



Unaudited interim consolidated report
for the nine months FY2015 ended
31st March 2015

COAL ENERGY S.A., 9M FY2015 REPORT

Dear Ladies and Gentlemen,

Herewith we are presenting our interim consolidated financial report for the 9 months and 3rd quarter FY2015 containing unaudited financial data.

As previously informed (current reports no. 15/2014 dated August 28, 2014, and no. 18/2014 dated October 17, 2014, as well as in the Annual report for the 12 months FY2014) due to the military unrests in region of the Company's assets location the Company postponed the annual audit procedure until the armed unrests in the region are resolved and access to assets as well as to documentation are safe. Unfortunately as of the date of this report circumstances preventing initiation of the audit procedure continued their negative influence as continuous violations of the cease-fire along the line of contact are observed and implementation of the provisions of the Minsk Agreements is difficult.

In the 3rd quarter of FY2015 the macroeconomic and political environment did not undergo considerable changes. Thus the Company continued to operate in the challenging and dangerous environment of unceasing military clashes in the region of Company's operations as well as general macroeconomic difficulties of current Ukrainian economy, characterized by severe crisis in energy sector, continuous hryvna devaluation and related inflation. The Company remains focused on preserving business and has people's safety as a top priority in this difficult situation.

While banking system is also subjected to crisis and several banks in Ukraine are on the procedure of rehabilitation and bankruptcy the Company is keeping up the process of negotiations with its creditors in the matter of loans prolongation or restructuring (as some creditors recognize the restructuring necessity but the terms could be determined only after the cease-fire in the region).

The summary of Company's operational and financial results for the 9 months FY2015 and 3Q FY2015:

- ❖ **Mining output.** Mining output of thermal and coking coal in the 3Q FY2015 composed 28.7 thousand tonnes, or increased by 12.5% q-o-q (in the 2Q FY2015 total mining output reached 25.5 thousand tonnes). Thus for the 9M FY2015 coal output composed 68.6 thousand tonnes.
- ❖ **Coal volume sales.** In the 3Q FY2015 total coal volume sales composed 23.0 thousand tonnes, decreasing by 46.8% q-o-q due to higher transportation risks in the region and ceased sales opportunities.
- ❖ **Revenue from coal sales.** In the 3Q FY2015 coal sales revenue reached US\$1.9 million (decreased by 40.6% q-o-q). For the 9M FY2015 coal sales revenues comprised US\$10.3 million, decreasing by 87.5% y-o-y.
- ❖ **EBITDA.** EBITDA comprised -US\$0.3 million during the 3Q FY2015 remaining flat q-o-q. For the 9M FY2015 EBITDA composed -US\$0.9 million.

The Company contemplates the demand for coal to be high in the middle-term perspective as deficit of coal supply on the local market is still observed. The Company expects that further successful implementation of the Minsk Agreement and de-escalation of the conflict as well as realization of the economic reforms will launch the recovery of macroeconomic stability and Company's operations. On that respect Company very much hopes for the success in peace negotiations and diplomatic solution of the conflict.

Viktor Vyshnevetsky

Chairman of the Board of Directors and Chief Executive Officer

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Review of the financial and operational results of Coal Energy S.A. including parent company and its subsidiaries (hereinafter “Company”) for the 9 months (9M) FY2015 and 3Q FY2015

As addressed in the *Letter to the Shareholders* the armed conflict in the East of Ukraine kept adversely affecting the operational and financial performance of the Company, coal and steel industry in general as well as macroeconomic stability in Ukraine in the 3Q FY2015.

The first three months of 2015 calendar year (3Q FY2015) were marked with another session of political negotiations and Minsk Agreements on the de-escalation of the military actions and peaceful resolution of the conflict on the East of Ukraine, alongside with that economical results of the first quarter 2015 calendar year (3Q FY2015) of Ukraine remained depressed under continued financial and energy crisis.

