OAO TMK

Unaudited Interim Condensed Consolidated Financial Statements

Three-month period ended March 31, 2014

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Three-month period ended March 31, 2014

Contents

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Report on review of interim condensed consolidated financial statements

To the Shareholders and Board of Directors OAO TMK

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of OAO TMK and its subsidiaries ("Group") as of March 31, 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and condensed explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated 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 interim 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC

May 21, 2014

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Unaudited Interim Consolidated Income Statement

Three-month period ended March 31, 2014

(All amounts in thousands of US dollars, unless specified otherwise)

	NOTES	Three-month period ended March 31, 2014	Three-month period ended March 31, 2013
Revenue:	1	1,466,083	1,724,700
Sales of goods		*1,442,348*	*1,696,595*
Rendering of services		*23,735*	*28,105*
Cost of sales	2	(1,184,756)	(1,355,255)
Gross profit		**281,327**	**369,445**
Selling and distribution expenses	3	(89,951)	(93,460)
Advertising and promotion expenses		(4,451)	(2,942)
General and administrative expenses	4	(76,722)	(80,589)
Research and development expenses	5	(3,757)	(2,703)
Other operating income	6	2,606	1,674
Other operating expenses	6	(7,387)	(11,732)
Foreign exchange loss, net		(62,854)	(4,619)
Finance costs		(55,334)	(71,827)
Finance income		884	2,078
Gain on changes in fair value of derivative financial instruments		1,640	4,801
Share of loss of associates	10	(227)	(218)
Gain on disposal of subsidiary	9	–	1,862
Profit/(loss) before tax		**(14,226)**	**111,770**
Income tax expense	7	(1,494)	(26,505)
Profit/(loss) for the period		**(15,720)**	**85,265**
Attributable to:			
Equity holders of the parent entity		(15,643)	83,229
Non-controlling interests		(77)	2,036
		(15,720)	**85,265**
Earnings/(loss) per share attributable to the equity holders of the parent entity, basic and diluted (in US dollars)	8	**(0.02)**	**0.10**

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

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Unaudited Interim Consolidated Statement of Comprehensive Income

Three-month period ended March 31, 2014

(All amounts in thousands of US dollars)

	NOTES	Three-month period ended March 31, 2014	Three-month period ended March 31, 2013
Profit/(loss) for the period		**(15,720)**	**85,265**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation to presentation currency [(a)]		(60,275)	(29,780)
Foreign currency loss on hedged net investment in foreign operation [(b)]	22 (ii)	(92,856)	(24,391)
Income tax [(b)]	22 (ii)	18,571	4,878
		(74,285)	**(19,513)**
Movement on cash flow hedges [(a)]	22 (iii)	427	62
Income tax [(a)]	22 (iii)	(101)	(17)
		326	**45**
Other comprehensive loss for the period, net of tax		**(134,234)**	**(49,248)**
Total comprehensive income/(loss) for the period, net of tax		**(149,954)**	**36,017**
Attributable to:			
Equity holders of the parent entity		(144,195)	35,820
Non-controlling interests		(5,759)	197
		(149,954)	**36,017**

(a) The amounts of exchange differences on translation to presentation currency and gain on movement on cash flow hedges, net of income tax, were attributable to equity holders of the parent entity and to non-controlling interests as presented in the table below:

	Three-month period ended March 31, 2014	Three-month period ended March 31, 2013
Exchange differences on translation to presentation currency attributable to:		
Equity holders of the parent entity	(54,593)	(27,939)
Non-controlling interests	(5,682)	(1,841)
	(60,275)	**(29,780)**
Movement on cash flow hedges attributable to:		
Equity holders of the parent entity	326	43
Non-controlling interests	–	2
	326	**45**

(b) The amount of foreign currency loss on hedged net investment in foreign operation, net of income tax, was attributable to equity holders of the parent entity.

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

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Unaudited Interim Consolidated Statement of Financial Position

At March 31, 2014

(All amounts in thousands of US dollars)

	NOTES	March 31, 2014		December 31, 2013	
ASSETS					
Current assets					
Cash and cash equivalents	11	67,954		93,298	
Trade and other receivables		903,187		995,371	
Inventories	12	1,275,803		1,324,475	
Prepayments and input VAT		121,607		136,630	
Prepaid income taxes		10,505		11,276	
Other financial assets		155	**2,379,211**	155	**2,561,205**
Non-current assets					
Investments in associates	10	1,520		1,900	
Property, plant and equipment	13	3,623,035		3,845,355	
Goodwill	14	579,177		584,904	
Intangible assets		302,140		311,428	
Deferred tax asset		82,731		63,624	
Other non-current assets		35,799	**4,624,402**	50,252	**4,857,463**
TOTAL ASSETS			**7,003,613**		**7,418,668**
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	15	859,317		944,165	
Advances from customers		40,948		59,936	
Accounts payable to related parties	20	81,678		101,151	
Provisions and accruals	16	32,658		51,184	
Interest-bearing loans and borrowings	17	712,740		393,941	
Finance lease liability		5,679		3,796	
Derivative financial instruments	19	441		2,080	
Dividends payable		252		5,863	
Income tax payable		7,452	**1,741,165**	8,504	**1,570,620**
Non-current liabilities					
Interest-bearing loans and borrowings	17	2,821,952		3,248,077	
Finance lease liability		53,424		47,969	
Deferred tax liability		285,302		297,874	
Provisions and accruals	16	36,432		33,327	
Employee benefits liability		42,515		45,067	
Other liabilities		43,158	**3,282,783**	46,115	**3,718,429**
Total liabilities			**5,023,948**		**5,289,049**
Equity	22				
Parent shareholders' equity					
Issued capital		326,417		326,417	
Treasury shares		(319,149)		(319,149)	
Additional paid-in capital		391,192		391,192	
Reserve capital		16,390		16,390	
Retained earnings		1,720,972		1,737,098	
Foreign currency translation reserve		(249,345)		(120,467)	
Other reserves		2,637	1,889,114	2,311	2,033,792
Non-controlling interests			90,551		95,827
Total equity			**1,979,665**		**2,129,619**
TOTAL LIABILITIES AND EQUITY			**7,003,613**		**7,418,668**

