146,354)
Total comprehensive loss for the period	(367,580)	(96,627)
Attributable to:		
shareholders of OAO Severstal	(366,414)	(100,110)
non-controlling interests	(1,166)	3,483

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

OAO Severstal and subsidiaries

Consolidated interim condensed statements of financial position March 31, 2014 and December 31, 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Note	March 31, 2014 (unaudited)	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents		891,786	1,035,948
Short-term financial investments		48,490	60,016
Trade accounts receivable		1,234,765	1,356,916
Accounts receivable from related parties	5	17,125	18,620
Restricted financial assets		947	1,114
Inventories		1,823,356	2,018,760
VAT recoverable		118,148	119,151
Income tax recoverable		19,770	19,048
Other current assets		205,099	276,863
Total current assets		4,359,486	4,906,436
Non-current assets:			
Long-term financial investments		117,247	115,481
Investments in associates and joint ventures		254,178	256,671
Property, plant and equipment		7,777,097	8,254,192
Intangible assets		666,096	678,910
Restricted financial assets		39,536	39,478
Deferred tax assets		70,928	78,118
Other non-current assets		160,290	204,441
Total non-current assets		9,085,372	9,627,291
Total assets		13,444,858	14,533,727
Liabilities and shareholders' equity			
Current liabilities:			
Trade accounts payable		954,187	1,145,873
Accounts payable to related parties	5	35,099	42,998
Short-term debt finance	6	778,564	627,519
Income taxes payable		2,174	10,660
Other taxes and social security payable		147,358	138,657
Dividends payable		1,805	28,065
Other current liabilities		454,207	555,401
Total current liabilities		2,373,394	2,549,173
Non-current liabilities:			
Long-term debt finance	6	3,665,637	4,126,575
Deferred tax liabilities		262,813	312,736
Retirement benefit liabilities		183,854	189,913
Other non-current liabilities		318,196	355,073
Total non-current liabilities		4,430,500	4,984,297
Equity:			
Share capital		2,752,728	2,752,728
Treasury shares		(235,657)	(235,657)
Additional capital		315,922	315,922
Translation reserve		(806,224)	(542,186)
Retained earnings		4,590,155	4,692,475
Other reserves		1,044	1,044
Total equity attributable to shareholders of OAO Severstal		6,617,968	6,984,326
Non-controlling interests		22,996	15,931
Total equity		6,640,964	7,000,257
Total equity and liabilities		13,444,858	14,533,727

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

OAO Severstal and subsidiaries

Consolidated interim condensed statements of cash flows Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Three months ended March 31,	
	2014	2013
	(unaudited)	(unaudited)
Operating activities:		
Profit before financing and taxation	311,784	201,920
Adjustments to reconcile profit to cash generated from operations:		
Depreciation and amortization	191,400	197,647
Impairment of non-current assets	7,438	119
Movements in provision for inventories, receivables and other provisions	9,208	(7,665)
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(1,026)	6,454
Loss on disposal of subsidiary	-	1,370
Share of associates' and joint ventures' results less dividends from associates and joint ventures	5,279	3,010
Changes in operating assets and liabilities:		
Trade accounts receivable	56,807	(316,421)
Amounts receivable from related parties	290	(7,696)
VAT recoverable	(11,014)	31,640
Inventories	84,093	220,173
Trade accounts payable	(96,098)	(66,162)
Amounts payable to related parties	(6,311)	(6,572)
Other taxes and social security payable	22,971	31,111
Other non-current liabilities	(12,211)	(8,645)
Net other changes in operating assets and liabilities	29,452	(45,037)
Cash generated from operations	592,062	235,246
Interest paid	(96,204)	(112,821)
Income tax paid	(7,878)	(13,348)
Net cash from operating activities	487,980	109,077
Investing activities:		
Additions to property, plant and equipment	(244,214)	(289,376)
Additions to intangible assets	(19,959)	(19,352)
Additions to financial investments	(11,940)	(11,749)
Proceeds from disposal of subsidiary	-	3,502
Proceeds from disposal of property, plant and equipment	4,675	4,990
Proceeds from disposal of financial investments	13,659	10,035
Interest received	7,144	8,646
Cash used in investing activities	(250,635)	(293,304)
Financing activities:		
Proceeds from debt finance	1,144,710	1,133,748
Repayments of debt finance	(1,476,604)	(1,028,859)
Repayments under lease obligations	(465)	(1,490)
Dividends paid	(25,525)	(80,251)
Cash (used in)/from financing activities	(357,884)	23,148
Effect of exchange rates on cash and cash equivalents	(23,623)	(12,745)
Net decrease in cash and cash equivalents	(144,162)	(173,824)
Cash and cash equivalents at beginning of the period	1,035,948	1,726,275
Cash and cash equivalents at end of the period	891,786	1,552,451

