OAO KOKS

International Financial Reporting Standards

Interim Condensed Consolidated Financial Information

(unaudited)

For the six months ended 30 June 2013

Contents

pwc

Report on review of interim condensed consolidated financial information

To the Shareholders and Board of Directors of OAO Koks:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OAO Koks and its subsidiaries (the "Group") as of 30 June 2013 and the related interim condensed consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim financial reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 condensed consolidated financial information 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim financial reporting".

ZAO PricewaterhouseCoopers Audit

19 August 2013

Moscow, Russian Federation

ZAO PricewaterhouseCoopers Audit, White Square Office Center, 10 Butyrsky Val, Moscow, Russia, 125047
T: +7 (495) 967 6000, F: +7 (495) 967 6001, www.pwc.ru

(in million RR unless stated otherwise)

	Note	30 June 2013	31 December 2012
ASSETS			
Non-current assets:			
Property, plant and equipment	6	36,331	33,915
Goodwill		4,586	4,586
Other intangible assets	7	5,796	5,935
Deferred income tax asset		672	653
Available-for-sale financial assets	4.2	2,097	2,877
Non-current loans issued		1,495	1,408
Other non-current assets		482	446
Total non-current assets		**51,459**	**49,820**
Current assets:			
Inventories	8	4,149	4,250
Trade and other receivables	9	1,944	1,537
VAT recoverable		2,239	2,164
Advances issued	9	462	483
Cash, cash equivalents and restricted cash	10	306	894
Short-term loans issued		839	28
Total current assets		**9,939**	**9,356**
Total assets		**61,398**	**59,176**
EQUITY			
Share capital	11	213	213
Treasury shares	11	(5,928)	(5,928)
Retained earnings		25,337	26,139
Revaluation reserve		604	1,231
Currency translation reserve		42	(1)
Equity attributable to the Company's equity holders		**20,268**	**21,654**
Non-controlling interest		**551**	**583**
Total equity		**20,819**	**22,237**
LIABILITIES			
Non-current liabilities:			
Provision for restoration liability		156	134
Deferred income tax liability		1,902	2,395
Long-term borrowings	13	8,161	6,955
Long-term bonds	13	10,702	14,378
Derivative financial instruments	25	-	103
Total non-current liabilities		**20,921**	**23,965**
Current liabilities:			
Trade and other payables	14	6,504	6,060
Payables on treasury shares	11	360	360
Current income tax payable		62	108
Other taxes payable	15	760	581
Provision for restoration liability		20	18
Short-term borrowings and current portion of long-term borrowings	13	6,551	5,730
Short-term bonds	13	5,124	117
Derivative financial instruments	25	277	-
Total current liabilities		**19,658**	**12,974**
Total liabilities		**40,579**	**36,939**
Total liabilities and equity		**61,398**	**59,176**

E. B. Zubitskiy
President - Chairman of the Management Board
OOO Management Company Industrial Metallurgical Holding

L.V. Arincheva
Chief Accountant
OOO Management Company Industrial Metallurgical Holding

19 August 2013

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012
Revenue	16	21,046	23,480
Cost of sales	17	(15,535)	(17,807)
Gross profit		**5,511**	**5,673**
Distribution costs	19	(2,071)	(1,736)
General and administrative expenses	20	(1,502)	(1,318)
Taxes other than income tax	18	(292)	(232)
Gain on disposal of investment in subsidiary	23	-	112
Other operating expenses, net	21	(136)	(73)
Operating profit		**1,510**	**2,426**
Finance income		27	48
Interest expenses		(1,080)	(835)
Loss arising on revaluation of derivative financial instruments, net		(133)	(35)
Exchange loss, net		(1,205)	(497)
(Loss)/Profit before income tax		**(881)**	**1,107**
Income tax benefit/(expense)	22	48	(208)
(Loss)/Profit for the period		**(833)**	**899**
(Loss)/Profit is attributable to:			
Equity holders of the Company		(803)	923
Non-controlling interest		(30)	(24)
(Loss)/Profit for the period		**(833)**	**899**
Other comprehensive income:			
Exchange differences arising during the period		43	19
Reclassification adjustments relating to foreign operations disposed of	23	-	35
(Loss)/gain arising on revaluation of available-for-sale financial assets, net of tax	4.2	(627)	115
Total other comprehensive (loss) / income for the period		**(584)**	**169**
Total comprehensive (loss) / income for the period		**(1,417)**	**1,068**
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company		(1,387)	1,092
Non-controlling interest		(30)	(24)
Total comprehensive (loss) / income for the period		**(1,417)**	**1,068**
(Loss) / Earnings per ordinary share, basic and diluted (in RR per share)	28	**(2.64)**	**3.04**

The accompanying notes are an integral part of the interim condensed consolidated financial information

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012
Cash flows from operating activities			
(Loss)/Profit before income tax		**(881)**	**1,107**
Adjustments for:			
Depreciation of property, plant and equipment	17, 20	939	1,186
Amortisation of intangible assets	17	139	140
Gain on disposal of investment in subsidiary	23	-	(112)
Finance income		(27)	(48)
Interest expenses		1,080	835
Loss arising on revaluation of derivative financial instruments, net	25	133	35
Accrual of vacation reserve		48	41
Reversal of obsolete stock provision		(10)	(4)
Reversal of bad debt provision	21	(10)	(1)
Exchange loss, net		1,205	497
Other effects		235	163
Operating cash flows before working capital changes		**2,851**	**3,839**
Changes in working capital			
(Increase)/Decrease in trade and other receivables		(323)	880
(Increase)/Decrease in inventories		(16)	928
Increase in trade and other payables		692	893
Increase/(Decrease) in taxes other than income tax payable		189	(54)
Increase/(Decrease) in other liabilities		1	(1)
Cash from operating activities		**3,394**	**6,485**
Income tax paid		(383)	(423)
Net cash from operating activities		**3,011**	**6,062**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,803)	(4,160)
Proceeds from sale of property, plant and equipment		4	3
Proceeds from disposal of subsidiaries, net of cash disposed	23	-	(57)
Changes in restricted cash		555	(17)
Loans issued		(810)	(204)
Repayment of loans issued		-	401
Interest received on loans issued		5	7
Dividend received		3	-
Net cash used in investing activities		**(4,046)**	**(4,027)**