In the 1Q 2015 calendar year (3Q FY2015) coal output in the country dropped 2.2 times y-o-y down to 9.4 million tonnes. In 2015 calendar year Ukrainian government cancelled subsidies for state coal enterprises subsequently wage arrears to miners led to a series of strikes. Because of the present military conflict the country continued to experience a significant shortage of thermal coal (primarily anthracites), production of which is concentrated in Donetsk and Lugansk regions. In the 1Q 2015 calendar year Ukraine imported 2.4 million tonnes of coal (including anthracites) also the Ministry of Energy introduced licensing of export of thermal coal in order to balance the market. Coal shortage affects the work of thermal power plants which are forced to reduce production capacity. Thus the amount of electricity produced in Ukraine in the 1Q 2015 calendar year dropped by 12.5% y-o-y, thermal coal plants specifically reduced electricity production by 24.1% y-o-y. In line with that electricity consumption in Ukraine for the 1Q 2015 calendar year decreased by 10.5% y-o-y while industry reduced electricity consumption for this period by 18.0%. Industrial output for the 1Q 2015 calendar year dropped by 21.4% y-o-y and as of march 2015 none of the branches of industry demonstrated growth.

Situation in metallurgy also remained challenging as military actions also affected this industry significantly. For the first three month of 2015 calendar year (3Q FY2015) steel production in Ukraine decreased by 31.0% y-o-y down to 5.2 million tonnes and the amount of coke produced dropped by 43.0% y-o-y. Certain improvements on the global metal market make it possible to rely on the termination of the recession and recovery in exports of metal from Ukraine. But this is still held back by political and economic crisis in the country. Meanwhile in the 1Q 2015 calendar year Ukrainian steel mills reduced the revenue from exports of metal products by 37.0% y-o-y.

The decline of Ukraine’s GDP for the 1Q 2015 calendar year composed 17.6% y-o-y. IMF has confirmed its outlook on Ukraine's GDP decrease for 2015 by 5.5% and the average annual inflation rate is estimated around 26.7%. While Ukrainian experts are less optimistically and expect the economic downturn at least 7.5% and inflation around 45.0%

Positive resolution of this difficult situation could be expected starting 2016 year providing that military conflict would be resolved and declared economical and political reforms are implemented.

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The following table summarizes the Group's key margins and ratios for the 3Q FY2015, the 2Q FY2015, the 9M FY2015 and the 9M FY2014 (numbers are rounded):

<i>in million of US\$</i>	3Q FY2015	2Q FY2015	Relative change q-o-q	9M FY2015	9M FY2014	Relative change y-o-y
Revenue	2.1	4.3	(51.2%)	12.6	84.7	(85.1%)
Gross profit	0.05	0.7	(92.9%)	1.8	13.8	(87.0%)
EBIT	(1.3)	(2.2)	n/a	(5.8)	(4.8)	n/a
EBITDA	(0.3)	(0.3)	n/a	(0.9)	4.2	n/a
Net loss	(22.7)	(4.2)	n/a	(31.0)	(26.4)	n/a
<i>as a percentage of revenue</i>			Δ percentage points			Δ percentage points
Gross margin %	2.4%	16.3%	(13.9)	14.3%	16.3%	(2.0)
EBIT %	(61.9%)	(51.2%)	(10.7)	(46.0%)	(5.7%)	(40.3)
EBITDA %	(14.3%)	(7.0%)	(7.3)	(7.1%)	5.0%	(12.1)
Net earnings %	(1081.0%)	(97.7%)	(983.3)	(246.0%)	(31.2%)	(214.8)
Ratios:						
EBITDA/Finance costs	(0.01)	(0.1)		(0.03)	0.2	
Debt*/EBITDA	(246.0)	(60.1)		(246.0)	39.8	
Net debt/EBITDA	(245.3)	(59.8)		(245.3)	38.5	