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

OAO Severstal and subsidiaries

Consolidated interim condensed statements of changes in equity

Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Attributable to shareholders of OAO Severstal						Non- controlling interests	Total	
	Share capital	Treasury shares	Additional capital	Translation reserve	Retained earnings	Other reserves	Total		
Balances at December 31, 2012	2,752,728	(235,657)	315,922	(411,658)	4,767,325	5,800	7,194,460	20,783	7,215,243
Profit for the period (unaudited)	-	-	-	-	44,460	-	44,460	5,267	49,727
Translation to presentation currency (unaudited)	-	-	-	(131,448)	-	-	(131,448)	(1,784)	(133,232)
Other comprehensive loss (unaudited)	-	-	-	-	(8,430)	(5,653)	(14,083)	-	(14,083)
Deferred tax on other comprehensive loss (unaudited)	-	-	-	-	-	961	961	-	961
Total comprehensive (loss)/income for the period (unaudited)	-	-	-	(131,448)	36,030	(4,692)	(100,110)	3,483	(96,627)
Effect of acquisition and disposal without a change in control (unaudited)	-	-	-	-	7,246	-	7,246	(7,293)	(47)
Balances at March 31, 2013 (unaudited)	2,752,728	(235,657)	315,922	(543,106)	4,810,601	1,108	7,101,596	16,973	7,118,569
Balances at December 31, 2013	2,752,728	(235,657)	315,922	(542,186)	4,692,475	1,044	6,984,326	15,931	7,000,257
Loss for the period (unaudited)	-	-	-	-	(99,581)	-	(99,581)	(621)	(100,202)
Translation to presentation currency (unaudited)	-	-	-	(264,038)	-	-	(264,038)	(545)	(264,583)
Other comprehensive loss (unaudited)	-	-	-	-	(2,795)	-	(2,795)	-	(2,795)
Total comprehensive loss for the period (unaudited)	-	-	-	(264,038)	(102,376)	-	(366,414)	(1,166)	(367,580)
Effect of disposal without a change in control (unaudited)	-	-	-	-	56	-	56	8,231	8,287
Balances at March 31, 2014 (unaudited)	2,752,728	(235,657)	315,922	(806,224)	4,590,155	1,044	6,617,968	22,996	6,640,964

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

OA0 Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

1. Accounting policies and estimates

These consolidated interim condensed financial statements of OAO Severstal and subsidiaries ('the Group') have been prepared in accordance with International Financial Reporting Standards ('IFRS'), IAS 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

Adoption new and amended IFRS

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended December 31, 2013, except that the Group has adopted those amended Standards and Interpretation that are mandatory for financial annual periods beginning on January 1, 2014.

Standards and Interpretation	Effective for annual periods beginning on or after
IAS 27 (Amended) "Separate Financial Statements"	January 1, 2014
IAS 32 (Amended) "Financial Instruments: Presentation"	January 1, 2014
IAS 36 (Amended) "Impairment of assets"	January 1, 2014
IAS 39 (Amended) "Financial Instruments: Recognition and Measurement"	January 1, 2014
IFRS 10 (Amended) "Consolidated Financial Statements"	January 1, 2014
IFRS 12 (Amended) "Disclosure of Interests in Other Entities"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Amended IAS 27 *Separate Financial Statements* requires an investment entity to account for its investment in a relevant subsidiary at fair value through profit or loss in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). Amended IAS 27 did not have a significant effect on the Group's consolidated interim condensed financial statements.

Amended IAS 32 *Financial Instruments: Presentation* provides clarifications on the application of the offsetting rules of financial instruments. Amended IAS 32 did not have a significant effect on the Group's consolidated interim condensed financial statements.

Amended IAS 36 *Impairment of assets* has been issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the disclosure of information about the recoverable amount of impaired assets will be required only when the recoverable amount is based on fair value less costs of disposal. The amendments to be applied retrospectively. Amended IAS 36 did not have a significant effect on the Group's consolidated interim condensed financial statements.

Amended IAS 39 *Financial Instruments: Recognition and Measurement* provides relief from discontinuing hedge accounting if a hedging derivative is novated, provided certain criteria are met. Amended IAS 39 did not have a significant effect on the Group's consolidated interim condensed financial statements.

Amended IFRS 10 *Consolidated Financial Statements* provides investment entities an exemption from the consolidation of particular subsidiaries and instead requires that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*.

OA0 Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

Amended IFRS 10 did not have a significant effect on the Group's consolidated interim condensed financial statements.

Amended IFRS 12 *Disclosure of Interests in Other Entities* requires additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Amended IFRS 12 did not have a significant effect on the Group's consolidated interim condensed financial statements.

IFRIC 21 *Levies* provides guidance on determining the obligation event that gives rise to a liability in connection with a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. IFRIC 21 did not have a significant effect on the Group's consolidated interim condensed financial statements.