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

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Unaudited Interim Consolidated Statement of Changes in Equity

Three-month period ended March 31, 2014

(All amounts in thousands of US dollars)

	Attributable to equity holders of the parent								Non-controlling interests	TOTAL
	Issued capital	Treasury shares	Additional paid-in capital	Reserve capital	Retained earnings	Foreign currency translation reserve	Other reserves	Total		
At January 1, 2014	**326,417**	**(319,149)**	**391,192**	**16,390**	**1,737,098**	**(120,467)**	**2,311**	**2,033,792**	**95,827**	**2,129,619**
Loss for the period	–	–	–	–	(15,643)	–	–	**(15,643)**	(77)	**(15,720)**
Other comprehensive income/(loss) for the period, net of tax	–	–	–	–	–	(128,878)	326	**(128,552)**	(5,682)	**(134,234)**
Total comprehensive income/(loss) for the period, net of tax	–	–	–	–	**(15,643)**	**(128,878)**	**326**	**(144,195)**	**(5,759)**	**(149,954)**
Recognition of the change in non-controlling interests in the subsidiary as an equity transaction (Note 22 iv)	–	–	–	–	(483)	–	–	**(483)**	483	–
At March 31, 2014	**326,417**	**(319,149)**	**391,192**	**16,390**	**1,720,972**	**(249,345)**	**2,637**	**1,889,114**	**90,551**	**1,979,665**

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

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Unaudited Interim Consolidated Statement of Changes in Equity

Three-month period ended March 31, 2014 (continued)

(All amounts in thousands of US dollars)

	Attributable to equity holders of the parent									
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Reserve capital**	**Retained earnings**	**Foreign currency translation reserve**	**Other reserves**	**Total**	**Non-controlling interests**	**TOTAL**
At January 1, 2013 (as restated)	**326,417**	**(319,149)**	**391,192**	**16,390**	**1,581,001**	**(9,796)**	**(1,297)**	**1,984,758**	**98,868**	**2,083,626**
Profit for the period	–	–	–	–	83,229	–	–	**83,229**	2,036	**85,265**
Other comprehensive income/(loss) for the period, net of tax	–	–	–	–	–	(47,452)	43	**(47,409)**	(1,839)	**(49,248)**
Total comprehensive income/(loss) for the period, net of tax	**–**	**–**	**–**	**–**	**83,229**	**(47,452)**	**43**	**35,820**	**197**	**36,017**
Recognition of the change in non-controlling interests in the subsidiary as an equity transaction	–	–	–	–	(222)	–	–	**(222)**	222	**–**
At March 31, 2013	326,417	(319,149)	391,192	16,390	1,664,008	(57,248)	(1,254)	2,020,356	99,287	**2,119,643**

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

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Unaudited Interim Consolidated Cash Flow Statement

Three-month period ended March 31, 2014

(All amounts in thousands of US dollars)

	NOTES	Three-month period ended March 31, 2014	2013
Operating activities			
Profit/(loss) before tax		(14,226)	111,770
Adjustments to reconcile profit/(loss) before tax to operating cash flows:			
Depreciation of property, plant and equipment		64,447	68,570
Amortisation of intangible assets	14	9,348	12,233
(Gain)/loss on disposal of property, plant and equipment	6	(122)	2,146
Foreign exchange loss, net		62,854	4,619
Finance costs		55,334	71,827
Finance income		(884)	(2,078)
Gain on disposal of subsidiary	9	–	(1,862)
Gain on changes in fair value of derivative financial instruments		(1,640)	(4,801)
Share of loss of associates	10	227	218
Allowance for net realisable value of inventory		1,825	662
Allowance for doubtful debts		(501)	988
Movement in provisions		(9,535)	(18,316)
Operating cash flows before working capital changes		**167,127**	**245,976**
Working capital changes:			
(Increase)/decrease in inventories		(21,588)	64,994
(Increase)/decrease in trade and other receivables		27,268	(141,759)
Decrease in prepayments		6,015	26,226
Increase/(decrease) in trade and other payables		(27,642)	12,667
Decrease in advances from customers		(14,408)	(94,535)
Cash generated from operations		**136,772**	**113,569**
Income taxes paid		(5,645)	(24,740)
Net cash flows from operating activities		**131,127**	**88,829**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(67,885)	(92,808)
Proceeds from sale of property, plant and equipment		1,833	354
Acquisition of subsidiaries		–	(8,000)
Disposal of subsidiary		–	(1,906)
Issuance of loans		(18)	(261)
Proceeds from repayment of loans issued		599	679
Interest received		639	1,246
Net cash flows used in investing activities		**(64,832)**	**(100,696)**
Financing activities			
Proceeds from borrowings		470,868	146,314
Repayment of borrowings		(479,032)	(132,084)
Interest paid		(61,527)	(73,113)
Payment of finance lease liabilities		(1,569)	(1,239)
Dividends paid to equity holders of the parent		(24,661)	(31,569)
Net cash flows used in financing activities		**(95,921)**	**(91,691)**
Net decrease in cash and cash equivalents		(29,626)	(103,558)
Net foreign exchange difference		4,282	(3,754)
Cash and cash equivalents at January 1		93,298	225,061
Cash and cash equivalents at March 31		**67,954**	**117,749**

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

Corporate Information

These interim condensed consolidated financial statements of OAO TMK and its subsidiaries (the "Group") for the three-month period ended March 31, 2014 were authorised for issue in accordance with a resolution of the General Director on May 21, 2014.