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012
Cash flows from financing activities			
Settlement of payables on treasury shares	11	-	(145)
Proceeds from borrowings and bonds issued	13	9,309	15,538
Repayment of borrowings and bonds	13	(7,230)	(15,550)
Interest paid on loans and borrowings		(1,055)	(839)
Dividends paid	12	-	(7)
Proceeds from derivative financial instruments, net		41	41
Purchase of non-controlling interest in subsidiaries		(1)	(1)
Net cash from/(used in) financing activities		**1,064**	**(963)**
Net increase in cash and cash equivalents		**29**	**1,072**
Effects of exchange rate changes on cash and cash equivalents		(30)	81
Net cash and cash equivalents at the beginning of the period, including		**102**	**(783)**
Cash and cash equivalents		338	162
Bank overdraft		(236)	(945)
Net cash and cash equivalents at the end of the period, including		101	**370**
Cash and cash equivalents		306	370
Bank overdraft		(205)	-

(in million RR unless stated otherwise)

	Note	Share capital	Treasury shares	Currency translation reserve	Revaluation reserve	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2011		**213**	**(5,928)**	**(17)**	**1,387**	**25,286**	**20,941**	**644**	**21,585**
Profit/(Loss) for the period		-	-	-	-	923	**923**	(24)	**899**
Other comprehensive income for the period		-	-	52	117	-	**169**	-	**169**
Total comprehensive income/(loss) for the period		**-**	**-**	**52**	**117**	**923**	**1,092**	**(24)**	**1,068**
Purchase of non-controlling interest in subsidiaries, net		-	-	-	-	-	-	(1)	**(1)**
Dividends declared	12	-	-	-	-	(1,320)	**(1,320)**	-	**(1,320)**
Revaluation reserve written-off to retained earnings		-	-	-	(60)	60	-	-	-
		-	-	-	(60)	(1,260)	**(1,320)**	(1)	**(1,321)**
Balance at 30 June 2012		**213**	**(5,928)**	**35**	**1,444**	**24,949**	**20,713**	**619**	**21,332**
Balance at 31 December 2012		**213**	**(5,928)**	**(1)**	**1,231**	**26,139**	**21,654**	**583**	**22,237**
Loss for the period		-	-	-	-	(803)	**(803)**	(30)	**(833)**
Other comprehensive income/(loss) for the period		-	-	43	(627)	-	**(584)**	-	**(584)**
Total comprehensive income/(loss) for the period		**-**	**-**	**43**	**(627)**	**(803)**	**(1,387)**	**(30)**	**(1,417)**
Purchase of non-controlling interest in subsidiaries, net		-	-	-		1	**1**	(2)	**(1)**
		-	**-**	**-**	**-**	**1**	**1**	**(2)**	**(1)**
Balance at 30 June 2013		**213**	**(5,928)**	**42**	**604**	**25,337**	**20,268**	**551**	**20,819**

(in RR, tabular amounts in million RR unless stated otherwise)

1 General information about OAO Koks and its subsidiaries

OAO Koks (the "Company") was established as state-owned enterprise Kemerovski Koksokhimicheski Kombinat in 1924. It was incorporated as an open joint stock company on 30 July 1993 as part of Russia's privatisation programme. The Company's registered office is located at 1st Stakhanovskaya street, 6, Kemerovo, Russian Federation, 650021.

OAO Koks and its subsidiaries' (together, the "Group") principal activities include coal mining, production of coke and coal concentrate, iron-ore concentrate, pig iron, as well as metal powder production (high purity chrome products). The Group's manufacturing facilities are primarily based in the city of Kemerovo, Kemerovo Region, and in the city of Tula, Tula Region, Russia. Products are sold in Russia as well as in other countries.

As at 30 June 2013 and 31 December 2012 85.9% of total issued shares of the Company was ultimately owned by members of the Zubitskiy family: Mr B.D. Zubitskiy, Mr E.B. Zubitskiy and Mr A.B. Zubitskiy.

The Group's main subsidiaries are:

Name	Country of incorporation	Type of activity	Note	Percentage of voting shares 30 June 2013	Percentage of voting shares 31 December 2012
OAO Mill Berezovskaya	Russia	Production of coal concentrate		98%	98%
OOO Trade House Kemerovo-Koks	Russia	Sales activities	(1.1)	-	100%
OOO Uchastok Koksoviy	Russia	Coal mining		100%	100%
OOO Gornyak	Russia	Coal mining		100%	100%
ZAO Sibirskie Resursy	Russia	Coal mining		100%	100%
OOO Butovskaya mine	Russia	Coal mining		100%	100%
OOO Tikhova mine	Russia	Coal mining		100%	100%
ZAO Inertnik	Russia	Production of limestone dust		100%	100%
OAO Tulachermet	Russia	Pig-iron production		95%	95%
OAO Kombinat KMA Ruda	Russia	Mining and concentration of iron-ore		100%	100%
OAO Polema	Russia	Production of chrome		100%	100%
ZAO Krontif-Centre	Russia	Production of cast-iron ware		100%	100%
PTW Ltd.	China	Sales activities		100%	100%
Industrial Metallurgical Trading, S.A.	Switzerland	Sales activities		100%	100%
OOO Consultinvest 2000	Russia	Lease of property		100%	100%
OOO Management Company Industrial Metallurgical Holding	Russia	Management services		100%	100%
OOO BKF Gorizont	Russia	Transactions with securities		100%	100%
OOO Koks-Mining	Russia	Management services for coal mines		100%	100%
Koks Finance Limited	Ireland	Special purpose entity		-	-

1.1. In February 2013 the Group liquidated its subsidiary OOO Trade House Kemerovo-Koks. No substantial costs were incurred in respect to this liquidation.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Each company of the Group registered in Russia maintains its own accounting records and prepares financial statements in accordance with the Russian accounting standards ("RAS"). The attached financial information have been prepared using RAS records and reports that have been adjusted and re-classified in compliance with IFRS.