*-EBITDA for calculation of EBITDA/Finance costs is taken for the respective period presented. EBITDA for the Debt/EBITDA and Net Debt/EBITDA ratios calculation is taken for the last four consecutive quarters. Debt and Net debt include loans and finance lease liabilities (discounted future finance charges denominated in UAH for lease of two state-property integral complexes owned by CwAL LE "Sh/U Blagoveshenskoe" and CwAL LE "Mine St.Matrona Moskovskaya")

Revenue

For the reporting 9 months period ended 31st March total revenue composed US\$12.6 million as compared to the US\$84.7 million for the 9 months FY2014 thus revealing a substantial decline by 85.1% y-o-y. On quarterly basis total revenue reached US\$2.1 million in the 3Q FY2015 and demonstrated a decline by 51.2% q-o-q under continued influence of extreme circumstances of military conflict in the region of Company's assets location.

Coal sales volumes dynamics are presented in the table below (numbers are rounded):

<i>in thousand tonnes</i>	3Q FY2015	2Q FY2015	change in %	9M FY2015	9M FY2014	change in %
Thermal*	(4.0)	15.5	n/a	77.7	922.0	(91.6%)
Coking	27.0	27.8	(2.9%)	63.1	226.0	(72.1%)
Total	23.0	43.3	(46.9%)	140.8	1,148	(87.7%)

*- negative result for the 3Q FY2015 is a mathematical resultant caused by sales return related to the previous periods.

Sales volumes as well decreased both y-o-y and q-o-q. In fact during the 3Q FY2015 thermal coal sales volumes reached 16.9 thousand tonnes however due to the inability of coal transportation from the zone of antiterrorist operation in the previous periods there was a sales return in amount of 20.9 thousand tonnes in the 3Q FY2015. Thus result in the 3Q FY2015 for thermal coal sales was negative. Thermal coal sales for the 9M FY2015 also decreased composing 77.7 thousand tonnes declining by 91.6% y-o-y. Coking coal sales comprised 27.0 thousand tonnes in 3Q FY2015 slightly below the previous quarter results and down by 2.9% q-o-q while for the 9M FY2015 coking coal sales reached 63.1 thousand tonnes, declining by 72.1% y-o-y. In the 9M FY2015 sales results thermal coal steel prevailed composing 55.2% in total coal sales volumes.

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For the 9M FY2015 Company's coal export sales comprised US\$0.4 million versus US\$4.1 million for the 9M FY2014 thus sharply declining by 90.2% y-o-y as due to high transportation risks the Company did not perform coal export operations in the 3Q FY2015 due to major damage of transportation and business lines with the territory of military conflict.

Revenue from coal export sales composed 3.2% in total revenue in the 9M FY2015 versus 4.8% in the 9M FY2014. For the 9M FY2015 coal trading composed considerable part of revenue and comprised US\$4.9 million.

Cost of sales and cash cost of production

The following table links cost of sales with total cash cost of production in each business segment of the Company in the 9M FY2015 and the 9M FY2014:

<i>in thousand of US\$</i>	9M FY2015	9M FY2014
Cost of sales	10,779	70,942
Less:		
Cost of merchandising inventory	(5,548)	(26,273)
Change in inventories	866	(10,116)
Cost of other services	(23)	(184)
Depreciation and amortization	(872)	(4,414)
Total cash cost of production	5,202	29,955
<i>Including:</i>		
<i>Total cash cost of mining</i>	4,968	26,568
<i>Total cash cost of beneficiation</i>	55	1,346
<i>Total cash cost of waste dumps processing</i>	179	2,041
<i>in US\$ per tonne</i>		
<i>Cash cost of mining per 1 tonne of ROM coal</i>	83.8	57.0
<i>Cash cost of beneficiation per 1 tonne of ROM coal</i>	25.2	12.1
<i>Cash cost of waste processing per 1 tonne of saleable coal from waste dumps</i>	19.2	22.2

Cash cost of mining was under negative influence of higher fixed costs per 1 tonne of coal due to limited coal production and influence of conditionally fixed expenditures. During the 9M FY2015 cash cost of mining increased by 47.0% y-o-y.