OAO TMK (the "Company"), the parent company of the Group, is an open joint stock company ("OAO"). Both registered and principal office of the Company is 40/2a Pokrovka Street, Moscow, the Russian Federation.

As at March 31, 2014, the Company's controlling shareholder was TMK Steel Limited. TMK Steel Limited is ultimately controlled by D.A. Pumpyanskiy.

The Group is one of the world's leading producers of steel pipes for the oil and gas industry, a global company with extensive network of production facilities, sales companies and representative offices.

The principal activities of the Group are the production and distribution of seamless and welded pipes, including pipes with the entire range of premium connections backed by extensive technical support. Research centres established in Russia and in the United States are involved in new product design and development, experimental and validation testing and advanced metallurgical research.

Basis of Preparation

Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Accordingly, these interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2013. Operating results for the three-month period ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

Changes in Accounting Policies

In the preparation of these interim condensed consolidated financial statements, the Group followed the same accounting policies and methods of computation as compared with those applied in the annual consolidated financial statements for the year ended December 31, 2013.

The nature and the impact of the adoption of new and revised standards, which became effective on January 1, 2014, on the Group's accounting policy is described below.

Basis of Preparation (continued)

Changes in Accounting Policies (continued)

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (amendments) – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (amendments) – Offsetting Financial Assets and Financial Liabilities

The amendment clarifies financial assets and financial liabilities offsetting rules. These amendments have no impact on the Group's financial position or performance.

IAS 36 Impairment of Assets (amendments) – Recoverable Amount Disclosures for Non-Financial Assets

This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement (amendments) – Novation of Derivatives and Continuation of Hedge Accounting

This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The adoption of IFRIC 21 did not have any impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Index to the Notes

(All amounts are in thousands of US dollars, unless specified otherwise)

1) Segment Information

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed. For management purposes, the Group is organised into business divisions based on geographical location, and has three reportable segments:

- Russia segment represents the results of operations and financial position of plants located in Russian Federation and the Sultanate of Oman, a finishing facility in Kazakhstan, Oilfield service companies and traders located in Russia, Kazakhstan, the United Arab Emirates and Switzerland;
- Americas segment represents the results of operations and financial position of plants and traders located in the United States of America and Canada;
- Europe segment represents the results of operations and financial position of plants and traders located in Europe, excluding Switzerland.

Management monitors the operating results of operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on Adjusted EBITDA. Adjusted EBITDA is determined as profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash items. Group financing (including finance costs and finance income) is managed on a group basis and is not allocated to operating segments.

The following tables present revenue and profit information regarding the Group's reportable segments:

Three-month period ended March 31, 2014	**Russia**	**Americas**	**Europe**	**TOTAL**
Revenue	981,128	418,035	66,920	**1,466,083**
Cost of sales	(756,958)	(374,203)	(53,595)	**(1,184,756)**
GROSS PROFIT	**224,170**	**43,832**	**13,325**	**281,327**
Selling, general and administrative expenses	(127,538)	(37,654)	(9,689)	**(174,881)**
Other operating income/(expenses), net	(3,756)	(1,027)	2	**(4,781)**
OPERATING PROFIT	**92,876**	**5,151**	**3,638**	**101,665**
ADD BACK				
Depreciation and amortisation	51,825	18,724	3,246	**73,795**
Gain/(loss) on disposal of property, plant and equipment	(744)	731	(109)	**(122)**
Allowance for net realisable value of inventory	2,046	127	(348)	**1,825**
Allowance for doubtful debts	(658)	20	137	**(501)**
Movement in other provisions	7,420	(469)	798	**7,749**
	59,889	**19,133**	**3,724**	**82,746**
ADJUSTED EBITDA	**152,765**	**24,284**	**7,362**	**184,411**

(All amounts are in thousands of US dollars, unless specified otherwise)

1) Segment Information (continued)

Three-month period ended March 31, 2014	Russia	Americas	Europe	TOTAL
RECONCILIATION TO PROFIT/(LOSS) BEFORE TAX:				
ADJUSTED EBITDA	**152,765**	**24,284**	**7,362**	**184,411**
Reversal of adjustments from operating profit to EBITDA	(59,889)	(19,133)	(3,724)	**(82,746)**
OPERATING PROFIT	**92,876**	**5,151**	**3,638**	**101,665**
Foreign exchange loss, net	(62,097)	(467)	(290)	**(62,854)**
OPERATING PROFIT AFTER FOREIGN EXCHANGE LOSS	**30,779**	**4,684**	**3,348**	**38,811**
Finance costs				**(55,334)**
Finance income				**884**
Gain on changes in fair value of derivative financial instruments				**1,640**
Share of loss of associates				**(227)**
LOSS BEFORE TAX				**(14,226)**

Three-month period ended March 31, 2013	Russia	Americas	Europe	TOTAL
Revenue	1,276,744	368,853	79,103	**1,724,700**
Cost of sales	(955,656)	(332,520)	(67,079)	**(1,355,255)**
GROSS PROFIT	**321,088**	**36,333**	**12,024**	**369,445**
Selling, general and administrative expenses	(132,613)	(38,091)	(8,990)	**(179,694)**
Other operating expenses, net	(8,168)	(1,656)	(234)	**(10,058)**
OPERATING PROFIT/(LOSS)	**180,307**	**(3,414)**	**2,800**	**179,693**
ADD BACK				
Depreciation and amortisation	57,570	20,381	2,852	**80,803**
Loss on disposal of property, plant and equipment	1,642	491	13	**2,146**
Allowance for net realisable value of inventory	(325)	984	3	**662**
Allowance for doubtful debts	640	353	(5)	**988**
Movement in other provisions	6,916	1,262	190	**8,368**
	66,443	**23,471**	**3,053**	**92,967**
ADJUSTED EBITDA	**246,750**	**20,057**	**5,853**	**272,660**