2 Basis of preparation (continued)

Each company of the Group registered outside Russia maintains its own accounting records and prepares financial statements in accordance with the local GAAP. The financial statements of companies outside Russia have been adjusted and reclassified in compliance with IFRS.

As at 30 June 2013, the official exchange rate set by the Central Bank of the Russian Federation for transactions denominated in foreign currencies was RR 32.7090 per 1 US dollar ("USD") (as at 31 December 2012: RR 30.3727 per 1 US dollar) and RR 42.7180 per 1 euro ("EUR") (as at 31 December 2012: RR 40.2286 per 1 euro).

The Group is subject to certain covenants related to its borrowings, including covenants which require it to maintain certain financial ratios. While at 30 June 2013 the Group is in compliance with these ratios, the maximum level of the Group's debt / EBITDA ratio set by certain debt agreements will be reduced as at 31 December 2013. In order to comply with the revised ratio, management is undertaking certain actions including, among other things, managing the level of capital expenditures, reducing the level of loans given to a related party, and undertaking measures to improve EBITDA margin. Management believes that these measures will result in compliance with the revised debt / EBITDA ratio as of year-end.

At 30 June 2013, the Group's current liabilities exceeded its current assets by RR 9,719 million (as at 31 December 2012 – by RR 3,618 million), principally as a result of borrowings and bonds due to be repaid within one year after the end of the reporting period. As the Group has undrawn borrowing facilities in the amount of RR 33,458 million (see note 12) as at 30 June 2013, management believes the Group can meet its liquidity requirements.

3 Summary of significant accounting policies

The principal accounting policies and methods of computation followed by the Group and the critical accounting judgments in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2012 with the exception of income tax expense, which is recognised based on management's best estimate of the annual effective income tax rate expected for the full financial year (which excludes the impact of deferred tax asset impairment which was recorded for the six months ended 30 June 2013, see note 22) and change of accounting policy related to accounting for stripping costs as discussed below.

The Group has adopted all new standards and interpretations that were effective from 1 January 2013. The application of these new standards and interpretations did not affect this interim condensed consolidated financial information except for the application of IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine". Under IFRIC 20 stripping costs incurred during production phase of an open pit are capitalised as part of property, plant and equipment to the extent they provide improved access to further quantities of coal that will be mined in future periods and depreciated subsequently on a units of production basis to match the economic benefits derived from them. Prior to application of IFRIC 20, the Group's accounting policy was to recognise these costs in full amount within the production expenses. The adoption of IFRIC 20 did not materially affect the Group's interim condensed consolidated financial information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the consolidated financial statements for the year ended 31 December 2012, have been issued but are not yet effective and have not been early adopted by the Group. The Group is currently considering the implications of these new accounting pronouncements, their impact on its consolidated financial statements and the timing of their adoption by the Group.

4 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying accounting policies. Judgements that have the most significant effect on the amounts recognised in the interim condensed consolidated financial information and estimates that could cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include the following:

4 Critical accounting estimates and judgements in applying accounting policies (continued)

4.1 Estimated useful lives of property, plant and equipment

The Group applies a range of useful lives to buildings, installations, plant and equipment, transport vehicles and other assets classified as property, plant and equipment. Significant judgement is required in estimating the useful life of such assets. If management's estimates of useful lives were to decrease by 10%, loss before tax for the six months ended 30 June 2013 would increase by RR 103 million (for the six months ended 30 June 2012: profit before tax would decrease by RR 130 million). An increase in useful lives by 10% would result in a decrease of loss before tax for the six months ended 30 June 2013 by RR 84 million (for the six months ended 30 June 2012: increase of profit before tax by RR 107 million).

4.2 Available-for-sale financial assets

The Group classified the remaining ownership share of 17% in SIJ – Slovenska industrija jekla, d.d. (Slovenia) to available-for-sale financial assets as it retained neither control nor significant influence over this holding. In accordance with IFRS the Group estimated the fair value of this available-for-sale financial asset. There is no quoted share price for SIJ, d.d. and its subsidiaries and thus management estimated a fair value based on cash flow projections that management could obtain as of the reporting date. Management have estimated fair value of this investment equal to RR 2,036 million (31 December 2012: RR 2,816 million). In the calculation of fair value the following major inputs have been used: discount rate of 9,72 -9,88 % and long-term growth of 2%. The most sensitive estimates used by management in assessing of fair value were revenues and EBITDA margin as a percentage of revenues. If EBITDA was to increase/(reduce) by 1% then the fair value would be increased/(reduced) by RR 53 million. If prices for the steel produced by subsidiaries of SIJ, d.d. were to grow/(fall) by 1% then the fair value would be increased/(reduced) by RR 602 million.

4.3 Recognition of deferred tax asset

The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgements and applies estimates based on taxable profits of the previous three years and expectations of future income that are believed to be reasonable under the circumstances.

5 Segment information

The Group operates as a vertically integrated business. Chief Executive Officer of OOO Management company "Industrial Metallurgical Holding" is considered to be the Chief Operating Decision Maker ("CODM"). The CODM is responsible for decision-making, results estimation and resources distribution, relying on internal financial information, prepared in compliance with IFRS accounting policy and organizational structure of the Group, among the segments listed below:

- Coal – coal mining;
- Coke – coke production;
- Ore & Pig iron – production of iron ore concentrate, pig iron, crushed pig iron and cast iron ware;
- Polema – production of powder metallurgy articles (chrome articles);
- IMT – sale of Group's products (mainly coke and pig iron);
- Other – other segments.