New accounting pronouncements

A number of new and amended Standards were not yet effective for the three months ended March 31, 2014, and have not been applied in these consolidated interim condensed financial statements.

Standards	Effective for annual periods beginning on or after
IAS 16 (Amended) "Property, Plant and Equipment"	July 1, 2014
IAS 19 (Amended) "Employee benefits"	July 1, 2014
IAS 24 (Amended) "Related Party Disclosures"	July 1, 2014
IAS 37 (Amended) "Provisions, Contingent Liabilities and Contingent Assets"	July 1, 2014
IAS 38 (Amended) "Intangible assets"	July 1, 2014
IAS 39 (Amended) "Financial Instruments: Recognition and Measurement"	July 1, 2014
IAS 40 (Amended) "Investment Property"	July 1, 2014
IFRS 1 (Amended) "First-time Adoption of International Financial Reporting Standards"	July 1, 2014
IFRS 2 (Amended) "Share-based Payment"	July 1, 2014
IFRS 3 (Amended) "Business Combinations"	July 1, 2014
IFRS 7 (Amended) "Financial Instruments: Disclosure"	January 1, 2015
IFRS 8 (Amended) "Operating Segments"	July 1, 2014
IFRS 9 (Amended) "Financial Instruments"	partially from July 1, 2014
IFRS 13 (Amended) "Fair Value Measurement"	July 1, 2014
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016

The adoption of the pronouncements listed above is not expected to have a significant impact on the Group's consolidated financial statements in future periods except for those discussed below.

IFRS 9 *Financial Instruments* is to be issued in several phases and is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement*. Amended IFRS 7 *Financial Instruments: Disclosure* requires additional disclosure on transition from IAS 39 to IFRS 9. The first and second phases of IFRS 9 were finalised in November 2009 and October 2010, respectively, and relate to the recognition and measurement of financial assets and liabilities. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Group's consolidated financial statements.

OAQ Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

Restatements

During the current year the Group changed the classification of revenue by products to more appropriately reflect their nature.

In order to conform to the current period's presentation the following reclassifications to the prior period were made:

Revenue by product:

	Three months ended March 31, 2013 (unaudited)
Metalware products	(32,631)
Cold-rolled sheet	15,421
Hot-rolled strip and plate	14,894
Galvanized and other metallic coated sheet	1,153
Colour-coated sheet	758
Other tubes and pipes, formed shapes	405

OAO Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

2. Revenue

Revenue by product was as follows:

	Three months ended March 31,	
	2014	2013*
	(unaudited)	(unaudited)
Hot-rolled strip and plate	1,079,146	1,147,406
Galvanized and other metallic coated sheet	475,031	467,056
Cold-rolled sheet	322,407	347,761
Shipping and handling costs billed to customers	186,399	219,783
Pellets and iron ore	173,860	157,463
Metalware products	159,761	194,380
Large diameter pipes	118,178	131,637
Long products	110,539	115,585
Other tubes and pipes, formed shapes	109,708	117,044
Colour-coated sheet	70,746	102,889
Coal and coking coal concentrate	69,672	157,416
Semi-finished products	40,089	58,936
Scrap	4,408	2,786
Others	86,759	101,901
	3,006,703	3,322,043

* These amounts reflect adjustments made in connection with the change in presentation described in Note 1 of these consolidated interim condensed financial statements.

Revenue by delivery destination was as follows:

	Three months ended March 31,	
	2014	2013
	(unaudited)	(unaudited)
Russian Federation	1,136,526	1,413,422
North America	1,085,171	964,436
Europe	539,315	504,148
China and Central Asia	84,311	174,042
The Middle East	68,887	69,678
Central and South America	58,944	75,403
South-East Asia	13	111,232
Africa	33,536	9,682
	3,006,703	3,322,043

OAO Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

3. Finance costs, net

	Three months ended March 31,	
	2014	2013
	(unaudited)	(unaudited)
Interest expense	(117,287)	(100,025)
Interest income	3,416	10,015
Loss on remeasurement and disposal of financial investments	(1,464)	(1,741)
Other finance costs	(1,313)	(1,028)
	(116,648)	(92,779)

4. Related party transactions

	Three months ended March 31,	
	2014	2013
	(unaudited)	(unaudited)
Revenue - related parties:		
Revenue - associates	11,023	12,002
Revenue - joint ventures	12,249	15,161
Revenue - other related parties	10,819	9,548
Interest income from related parties:		
Interest income from joint ventures	1,825	1,450
Interest income from other related parties	2,268	2,823
	38,184	40,984
Purchases from related parties:		
Purchases from associates:		
Non-capital expenditures	34,956	27,496
Purchases from joint ventures:		
Non-capital expenditures	42,272	55,297
Purchases from other related parties:		
Non-capital expenditures	11,560	8,392
Capital expenditures	-	24
Interest expense	-	37
	88,788	91,246