Three-month period ended March 31, 2013	Russia	Americas	Europe	TOTAL
RECONCILIATION TO PROFIT/(LOSS) BEFORE TAX:				
ADJUSTED EBITDA	**246,750**	**20,057**	**5,853**	**272,660**
Reversal of adjustments from operating profit/(loss) to EBITDA	(66,443)	(23,471)	(3,053)	**(92,967)**
OPERATING PROFIT/(LOSS)	**180,307**	**(3,414)**	**2,800**	**179,693**
Foreign exchange gain/(loss), net	(4,902)	(218)	501	**(4,619)**
OPERATING PROFIT/(LOSS) AFTER FOREIGN EXCHANGE GAIN/(LOSS)	**175,405**	**(3,632)**	**3,301**	**175,074**
Finance costs				**(71,827)**
Finance income				**2,078**
Gain on changes in fair value of derivative financial instruments				**4,801**
Share of loss of associates				**(218)**
Gain on disposal of subsidiary				**1,862**
PROFIT BEFORE TAX				**111,770**

(All amounts are in thousands of US dollars, unless specified otherwise)

1) Segment Information (continued)

The following table presents additional information of the Group's reportable segments:

Segment assets	Russia	Americas	Europe	TOTAL
At March 31, 2014	4,598,870	1,944,236	460,507	**7,003,613**
At December 31, 2013	5,047,725	1,927,441	443,502	**7,418,668**

The following table presents the revenues from external customers for each group of products and services:

Sales to external customers	Seamless pipes	Welded pipes	Other operations	TOTAL
Three-month period ended March 31, 2014	977,338	424,244	64,501	**1,466,083**
Three-month period ended March 31, 2013	1,084,475	563,330	76,895	**1,724,700**

2) Cost of Sales

Cost of sales for the three-month periods ended March 31 was as follows:

	2014	2013
Raw materials and consumables	751,997	880,286
Staff costs including social security	184,434	187,257
Energy and utilities	113,225	112,541
Depreciation and amortisation	64,686	66,357
Contracted manufacture	36,370	21,616
Repairs and maintenance	29,738	33,824
Freight	21,143	18,329
Taxes	10,624	13,518
Professional fees and services	9,471	8,435
Rent	3,552	2,971
Travel	757	731
Insurance	197	287
Communications	197	231
Other	1,394	4,852
Total production cost	**1,227,785**	**1,351,235**
Change in own finished goods and work in progress	(50,584)	(5,227)
Cost of sales of externally purchased goods	4,292	8,612
Obsolete stock, write-offs	3,263	635
Cost of sales	**1,184,756**	**1,355,255**

(All amounts are in thousands of US dollars, unless specified otherwise)

3) Selling and Distribution Expenses

Selling and distribution expenses for the three-month periods ended March 31 were as follows:

	2014	2013
Freight	49,411	48,351
Staff costs including social security	16,947	17,045
Depreciation and amortisation	8,816	10,849
Professional fees and services	5,764	4,725
Consumables	5,153	5,884
Rent	1,665	1,900
Travel	984	983
Utilities and maintenance	774	549
Communications	309	335
Insurance	285	277
Bad debt expense	(490)	1,908
Other	333	654
	89,951	**93,460**

4) General and Administrative Expenses

General and administrative expenses for the three-month periods ended March 31 were as follows:

	2014	2013
Staff costs including social security	46,400	48,460
Professional fees and services	11,195	13,695
Utilities and maintenance	3,482	2,614
Depreciation and amortisation	3,192	4,073
Insurance	1,919	1,731
Communications	1,887	1,822
Travel	1,739	2,592
Transportation	1,559	1,690
Rent	1,203	1,423
Taxes	974	715
Consumables	873	1,078
Other	2,299	696
	76,722	**80,589**

5) Research and Development Expenses

Research and development expenses for the three-month periods ended March 31 were as follows:

	2014	2013
Staff costs including social security	1,806	1,585
Depreciation and amortisation	1,043	56
Professional fees and services	368	233
Travel	234	269
Consumables	140	116
Other	166	444
	3,757	**2,703**

(All amounts are in thousands of US dollars, unless specified otherwise)

6) Other Operating Income and Expenses

Other operating income for the three-month periods ended March 31 was as follows:

	2014	2013
Gain from penalties and fines	1,683	1,049
Gain on disposal of property, plant and equipment	122	–
Other	801	625
	2,606	**1,674**

Other operating expenses for the three-month periods ended March 31 were as follows:

	2014	2013
Social and social infrastructure maintenance expenses	3,335	3,938
Sponsorship and charitable donations	2,123	3,002
Penalties, fines and claims	1,488	2,266
Loss on disposal of property, plant and equipment	–	2,146
Other	441	380
	7,387	**11,732**

7) Income Tax

Income tax expense for the three-month periods ended March 31 was as follows:

	2014	2013
Current income tax expense	3,971	13,700
Adjustments in respect of income tax of previous periods	364	499
Deferred tax expense/(benefit) related to origination and reversal of temporary differences	(2,841)	12,306
Total income tax expense	**1,494**	**26,505**

8) Earnings per Share

Basic earnings per share are calculated by dividing profit/(loss) for the period attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by dividing the profit/(loss) for the period attributable to ordinary shareholders of the parent entity adjusted for interest expense and other gains and losses for the period, net of tax, relating to convertible bonds by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

Earnings per share attributable to equity holders of the parent entity for the three-month periods ended March 31 were as follows:

	2014	2013
Profit/(loss) for the period attributable to the equity holders of the parent entity	(15,643)	83,229
Weighted average number of ordinary shares outstanding	865,026,466	865,026,466
Earnings/(loss) per share attributable to the equity holders of the parent entity, basic and diluted (in US dollars)	**(0.02)**	**0.10**

In the three-month periods ended March 31, 2014 and 2013, the convertible bonds were antidilutive.