Inter-segment sales are generally composed of:

- Sales of coal to the "Coke" segment;
- Sales of coke to the "Ore & Pig iron" segment;
- Sales of coke and pig iron to the "IMT" segment and
- Management services rendered to the segments "Coke", "Ore & Pig iron" and "Polema".

Segment revenue and segment results include transfers between business segments.

Analyses of revenue generated from external sales by the products and services are included in Note 15.

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

The CODM reviews sales and profit/(loss) before income tax by the segments:

	Coal	Coke	Ore & Pig iron	Polema	IMT	Other	Total
Six months ended 30 June 2013							
Inter-segment revenue	2,822	4,895	434	2	-	392	**8,545**
External revenue	767	4,639	13,005	482	2,146	7	**21,046**
Segment revenue, total	**3,589**	**9,534**	**13,439**	**484**	**2,146**	**399**	**29,591**
Segment profit/(loss) before income tax	**83**	**(1,410)**	**348**	**1**	**71**	**26**	**(881)**
Six months ended 30 June 2012							
Inter-segment revenue	3,939	7,584	199	2	6	402	**12,132**
External revenue	103	6,138	14,111	791	2,333	4	**23,480**
Segment revenue, total	**4,042**	**13,722**	**14,310**	**793**	**2,339**	**406**	**35,612**
Segment profit/(loss) before income tax	**273**	**(284)**	**883**	**141**	**21**	**73**	**1,107**

For the six months ended 30 June 2013 revenue from the largest customer, which is a related party, of the Group's "Coke", "Ore & Pig iron" and "IMT" segments represents RR 10,558 million of the Group's total revenues (for the six months ended 30 June 2012 revenue from the largest customer, which is a related party, of the Group's "Coke", "Ore & Pig iron" and "IMT" segments represents RR 12,999 million of the Group's total revenues), see note 24.

Other material items of the segments in the interim condensed consolidated statement of profit and loss are the following:

	Coal	Coke	Ore & Pig iron	Polema	IMT	Other	Total
Six months ended 30 June 2013							
Amortisation and depreciation	(275)	(158)	(597)	(27)	(1)	(20)	**(1,078)**
Finance income	2	21	3	-	-	1	**27**
Inter-segment interest income	-	56	5	1	-	-	**62**
Interest expense	(130)	(851)	(98)	-	(1)	-	**(1,080)**
Inter-segment interest expense	(56)	-	(1)	-	-	(5)	**(62)**
Exchange (loss)/gain, net	(33)	(812)	(340)	5	(25)	-	**(1,205)**
Loss arising on revaluation of derivative financial instruments, net	-	(133)	-	-	-	-	**(133)**
Six months ended 30 June 2012							
Amortisation and depreciation	(452)	(154)	(674)	(25)	(1)	(20)	**(1,326)**
Finance income	1	24	22	-	1	-	**48**
Inter-segment interest income	1	43	61	-	-	-	**105**
Interest expense	(19)	(703)	(106)	-	(7)	-	**(835)**
Inter-segment interest expense	(40)	(58)	-	-	(3)	(4)	**(105)**
Exchange gain/(loss), net	2	(297)	(127)	(7)	(68)	-	**(497)**
Loss arising on revaluation of derivative financial instruments, net	-	(35)	-	-	-	-	**(35)**

Additional information

To provide a further insight into the Group's profit measurements, additional information on earnings before income tax, finance income, interest expense, depreciation, amortisation and impairments and exchange gain/loss (adjusted EBITDA) analysed by CODM for each operating segment is presented below. This information is not required by IFRS 8 and is provided on a voluntary basis.

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

Adjusted EBITDA	**Coal**	**Coke**	**Ore & Pig iron**	**Polema**	**IMT**	**Other**	**Total**
Six months ended 30 June 2013	575	467	1,376	22	98	50	**2,588**
Six months ended 30 June 2012	780	896	1,707	173	99	97	**3,752**

The reconciliation between Profit before income tax and total Group's adjusted EBITDA:

	Six months ended	
	30 June 2013	**30 June 2012**
(Loss)/Profit before income tax	**(881)**	**1,107**
Finance income	(27)	(48)
Interest expenses	1,080	835
Exchange loss, net	1,205	497
Amortisation and depreciation	1,078	1,326
Loss arising on revaluation of derivative financial instruments, net	133	35
Total Group's adjusted EBITDA	**2,588**	**3,752**

Segment assets and liabilities

Segment assets consist primarily of property, plant and equipment, other intangible assets, inventories, trade and other receivables, advances issued, loans issued, VAT recoverable and cash and cash equivalents.

Segment liabilities include accounts payable arising during operating activities, borrowings and interest payable.

Capital expenditures comprise additions to property, plant and equipment and intangible assets, including acquisitions resulting from business combinations.

Segment assets and liabilities and capital expenditures are presented below:

	Coal	**Coke**	**Ore & Pig iron**	**Polema**	**IMT**	**Other**	**Total**
At 30 June 2013							
Segment assets	19,745	16,766	24,134	1,032	417	992	**63,086**
Segment liabilities	14,071	21,608	10,572	142	12	325	**46,730**
Capital expenditures for the six months ended 30 June 2013	2,619	90	961	28	-	36	**3,734**
At 31 December 2012							
Segment assets	18,333	16,621	22,231	1,020	693	989	**59,887**
Segment liabilities	12,801	20,161	8,790	127	317	340	**42,536**
Capital expenditures for the six months ended 30 June 2012	3,041	118	1,001	39	-	93	**4,292**

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

The reconciliation between operational segments' assets and total assets in the interim condensed consolidated statement of financial position is presented below:

	At 30 June 2013	At 31 December 2012
Segment assets	**63,086**	**59,887**
Items not included in segment assets		
Goodwill	4,586	4,586
Deferred income tax asset	672	653
Other non-current assets	8	6
Available-for-sale financial assets	2,097	2,877
Elimination of intersegment balances	(9,051)	(8,833)
Total assets	**61,398**	**59,176**