OAO Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

5. Related party balances

	March 31, 2014 (unaudited)	December 31, 2013
Joint ventures' balances		
Short-term trade accounts receivable	4,433	4,804
Short-term loans	29,359	29,383
Long-term loans	43,044	39,026
Long-term promissory notes	29,844	29,258
Short-term trade accounts payable	10,121	9,701
Associates' balances		
Short-term trade accounts receivable	4,295	4,501
Short-term loans	3,991	4,585
Short-term trade accounts payable	18,007	25,642
Other related party balances		
Cash and cash equivalents at related party bank	244,180	373,359
Accounts receivable from other related parties:		
Short-term trade accounts receivable	6,969	6,274
Advances paid	410	856
Short-term other receivables	1,018	2,185
Short-term loans	338	457
Short-term promissory notes	2,242	1,427
Long-term other receivables	2,946	3,441
Available-for-sale financial assets	779	891
	14,702	15,531
Accounts payable to other related parties:		
Short-term trade accounts payable	1,228	1,446
Advances received	133	168
Short-term other accounts payable	5,610	6,041
Long-term other accounts payable	2,497	2,917
	9,468	10,572
Debt financing includes the following balances with other related parties:		
Short-term debt financing	308	92
	308	92

The amounts outstanding are expected to be settled in cash. The Group did not hold any collateral for amounts owed by related parties.

OA0 Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

6. Debt finance

In March 2013, the Group issued US\$ 600.0 million bonds denominated in US dollars maturing in 2018. These bonds bear an interest rate of 4.45% per annum, which is payable semi-annually in March and September each year, beginning in September 2013. The proceeds from the bonds issuance were used for general corporate purposes, including refinancing of debt maturing in 2013.

7. Segment information

As at March 31, 2014 the Group had three reportable segments: Severstal Resources, Severstal Russian Steel and Severstal International.

Severstal Resources has its extraction facilities in the Russian Federation, the USA and Liberia producing iron ore and coal.

Severstal Russian Steel produces a wide range of products, including hot-rolled sheets, profiles, large-diameter pipes and cold-rolled coated sheets encompassing special-grade sheets for the automotive industry, hot-rolled plates, metalware and long products on steel production facilities located in the Russian Federation. It sells steel products to the domestic Russian market, serving the needs of the Russian automotive, construction, shipbuilding, oil and gas, engineering and other industries, as well as on the international market.

Severstal International produces high-quality flat-rolled products, including hot-rolled, cold-rolled, electrogalvanized and hot-dip galvanized steel, for customers in the automotive, converter, container, pipe and tube, building and construction and other markets in the North America region. Severstal International's production facilities are located in the USA.

The following is an analysis of the Group's revenue and profit before financing and taxation by segments:

	Three months ended March 31,	
	2014	2013
	(unaudited)	(unaudited)
Revenue		
Severstal Resources	567,227	683,515
Severstal Russian Steel	1,713,777	2,030,018
Severstal International	1,016,022	929,801
Intersegment transactions	(290,323)	(321,291)
	<u>3,006,703</u>	<u>3,322,043</u>
Profit before financing and taxation		
Severstal Resources	134,871	120,634
Severstal Russian Steel	151,295	83,623
Severstal International	22,707	2,806
Intersegment transactions	2,911	(5,143)
	<u>311,784</u>	<u>201,920</u>

OA O Severstal and subsidiaries

Notes to the consolidated interim condensed financial statements Three months ended March 31, 2014 and 2013

(Amounts expressed in thousands of US dollars, except as otherwise stated)

The following is an analysis of the Group's total assets by segments:

	March 31, 2014 (unaudited)	December 31, 2013
Total assets		
Severstal Resources*	6,269,947	6,404,457
Severstal Russian Steel	13,477,145	14,132,206
Severstal International	3,797,534	3,873,292
Intersegment balances	(10,099,768)	(9,876,228)
	<u>13,444,858</u>	<u>14,533,727</u>

*Total assets of Severstal Resources at March 31, 2014 and December 31, 2013 included a US\$ 210.0 million treasury shares of Severstal measured at the Group's share in the Gold segment's net assets as at the date of its separation in 2012.

The following is an analysis of the Group's total liabilities by segments:

	March 31, 2014 (unaudited)	December 31, 2013
Total liabilities		
Severstal Resources	1,583,998	1,665,467
Severstal Russian Steel	6,811,276	7,191,125
Severstal International	2,703,450	2,745,867
Intersegment balances	(4,294,830)	(4,068,989)
	<u>6,803,894</u>	<u>7,533,470</u>

8. Capital commitments

As of March 31, 2014 the Group had contractual capital commitments of US\$ 473.8 million (December 31, 2013: US\$ 488.3 million).