(All amounts are in thousands of US dollars, unless specified otherwise)

9) Disposal of Subsidiaries

Disposal of OOO "Skladskoy Kompleks TMK"

On March 27, 2013, the Group sold 81% ownership interest in OOO "Skladskoy Kompleks TMK". The following table summarises the carrying values of assets and liabilities of OOO "Skladskoy Kompleks TMK", cash flows on disposal of subsidiary and the carrying value of investments retained by the Group as at the date of disposal:

	Carrying values
Cash and cash equivalents	1,932
Trade and other receivables	12,525
Inventories	7,927
Other assets	907
Total assets	**23,291**
Trade and other payables	(25,082)
Other liabilities	(39)
Total liabilities	**(25,121)**
Net liabilities	**(1,830)**
Cash consideration	(26)
19% ownership interest retained	(6)
Gain on disposal of subsidiary	**1,862**

10) Investments in Associates

The movement in investments in associates was as follows in the three-month period ended March 31, 2014:

	2014
Balance at January 1	1,900
Share of loss of associates	(227)
Currency translation adjustment	(153)
Balance at March 31	**1,520**

11) Cash and Cash Equivalents

Cash and cash equivalents were denominated in the following currencies:

	March 31, 2014	December 31, 2013
Russian rouble	27,752	62,838
US dollar	33,758	22,490
Euro	4,493	6,609
Romanian lei	677	165
Other currencies	1,274	1,196
	67,954	**93,298**

The above cash and cash equivalents consisted primarily of cash at banks.

As at March 31, 2014, the restricted cash amounted to 3,792 (December 31, 2013:7,452).

(All amounts are in thousands of US dollars, unless specified otherwise)

12) Inventories

Inventories consisted of the following:

	March 31, 2014	December 31, 2013
Finished goods and work in process	853,950	843,443
Raw materials and supplies	445,135	503,928
Gross inventories	**1,299,085**	**1,347,371**
Allowance for net realisable value of inventory	(23,282)	(22,896)
Net inventories	**1,275,803**	**1,324,475**

13) Property, Plant and Equipment

Movement in property, plant and equipment in the three-month period ended March 31, 2014 was as follows:

	Land and buildings	Machinery and equipment	Transport and motor vehicles	Furniture and fixtures	Leasehold improve-ments	Construc-tion in progress	TOTAL
<u>**COST**</u>							
Balance at January 1, 2014	1,442,677	3,220,619	67,389	76,175	25,262	677,754	**5,509,876**
Additions	–	–	–	–	–	95,550	**95,550**
Assets put into operation	9,540	56,379	15,554	111	1,827	(83,411)	**–**
Disposals	(621)	(46,551)	(258)	(341)	–	(171)	**(47,942)**
Currency translation adjustments	(98,089)	(198,231)	(4,230)	(4,435)	(361)	(51,522)	**(356,868)**
BALANCE AT MARCH 31, 2014	**1,353,507**	**3,032,216**	**78,455**	**71,510**	**26,728**	**638,200**	**5,200,616**
<u>**ACCUMULATED DEPRECIATION AND IMPAIRMENT**</u>							
Balance at January 1, 2014	(287,005)	(1,290,127)	(33,684)	(48,138)	(5,567)	–	**(1,664,521)**
Depreciation charge	(9,588)	(55,359)	(1,167)	(2,308)	(313)	–	**(68,735)**
Disposals	35	45,455	155	285	–	–	**45,930**
Currency translation adjustments	19,542	85,054	2,032	3,097	20	–	**109,745**
BALANCE AT MARCH 31, 2014	**(277,016)**	**(1,214,977)**	**(32,664)**	**(47,064)**	**(5,860)**	**–**	**(1,577,581)**
NET BOOK VALUE AT MARCH 31, 2014	**1,076,491**	**1,817,239**	**45,791**	**24,446**	**20,868**	**638,200**	**3,623,035**
NET BOOK VALUE AT JANUARY 1, 2014	**1,155,672**	**1,930,492**	**33,705**	**28,037**	**19,695**	**677,754**	**3,845,355**

Capitalised Borrowing Costs

The Group has the combination of borrowings, that are specific to the acquisition and construction of a particular qualifying asset, and general borrowings. The amount of borrowing costs capitalised during the three-month period ended March 31, 2014 was 5,654. The rate of the specific borrowings used to determine the amount of capitalized borrowing costs was 5.19%, the annualised capitalisation rate relating to general borrowings was 7.33%.