The reconciliation between operational segments' liabilities and total liabilities in the interim condensed consolidated statement of financial position is presented below:

	At 30 June 2013	At 31 December 2012
Segment liabilities	**46,730**	**42,536**
Items not included in segment liabilities		
Provision for restoration liability	176	152
Deferred income tax liability	1,902	2,395
Taxes payable	822	689
Elimination of intersegment balances	(9,051)	(8,833)
Total liabilities	**40,579**	**36,939**

Information about geographical areas

The following table presents export revenues from external customers attributed to foreign countries:

	Six months ended	
	30 June 2013	**30 June 2012**
Export sales:	**14,770**	**16,011**
including:		
Switzerland	10,593	13,036
USA	164	855

The following table presents information about non-current assets of the Group (different from financial instruments and deferred income tax asset) located in Russian Federation and abroad:

	At 30 June 2013	At 31 December 2012
Russian Federation	**46,703**	**44,428**
Foreign countries	**10**	**8**
including :		
Switzerland	2	5
China	8	3
Total non-current assets	**46,713**	**44,436**

(in RR, tabular amounts in million RR unless stated otherwise)

6 Property, plant and equipment

	Six months ended 30 June 2013	Six months ended 30 June 2012
Cost at the beginning of the period	**45,867**	**37,760**
Additions	3,734	4,292
Disposals	(229)	(195)
Disposal through sale of subsidiary (note 23)	-	(21)
Effect of changes in exchange rates	1	3
Cost at the end of the period	**49,373**	**41,839**
Accumulated depreciation at the beginning of the period	**(11,952)**	**(9,423)**
Depreciation charges	(1,256)	(1,336)
Accumulated depreciation related to disposals	166	93
Accumulated depreciation related to sale of subsidiary (note 23)	-	15
Effect of changes in exchange rates	-	(3)
Accumulated depreciation at the end of the period	**(13, 042)**	**(10,654)**
Net book value at the beginning of the period	**33,915**	**28,337**
Net book value at the end of the period	**36,331**	**31,185**

During the six months ended 30 June 2013 depreciation expense of RR 865 million (six months ended 30 June 2012: RR 1,118 million) was included in cost of sales, a depreciation expense of RR 74 million (six months ended 30 June 2012: RR 68 million) was included in general and administrative expenses and depreciation expense of RR 317 million (six months ended 30 June 2012: RR 150 million) was capitalised.

Additions to property, plant and equipment during the six months ended 30 June 2013 include capitalised interest of RR 237 million (six months ended 30 June 2012: RR 173 million) directly attributable to the qualifying assets. The capitalisation rate used to determine the amount of capitalised interest for the six months ended 30 June 2013 was 8.6% (six months ended 30 June 2012: 9.5%).

7 Other intangible assets

Movements of other intangible assets are provided below:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Cost as at the beginning of the period	**7,487**	**7,486**
Accumulated amortisation and impairment	(1,552)	(1,271)
Net book value as at the beginning of the period	**5,935**	**6,215**
Amortisation charge	(139)	(140)
Net book value at the end of the period	**5,796**	**6,075**
Cost as at the end of the period	**7,487**	**7,486**
Accumulated amortisation and impairment	**(1,691)**	**(1,411)**

8 Inventories

	At 30 June 2013	At 31 December 2012
Raw materials, materials and supplies held for production purposes	3,399	3,178
Work in progress	237	273
Finished goods	513	799
Total inventories	**4,149**	**4,250**

Materials and supplies held for production purposes are recorded at net realisable value, net of obsolete stock provision which amounted to RR 36 million as at 30 June 2013 (RR 50 million as at 31 December 2012).

(in RR, tabular amounts in million RR unless stated otherwise)

9 Trade and other receivables and advances issued

	At 30 June 2013	At 31 December 2012
Trade receivables (net of impairment amounting to RR 9 million as at 30 June 2013; RR 28 million as at 31 December 2012)	1,401	1,066
Trade receivables from related parties	281	221
Taxes receivable	76	68
Other accounts receivable (net of impairment amounting to RR 49 million as at 30 June 2013 and 31 December 2012)	154	152
Other accounts receivable from related parties	20	20
Interest on loans issued to related parties	12	10
Total trade and other receivables	**1,944**	**1,537**
Advances issued	468	488
Less impairment	(6)	(5)
Total advances issued	**462**	**483**

10 Cash and cash equivalents

	At 30 June 2013	At 31 December 2012
RR bank deposits	-	6
RR denominated cash in hand and bank balances	88	51
Bank balances denominated in foreign currencies	218	280
Restricted cash	-	556
Other cash equivalents	-	1
Total cash and cash equivalents	**306**	**894**

11 Share capital

As at 30 June 2013 and 31 December 2012 share capital authorised, issued and paid in totalled RR 213 million and consisted of 330,046,400 ordinary shares with nominal value of RR 0.1 per share. As at 30 June 2013 and 31 December 2012 share capital includes hyperinflation adjustment totaling RR 180 million, which was calculated in accordance with requirements of IAS 29 “Financial Reporting in Hyperinflationary Economies” and relates to the reporting periods prior to 1 January 2003.

In June 2010 the Group’s subsidiary bought 26,000,278 of the Company’s shares from its shareholders for RR 5,928 million. These shares are classified as treasury shares and deducted from equity at cost. RR 5,522 million was paid in cash and RR 46 million was offset during 2010 with respect to the resultant obligation. The closing obligation of RR 360 million (31 December 2012: RR 360 million) is payable on demand.