(All amounts are in thousands of US dollars, unless specified otherwise)

14) Goodwill and Other Intangible Assets

Movement in intangible assets in the three-month period ended March 31, 2014 was as follows:

	Patents and trademarks	Goodwill	Software	Customer relation-ships	Proprietary technology	Other	TOTAL
COST							
Balance at January 1, 2014	211,881	601,341	21,858	472,300	14,100	8,599	**1,330,079**
Additions	183	–	2	–	–	579	**764**
Disposals	–	–	–	–	–	(233)	**(233)**
Currency translation adjustments	(121)	(7,089)	(1,779)	–	–	(712)	**(9,701)**
BALANCE AT MARCH 31, 2014	**211,943**	**594,252**	**20,081**	**472,300**	**14,100**	**8,233**	**1,320,909**
ACCUMULATED AMORTISATION AND IMPAIRMENT							
Balance at January 1, 2014	(456)	(16,437)	(20,773)	(382,718)	(9,786)	(3,577)	**(433,747)**
Amortisation charge	(43)	–	(128)	(8,350)	(441)	(386)	**(9,348)**
Disposals	–	–	–	–	–	198	**198**
Currency translation adjustments	(49)	1,362	1,698	–	–	294	**3,305**
BALANCE AT MARCH 31, 2014	**(548)**	**(15,075)**	**(19,203)**	**(391,068)**	**(10,227)**	**(3,471)**	**(439,592)**
NET BOOK VALUE AT MARCH 31, 2014	**211,395**	**579,177**	**878**	**81,232**	**3,873**	**4,762**	**881,317**
NET BOOK VALUE AT JANUARY 1, 2014	**211,425**	**584,904**	**1,085**	**89,582**	**4,314**	**5,022**	**896,332**

The carrying amounts of goodwill and intangible assets with indefinite useful lives were allocated among cash generating units as follows:

	March 31, 2014		December 31, 2013	
	Goodwill	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives
American division	472,968	208,700	472,968	208,700
Middle East division	36,241	–	36,241	–
Oilfield division	27,026	–	29,468	–
European division	6,568	–	6,566	–
Kaztrubprom Plant	4,388	–	4,784	–
Other cash-generating units	31,986	–	34,877	–
	579,177	**208,700**	**584,904**	**208,700**

The Group determines whether goodwill and intangible assets with indefinite useful lives are impaired on an annual basis and when circumstances indicate that the carrying value may be impaired. At March 31, 2014, there were indicators of impairment of certain cash generating units, therefore, the Group performed impairment tests in respect of these units. As a result of the tests, the Group determined that the carrying values of these cash-generating units do not exceed their recoverable amounts. Consequently, no impairment losses were recognised in the three-months period ended March 31, 2014. Should the Group performance and market conditions continue (other than temporary) to deviate from management plans assumed in the impairment estimates, the carrying values of certain cash-generating units may become higher than their recoverable amounts. For details on sensitivity of the assumptions used in the impairment refer to the annual financial statements.

(All amounts are in thousands of US dollars, unless specified otherwise)

15) Trade and Other Payables

Trade and other payables consisted of the following:

	March 31, 2014	December 31, 2013
Trade payables	604,416	708,350
Accounts payable for property, plant and equipment	66,257	64,763
Liabilities for VAT	44,405	32,880
Payroll liabilities	34,779	31,685
Accrued and withheld taxes on payroll	20,338	16,123
Liabilities for property tax	16,163	16,898
Sales rebate payable	10,987	8,601
Liabilities under put options of non-controlling interest shareholders in subsidiaries	9,332	9,323
Notes issued to third parties	3,381	5,353
Liabilities for other taxes	1,110	1,840
Other payables	48,149	48,349
	859,317	**944,165**

16) Provisions and Accruals

Provisions and accruals consisted of the following:

	March 31, 2014	December 31, 2013
Current		
Provision for bonuses	8,328	16,816
Accrual for long-service bonuses	5,433	15,286
Accrual for unused annual leaves, current portion	5,649	4,213
Current portion of employee benefits liability	4,905	6,215
Environmental provision, current portion	1,020	1,510
Other provisions	7,323	7,144
	32,658	**51,184**
Non-current		
Accrual for unused annual leaves	26,505	22,515
Environmental provision	3,862	3,887
Provision for bonuses	1,707	2,532
Other provisions	4,358	4,393
	36,432	**33,327**

(All amounts are in thousands of US dollars, unless specified otherwise)

17) Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings consisted of the following:

	March 31, 2014	December 31, 2013
Current		
Bank loans	32,788	69,647
Interest payable	30,321	32,735
Current portion of non-current borrowings	249,543	292,522
Current portion of bearer coupon debt securities	401,000	–
Unamortised debt issue costs	(912)	(963)
Total short-term loans and borrowings	**712,740**	**393,941**
Non-current		
Bank loans	2,082,627	2,139,397
Bearer coupon debt securities	1,401,000	1,412,500
Unamortised debt issue costs	(11,132)	(11,298)
Less: current portion of non-current borrowings	(249,543)	(292,522)
Less: current portion of bearer coupon debt securities	(401,000)	–
Total long-term loans and borrowings	**2,821,952**	**3,248,077**

The Group’s borrowings were denominated in the following currencies:

	Interest rates	March 31, 2014	Interest rates	December 31, 2013
Russian rouble	Fixed 7.99%-9.3%	1,123,409	Fixed 7.35%-9.6%	1,183,323
US dollar	Fixed 5.25%	403,924	Fixed 5.25%	415,508
	Fixed 6.75%	513,330	Fixed 6.75%	504,693
	Fixed 7.75%	504,403	Fixed 7.75%	513,951
	Fixed 4.99%-5.8%	407,228	Fixed 4.99%-5.8%	407,578
	Variable: Libor (1m) + 2.25%-2.75% Libor (3m) + 1.15%-4.5%	462,693	Variable: Libor (1m) + 2.25%-3% Libor (3m-12m) + 1.4%-4.5%	484,711
Euro	Fixed 5.19%	25,114	Fixed 5.19%	38,157
	Variable: Euribor (1m) + 1.9%-3.5% Euribor (3m) + 1.7%-3%	94,591	Variable: Euribor (1m) + 1.9%-4% Euribor (3m) + 1.7%-3% Euribor (6m) + 0.9%	93,989
Romanian lei	–	–	Robor (6m) + 3%	108
		3,534,692		**3,642,018**

Unutilised Borrowing Facilities

As at March 31, 2014, the Group had unutilised borrowing facilities in the amount of 1,097,907 (December 31, 2013: 1,619,478).

18) Convertible Bonds

On February 11, 2010, TMK Bonds S.A., the Group's structured entity, completed the offering of 4,125 convertible bonds due 2015 convertible into Global Depository Receipts each representing four ordinary shares of OAO TMK. The bonds are listed on the London Stock Exchange. The bonds have nominal value of 100,000 US dollars each and were issued at 100% of their principal amount. The convertible bonds carry a coupon of 5.25% per annum, payable on a quarterly basis. As at March 31, 2014, the bonds were convertible into GDRs at conversion price of 22.137 US dollars per GDR (December 31, 2013: 22.137 US dollars per GDR).

The Group can early redeem all outstanding bonds, in whole but not in part, at any time on or after March 4, 2013 at their principal amount plus accrued interest, if the volume weighted average price of the GDRs traded on the London Stock Exchange during 30 consecutive dealing days exceeds 130 per cent of the conversion price (the "Issuer Call"). In addition, the Group has the option to redeem the bonds at the principal amount plus accrued interest if 15% or less of the bonds remain outstanding.

The Group determined that the convertible bonds represent a combined financial instrument containing two components: the bond liability (host component) and an embedded derivative representing conversion option in foreign currency combined with the Issuer Call (the "Embedded Conversion Option").

The Embedded Conversion Option in foreign currency was classified as financial instrument at fair value through profit or loss. The Embedded Conversion Option was initially recognised at the fair value of 35,455. The Group used binomial options pricing model for initial and subsequent measurement of fair value of this embedded derivative. For the purposes of this model, the Group assessed that the credit spread comprised 778 bps and 410 bps as at March 31, 2014 and December 31, 2013, respectively. As at March 31, 2014, the fair value of the Embedded Conversion Option was 441 (December 31, 2013: 2,080). The change in the fair value of the embedded derivative has been recorded as gain on changes in fair value of derivative financial instruments in the income statement.

The fair value of the host component at the initial recognition date has been determined as a residual amount after deducting the fair value of the Embedded Conversion Option from the issue price of the convertible bonds adjusted for transaction costs. The host component is subsequently carried at the amortised cost using the effective interest method. As at March 31, 2014, the carrying value of the host component was 403,924 (December 31, 2013: 415,508).

There were no conversions of the bonds during the three-month period ended March 31, 2014.

(All amounts are in thousands of US dollars, unless specified otherwise)

19) Fair Value of Financial Instruments

Fair Value of Financial Instruments Carried at Fair Value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments recorded at fair value:

	March 31, 2014	December 31, 2013
Embedded Conversion Option (Note 18)	(441)	(2,080)
Total current derivative financial instruments	**(441)**	**(2,080)**
Interest rate swaps	(3,458)	(3,501)
Total non-current derivative financial instruments	**(3,458)**	**(3,501)**

Financial instruments at fair value were measured by the Group using valuation techniques based on observable market data (Level 2 fair value measurement hierarchy).

The Group provided the disclosure of the valuation technique used for the fair value measurement of the Embedded Conversion Option in Note 18.

The Group's derivative financial instruments comprised of interest rate swaps. The use of derivatives was governed by the Group's policies consistent with the overall risk management strategy of the Group. The derivatives were designated as hedging instruments in cash flow hedges. The valuation techniques applied to derivatives included swap models, using present value calculations. The models incorporated various inputs including the credit quality of counterparties and interest rate curves.

During the reporting period, there were no transfers between Level 1 and Level 2 fair value measurement hierarchy, and no transfers into and out of Level 3 fair value measurement hierarchy.

Fair Value of Financial Instruments not Carried at Fair Value

For financial assets and financial liabilities that are liquid or having a short-term maturity (cash and cash equivalents, short-term accounts receivable, short-term loans) the carrying amounts approximate to their fair value.

(All amounts are in thousands of US dollars, unless specified otherwise)

19) Fair Value of Financial Instruments (continued)

Fair Value of Financial Instruments not Carried at Fair Value (continued)

The following table shows financial instruments which carrying values differ from fair values:

	March 31, 2014		December 31, 2013	
	Par value	**Fair value**	**Par value**	**Fair value**
Financial liabilities				
Fixed rate long-term bank loans	1,555,764	1,556,806	1,489,452	1,489,888
Variable rate long-term bank loans	490,350	480,240	497,756	480,429
5.25 per cent convertible bonds	401,000	396,201	412,500	415,993
6.75 per cent loan participation notes due 2020	500,000	444,690	500,000	506,755
7.75 per cent loan participation notes due 2018	500,000	490,000	500,000	523,315

For quoted debt instruments (bonds and loan participation notes) the fair values were determined based on quoted market prices. The fair values of unquoted debt instruments were estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

20) Related Parties Disclosures

Compensation to Key Management Personnel of the Group

Key management personnel comprise members of the Board of Directors, the Management Board and certain executives of the Group.

The compensation to key management personnel comprised of:

- Wages, salaries, social security contributions and other short-term benefits in the amount of 4,438 (three-month period ended March 31, 2013: 4,049).
- Provision for performance bonuses in the amount of 1,356 (three-month period ended March 31, 2013: 1,397).

The amounts disclosed above were recognised as general and administrative expenses in the income statement for the three-month periods ended March 31, 2014 and 2013.

The balance of loans issued to key management personnel amounted to 831 as at March 31, 2014 (December 31, 2013: 1,055). The Group guaranteed debts of key management personnel outstanding as at March 31, 2014 in the amount of 323 with maturity in 2015-2016 (December 31, 2013: 2,323).