12 Retained earnings

The Russian statutory financial statements is the basis for the Company’s profit distribution and other appropriations. The basis of distribution is defined by Russian legislation as a company’s net profit. The net loss recognised in the Company’s published Russian statutory financial statements for the six months ended 30 June 2013 was RR 880 million (for the six months ended 30 June 2012: net loss equaled RR 588 million) and the accumulated profit after dividends as at 30 June 2013 was equal to RR 10,090 million (31 December 2012: RR 10,970 million). However, legislation and other statutory laws and regulations dealing with profit distribution are open to legal interpretation and, accordingly, management believes that at present it would not be appropriate to disclose the amount for distributable reserves in the interim condensed consolidated financial information.

During the six months ended 30 June 2013 no dividends were declared. During the six months ended 30 June 2012 dividends were declared in the amount of RR 1,432 million including dividends for treasury shares of RR 112 million. No dividends were paid during the six months ended 30 June 2013 (six months ended 30 June 2012: RR 7 million).

(in RR, tabular amounts in million RR unless stated otherwise)

13 Borrowings

Short-term borrowings and current portion of long-term borrowings

	At 30 June 2013	At 31 December 2012
RR denominated bank overdraft, fixed	205	236
Other RR denominated borrowings, fixed	5	9
USD denominated bank loans, fixed	4,974	2,924
USD denominated bank loans, variable	1,367	2,561
Total short term borrowings and current portion of long-term borrowings	**6,551**	**5,730**

As at 30 June 2013 and 31 December 2012 there were no short-term borrowings secured with the assets of the Group.

Long-term borrowings

	At 30 June 2013	At 31 December 2012
RR denominated bank loans, fixed	7,918	6,635
USD denominated bank loans, variable	-	228
EUR denomiated bank loans, variable	243	92
Total long-term borrowings	**8,161**	**6,955**

As at 30 June 2013 long-term borrowings of RR 7,918 million (as at 31 December 2012: RR 6,635 million) were secured by assets of the Group. As separate loan agreements do not specify individual pledged assets, the carrying amount of pledged assets is not disclosed in the interim condensed consolidated financial information.

Borrowings of the Group are due for repayment as follows:

	At 30 June 2013	At 31 December 2012
Borrowings to be repaid - within one year	6,551	5,730
- between one and five years	4,196	3,085
- after five years	3,965	3,870
Total borrowings	**14,712**	**12,685**

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Short-term borrowings:		
Balance at the beginning of the period	**5,730**	**4,571**
Borrowings received	7,355	11,204
Borrowings repaid	(7,230)	(14,770)
Disposal through disposal of subsidiary (note 23)	-	(4)
Reclassification of borrowings	227	1,414
Bank overdrafts received	4,037	12,132
Bank overdrafts repaid	(4,068)	(13,044)
Effect of changes in exchange rates	500	(41)
Balance at the end of the period	**6,551**	**1,462**
Long-term borrowings:		
Balance at the beginning of the period	**6,955**	**5,772**
Borrowings received	1,420	4,334
Borrowings repaid	-	(573)
Disposal through disposal of subsidiary (note 23)	-	(256)
Effect of changes in exchange rates	13	158
Reclassification of borrowings	(227)	(1,414)
Balance at the end of the period	**8,161**	**8,021**

(in RR, tabular amounts in million RR unless stated otherwise)

13 Borrowings (continued)

As at 30 June 2013 the Group has the undrawn borrowing facilities in the amount of RR 33,458 million (as at 31 December 2012: RR 49,274 million).

Bonds

5 billion (series BO-02 bonds):

On 1 June 2011 the Group issued three year maturity bonds with a value of RR 5 billion (series BO-02 bonds). These bonds have an annual interest rate of 8.7%, payable every six months for the 1st - 6th coupon periods. No put offer has been contemplated for the new issue. As at 30 June 2013, the carrying value of the bonds amounts to RR 5,031 million, net of transaction costs of RR 21 million (as at 31 December 2012: the carrying value of the bonds amounts to RR 5,029 million (including the current portion of the bonds, which is equal to RR 50 million), net of transaction costs of RR 21 million).

Eurobonds:

On 23 June 2011 the Group issued five year maturity 350,000,000 eurobonds in the amount of USD 350 million at a coupon rate of 7.75% through its special purpose entity, Koks Finance Ltd. The coupons are payable semi-annually. In November-December 2011 the Group repurchased 34,000,000 eurobonds for the total amount of USD 31 million. In February 2013 the Group sold 18,000,000 of previously repurchased eurobonds on the open market for the total amount of RR 535 million (USD 17.6 million).

As at 30 June 2013, the carrying value of the eurobonds amounts to RR 10,795 million (including the current portion of the bonds, which is equal to RR 93 million), net of transaction costs of USD 7.7 million (as at 31 December 2012: the carrying value of the eurobonds amounts to RR 9,466 million (including the current portion of the bonds, which is equal to RR 67 million), net of transaction costs of USD 7.7 million).

In March 2013 the Group amended the consolidated leverage ratio, which is the covenant relating to the Eurobonds. In connection with this amendment the Group recorded additional interest expense in the amount of RR 153 million.

14 Trade and other payables

	At 30 June 2013	At 31 December 2012
Financial liabilities		
Trade payables	2,983	3,556
Interest payable	21	19
Dividends payable	1,277	1,277
Other accounts payable	100	35
Total financial liabilities	**4,381**	**4,887**
Non-financial liabilities		
Wages and salaries payable	817	794
Advances received	1,306	379
Total non-financial liabilities	**2,123**	**1,173**
Total trade and other payables	**6,504**	**6,060**

15 Other taxes payable

	At 30 June 2013	At 31 December 2012
VAT	462	311
Individual income tax	53	55
Contributions to the state pension and social insurance funds	151	119
Property tax	72	68
Other taxes	22	28
Total other taxes payable	**760**	**581**

(in RR, tabular amounts in million RR unless stated otherwise)