Transactions with the Parent of the Company

In November 2013, the Group approved interim dividends in respect of six months 2013, from which 698,912 thousand Russian roubles (21,473 at the exchange rate at the date of approval) related to the parent of the Company. In January 2014, these dividends were paid in full amount.

(All amounts are in thousands of US dollars, unless specified otherwise)

20) Related Parties Disclosures (continued)

Transactions with Entities under Common Control with the Company and Other Related Parties

The following table provides balances with entities under common control with the Company and other related parties:

	March 31, 2014	December 31, 2013
Accounts receivable	5,109	4,576
Cash and cash equivalents	1,687	3,730
Prepayments	58	30
Accounts payable for raw materials	(80,932)	(79,154)
Advances received	(3,676)	(6)
Other accounts payable	(746)	(643)

The following table provides the total amount of transactions with entities under common control with the Company and other related parties:

	Three-month period ended March 31,	
	2014	2013
Purchases of raw materials	122,751	140,592
Sales revenue	2,281	2,729
Purchase of propety, plant and equipment	3,850	–
Purchases of other goods and services	1,653	2,011
Interest income	16	78

21) Contingencies and Commitments

Operating Environment of the Group

Significant part of the Group’s principal assets is located in the Russian Federation and USA, therefore its significant operating risks are related to the activities of the Group in these countries.

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government. The Russian economy is vulnerable to market downturns and global economic slowdowns. The global financial crisis has resulted in uncertainty regarding further economic growth, availability of financing and cost of capital, which could negatively affect the Group’s future financial position, results of operations and business prospects.

The US economic activity continues to expand at a moderate pace: activity in the industrial sector has risen modestly; businesses keep hiring at a modest pace. The specialists forecast the pace of economic recovery will gradually pick up over the next few years, with a gradual decline in unemployment and gradual improvement in consumption growth. An uncertainty over the US economic growth could have a negative impact on the Group’s future financial position, results of operations and business prospects.

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

21) Contingencies and Commitments (continued)

Taxation

Tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on management's best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities.

Up to the date of authorisation of these consolidated financial statements for issuance, the court proceedings and pre-trial disputes had not been finalised for the claims in the amount of 346,260 thousand Russian roubles (9,703 at the exchange rate as at March 31, 2014). Management believes that the Group's position is justified and it is not probable that the ultimate outcome of these matters will result in additional losses for the Group. Consequently, the amounts of tax claims being contested by the Group were not accrued in the consolidated financial statements for the three-month period ended March 31, 2014.

Contractual Commitments

The Group had contractual commitments for the acquisition of property, plant and equipment from third parties in the amounts of 158,836 and 199,567 as at March 31, 2014 and December 31, 2013, respectively (contractual commitments were expressed net of VAT). As at March 31, 2014, the Group had advances of 23,469 with respect to commitments for the acquisition of property, plant and equipment (December 31, 2013: 34,987). These advances were included in other non-current assets.

Under contractual commitments disclosed above, the Group opened unsecured letters of credit in the amount of 27,272 (December 31, 2013: 28,777).

Insurance Policies

The Group maintains insurance against losses that may arise in case of property damage, accidents, transportation of goods. The Group also maintains corporate product liability and directors and officers liability insurance policies. Nevertheless, any recoveries under maintained insurance coverage that may be obtained in the future may not offset the lost revenues or increased costs resulting from a disruption of operations.

Legal Claims

During the period, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. Management believes there are no current legal proceedings or other claims outstanding, which could have a material effect on the results of operations or financial position of the Group.

Guarantees of Debts of Others

The Group guaranteed debts of others outstanding at March 31, 2014 in the amount of 714 (December 31, 2013: 2,805).

(All amounts are in thousands of US dollars, unless specified otherwise)

22) Equity

i) *Share Capital*

	March 31, 2014	December 31, 2013
Number of shares		
Authorised		
Ordinary shares of 10 Russian roubles each	937,586,094	937,586,094
Issued and fully paid		
Ordinary shares of 10 Russian roubles each	937,586,094	937,586,094

ii) *Hedges of Net Investment in Foreign Operations*

As at March 31, 2014, a proportion of the Group's US dollar-denominated borrowings in the amount of 1,197,710 (December 31, 2013: 1,197,710) was designated as hedges of net investments in the Group's foreign subsidiaries.

The effectiveness of the hedging relationship was tested using the dollar offset method by comparing the cumulative gains or losses due to changes in US dollar / Russian rouble spot rates on the hedging instrument and on the hedged item. In the three-month period ended March 31, 2014, the effective portion of net losses from spot rate changes in the amount of 3,246,149 thousand Russian roubles (92,856 at historical exchange rates), net of income tax of 649,230 thousand Russian roubles (18,571 at historical exchange rates), was recognised in other comprehensive income.

iii) *Movement on Cash Flow Hedges*

The Group hedges its exposure to variability in cash flows attributable to interest rate risk using interest rate swaps.

The details of movement on cash flow hedges during the three-month period ended March 31, 2014 are presented in the following table:

	Interest rate swap contracts
Loss arising during the period	(81)
Recognition of realised results in the income statement	508
Movement on cash flow hedges	**427**
Income tax	(101)
Movement on cash flow hedges, net of tax	**326**

iv) *Recognition of the Change in Non-controlling Interests in the Subsidiary as an Equity Transaction*

In the three-month period ended March 31, 2014, the non-controlling interest's share of loss in OOO "TMK-INOX" amounted to 483. This amount was charged to retained earnings.

23) Subsequent Events

Dividends Proposed by the Parent Entity to its Shareholders

On April 24, 2014, the Board of Directors proposed final dividends in respect of 2013 in the amount of 731,317 thousand Russian roubles or 0.78 Russian roubles per share. Dividends are to be approved by the Annual General Meeting of Shareholders on June 19, 2014.