16 Revenue

	Six months ended	
	30 June 2013	**30 June 2012**
Sales in Russia:		
Sales of coke and coking products	2,873	3,526
Sales of pig iron	1,283	996
Sales of coal and coal concentrate	558	1,188
Sales of cast-iron ware	587	630
Sales of powder metallurgy products	228	304
Sales of crushed pig iron	155	168
Sales of services	293	279
Other sales	299	378
Total sales in Russia	**6,276**	**7,469**
Sales to other countries:		
Sales of pig iron	11,378	13,089
Sales of coke and coking products	2,413	2,410
Sales of chrome	59	216
Sales of powder metallurgy products	58	107
Sales of cast-iron ware	95	123
Sales of coal and coal concentrate	711	49
Other sales	56	17
Total sales to other countries	**14,770**	**16,011**
Total revenues	**21,046**	**23,480**

17 Cost of sales

	Six months ended	
	30 June 2013	**30 June 2012**
Raw materials and supplies	10,576	12,302
Wages and salaries including associated taxes	2,599	2,512
Energy	538	522
Depreciation of property, plant and equipment	865	1,118
Other expenses	242	329
Other services	312	253
Changes in finished goods and work in progress	264	631
Amortisation of intangible assets	139	140
Total of cost of sales	**15,535**	**17,807**

18 Taxes other than income tax

	Six months ended	
	30 June 2013	**30 June 2012**
Property tax	140	123
Mineral resources extraction tax	57	68
Land tax	76	87
Penalties and fines	2	(2)
Accrual of other taxes/(Reimbursement of previously accrued other taxes)	17	(44)
Total taxes other than income tax	**292**	**232**

(in RR, tabular amounts in million RR unless stated otherwise)

19 Distribution costs

	Six months ended	
	30 June 2013	**30 June 2012**
Transportation services	1,980	1,644
Other selling expenses	91	92
Total distribution costs	**2,071**	**1,736**

20 General and administrative expenses

	Six months ended	
	30 June 2013	**30 June 2012**
Wages and salaries including associated taxes	1,116	994
Other purchased services	197	148
Depreciation of property, plant and equipment	74	68
Materials	41	32
Other	74	76
Total general and administrative expenses	**1,502**	**1,318**

21 Other operating expenses, net

	Six months ended	
	30 June 2013	**30 June 2012**
Charity payments	49	40
Losses on disposal of property, plant and equipment	20	21
Reverse of bad debt provision	(10)	(1)
Other	77	13
Other operating expenses, net	**136**	**73**

22 Income tax expense

Income tax benefit (expense) recorded in the interim condensed consolidated statement of profit and loss comprises the following:

	Six months ended	
	30 June 2013	**30 June 2012**
Current income tax expense	310	402
Deferred income tax benefit	(494)	(194)
Impairment of deferred tax asset	136	-
Income tax (benefit)/expense	**(48)**	**208**

Income tax expense is accrued based on management’s best estimates of annual effective income tax rate. The estimated effective income tax rate for the six months ended 30 June 2013 is 20% (it excludes the impact deferred tax asset impairment recorded in the reporting period). The estimated effective income tax rate for the six months ended 30 June 2012 is 19%.

(in RR, tabular amounts in million RR unless stated otherwise)

23 Disposal of investment in subsidiary

On 20 June 2012 the Group sold a 100% interest in Polema S.A. for a cash consideration of EUR 10,000 (RR 410 thousand). Polema S.A. was not a discontinued operations according to IFRS 5 as it did not represent a major line of business.

The table below includes information on assets and liabilities of the disposed subsidiary:

Cash and cash equivalents	57
Restricted cash	3
Trade and other receivables	80
Inventories	34
Property, plant and equipment	6
Deferred tax asset	1
Trade and other payables	(79)
Taxes payable	(3)
Borrowings	(260)
Net assets of Polema S.A.	**(161)**
Goodwill	14
Total book value of net assets disposed of	**(147)**
Currency translation reserve in respect of the net assets of the disposed subsidiary reclassified from other comprehensive income to loss	35
Gain on disposal of investment in subsidiary	112
Total compensation for the assets disposed of	-
Less: cash and cash equivalents held by the subsidiary disposed of	(57)
Proceeds from disposal	**(57)**

24 Balances and transactions with related parties

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Information about the parties who ultimately own and control the Company is disclosed in Note 1.

Accounts receivable and accounts payable – related parties, as at 30 June 2013:

	Companies under common control	**Ultimate shareholders**	**Total**
Trade and other receivables	281	-	281
Advances issued	122	-	122
Other accounts receivable	20	-	20
Loans issued	2,334	-	2,334
Interest on loans issued (including long-term)	411	-	411
Loans received	(5)		(5)
Advances received	(1,137)	-	(1,137)
Dividends payable	-	(1,277)	(1,277)
Payables on treasury shares	-	(360)	(360)
Interest payable	(3)	-	(3)

(in RR, tabular amounts in million RR unless stated otherwise)

24 Balances and transactions with related parties (continued)

Accounts receivable and accounts payable – related parties, as at 31 December 2012:

	Companies under common control	Ultimate shareholders	Total
Trade and other receivables	221	-	221
Advances issued	70	-	70
Other accounts receivable	20	-	20
Loans issued	1,436	-	1,436
Interest on loans issued (including long-term)	366	-	366
Loans received	(9)	-	(9)
Dividends payable	-	(1,201)	(1,201)
Payables on treasury shares	-	(360)	(360)
Interest payable	(2)	-	(2)

Related party transactions

	Companies under common control	
	Six months ended	
	30 June 2013	30 June 2012
Sales in Russia:		
Services	178	174
Sales to other countries:		
Sales of pig iron	10,424	11,611
Sales of coke and coking products	134	1,388
Other income:		
Interest income	22	41
Purchase of goods and services:		
Purchase of raw materials and supplies	(183)	(205)
Purchase of other services	-	(8)
Interest expense	-	(2)
Other operating income, net	1	3

Payments to key management personnel

Payments to key management personnel included in general and administrative expenses amounted to RR 183 million for the six months ended 30 June 2013 (RR 133 million for the six months ended 30 June 2012). All these payments are short-term employee benefits. The number of people to whom this compensation relates is 33 for the six months ended 30 June 2013 and 2012.

Financial guarantees

The Group provided financial guarantees to finance institutions on behalf of its related party in respect to the loans received by it. As at 30 June 2013 the amount of these guarantees totalled RR 1,465 million (as at 31 December 2012: RR 1,549 million). The financial guarantees were issued without any premium. The Group expects that the probability of financial guarantees repayment is negligible. Therefore, no liability is expected to arise.

25 Derivative financial instruments

On 7 July 2011 the Group entered into a currency and interest rate swap contract that is to be settled net in cash maturing on 23 May 2014. The currency and interest rate swap was not designated as a hedging instrument. As at 30 June 2013 under currency and interest rate swap the Group is liable to USD denominated interest payments at the fixed rate of 4.7% with the notional amount equal to USD 89,317,613 in exchange for RR denominated interest payments at the fixed rate of 8.7% with the notional amount equal to RR 2,500 million. As at 30 June 2013 the fair value of currency and interest rate swap is equal to RR 277 million (31 December 2012: RR 103 million).

26 Financial instruments and financial risk factors

The Group's risk management is based on determining risks to which the Group is exposed in the course of ordinary operations. The Group is exposed to the following major risks: (a) credit risk, (b) market risk (including foreign currency risk, interest rate risk), and (c) liquidity risk. Management works proactively to control and manage all opportunities, threats and risks arising in connection with the objectives of the Group's operations.

The condensed interim consolidated financial information do not include all the financial risk management information and disclosures (other than the changes in the Group's liquidity discussed in note 2) required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012. There have been no significant changes in the risk management policies since 2012 year end.

27 Contingencies, commitments and operating risks

Taxes

Russian 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.

The Russian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, it is possible that significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the tax authorities for three calendar years preceding the year of the tax audit. Under certain circumstances audits may cover longer periods.

Russian transfer pricing legislation was amended starting from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related party and some types of transactions with unrelated party), provided that the transaction price is not arm's length. Management exercises its judgement about whether or not the transfer pricing documentation that the entity has prepared, as required by the new legislation, provides sufficient evidence to support the entity's tax positions and related tax returns. Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the impact of any challenge of the entity's transfer prices cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

Management of the Group believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax, currency and customs positions will be sustained.

Insurance policies

At 30 June 2013 and 31 December 2012 the Group held limited insurance policies on its assets and operations, or in respect of public liability or other insurable risks.

27 Contingencies, commitments and operating risks (continued)

Environmental matters

The Group periodically evaluates its obligations under environmental regulations. As obligations are determined and reasonably estimated, they are recognised immediately. Potential liabilities which might arise as a result of changes in existing regulations, civil litigation or legislation cannot be estimated but could be material. In the current enforcement climate under the existing legislation, management believes that there are no significant liabilities for environmental damage in addition to those already reflected in the interim condensed consolidated financial information.

Legal proceedings

The Group is involved in a number of court proceedings (both as a plaintiff and as a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding that could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in this interim condensed consolidated financial information.

Licences

The Group is subject to periodic reviews of its activities by government authorities with respect to compliance with the requirements of its mining licences. Management responds promptly, provides reports based on the reviews results and, if necessary, cooperates with the government authorities to agree on remedial actions necessary to resolve any findings resulting from these reviews. Failure to comply with the terms of a licence could result in fines, penalties or licence limitation, suspension or revocation. Management believes any issues of non-compliance, including changes in the work plan or financial measures, will be resolved by negotiations, eliminating weaknesses or corrective actions without any adverse effect on the Group's financial position, results of operations or cash flows. The Group may extend its licences beyond the original expiration date if meet the license agreements terms. Accordingly, depreciation of property, plant and equipment related to the licenced areas takes into account that the licences will be prolonged in the future.

The Group's coal fields are situated on land belonging to the Kemerovo Regional Administration; and ferruginous quartzite fields are in the territory of the Belgorod Regional Administration. Licences are issued by the Russian Ministry of Natural Resources, and the Group pays mineral resources extraction tax to explore and mine mineral resources from these fields.

Licence holder	Field	Expiry date
OOO Gornyak	Abramovsky area of Glushinsky coal field (Romanovskaya-1 mine)	April 2022
OOO Butovskaya mine	Butovskoe-Zapadnoe and Chesnokovskoe areas of Kemerovo coal field (Butovskaya mine)	January 2016
ZAO Sibirskie resursy	Kedrovsko-Krohalevskoe coal field (Vladimirskaya mine)	March 2021
ZAO Sibirskie resursy	Kedrovsko-Krohalevskoe coal field (Vladimirskaya-2 mine)	March 2030
OOO Uchastok Koksoviy	Koksoviy area (Vakhrusheva coal mine)	December 2020
OOO Tikhova Mine	Nikitinsky coal area-2	September 2025
OAO Kombinat KMA Ruda	Licence to produce ferruginous quartzite from Korobkovsky mine	January 2026

Operating environment of the Group

The Russian Federation's economy continues to display certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretation and contribute to the challenges faced by companies operating in the Russian Federation.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, could have a negative effect on the financial and corporate sectors. Deteriorating economic conditions for customers may have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances. Despite these efforts, management acknowledges that uncertainties over the direction of the market exist and does not discount the possibility of further future volatility. Consequently, management is unable to predict the impact of, if any, any further deterioration in the global and Russian financial markets.

28 (Loss)/Earnings per Share

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

The Company has no dilutive potential ordinary shares; therefore, the diluted (loss)/earnings per share equal to the basic (loss)/earnings per share.

(Loss)/Earnings per share are calculated as follows:

		Six months ended	
	Note	**30 June 2013**	**30 June 2012**
(Loss)/Profit for the period		(803)	923
Weighted average number of ordinary shares in issue (millions of shares)	11	304.05	304.05
Basic and diluted (loss)/earnings per ordinary share (expressed in RR per share)		**(2.64)**	**3.04**