Cash cost of beneficiation during the 9M FY2015 also increased up to US\$25.2 per tonne or by 2.1 times y-o-y alongside with that remaining on the level of 1Q FY2015 as during the 2nd and 3rd quarters FY2015 the Company did not perform beneficiation operations.

Cash cost of coal waste processing decreased by 13.5% compared to the 9M FY2014 due to substantial decline in production with constant fixed costs.

Gross profit

Gross profit comprised US\$1.8 million for the reporting 9M FY2015 as compared to US\$13.8 million for the 9M FY2014 and reached US\$0.05 million in the 3Q FY2015 thus demonstrating a decline by 87.0% y-o-y and by 92.9% q-o-q accordingly.

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Operating expenses

General and administrative expenses

General and administrative expenses decreased substantially for the 9M FY2015, composing US\$1.1 million as compared to the same period of the previous financial year in amount of US\$4.2 revealing a drop by 73.8% y-o-y. While on the quarterly basis general and administrative expenses declined to US\$0.3 million in the 3Q FY2015 versus US\$ 0.4 million in the 2Q FY2015.

The expenses decreased mostly in the items like wages and salaries of administrative personnel segment (from US\$2.8 million for the 9M FY2014 to US\$0.3 million for the 9M FY2015, or by 89.3% y-o-y) as a result of optimization of administrative personnel structure and devaluation of Ukrainian hryvna. Also part of administrative employees terminated their employment or agreed to reduce their wage rate.

Selling and distribution expenses

Selling and distribution expenses also decreased substantially from US\$3.6 million in the 9M FY2014 down to US\$0.7 million for the reported period of 9MFY2015, demonstrating a decline by 80.6% y-o-y, while for the 3Q FY2015 selling and distribution expenses dropped considerably down to US\$0.08 million in line with reduced sales volumes. Selling and distribution costs comprised 5.6% in relation to revenue for the 9M FY2015 versus 4.3% for the 9M FY2014.

Idle capacity expenses

Idle capacity expenses comprised US\$6.4 million for the 9M FY2015 as the Company limited the production on its operational assets due to the ongoing armed unrests and shooting in the region of it's location resulting in the idle capacity expenses.

Operating loss

For the 9M FY2015 the Company recorded US\$5.8 million of operating loss, as compared to US\$4.8 million of operating loss for the 9M FY2014 while operating result of the 3Q FY2015 composed US\$1.3 of operating loss and decreased versus US\$2.2 million for the 2Q FY2015 or by 40.9% q-o-q. Consequently operating profit margin was negative for the 9M FY2015.

Financial costs

For the 9M FY2015 financial costs reached US\$28.6 million compared to US\$21.3 million in the 9M FY2014, or increased by 34.3%, mostly representing loss from non-operational exchange differences as a result of local currency depreciation (amounting to US\$19.5 million).

Net loss / profit

Net loss for the nine months of FY2015 comprised US\$31.0 million, increasing from US\$26.4 million for the 9M FY2014, while for the 3Q FY2015 the Company recorded net loss of US\$22.7 million substantially increased as opposed to US\$4.2 million loss for the 2Q FY2015 caused mainly by exchange difference accounted in financial loss.

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Other comprehensive loss / income

Sharp depreciation of the reporting currency (local currency Ukrainian hryvnia) resulted in the other comprehensive loss of US\$25.6 million during the 9M FY2015.

Production results

As we informed previously Coal Energy was forced to limit the production in the region of armed conflict in the East of Ukraine. From the beginning of financial year commenced on July 01, FY2015, most of the production assets are working in the sustaining mode to maintain safety of operations and readiness for production start. The Company is expecting to inform about renovation of coal output expectations after the armed unrests are resolved.

Total production for the 9M FY2015 composed 68.6 thousand tonnes or was 87.7% down as compared to 9M FY2014.

Underground mining. In the 9M FY2015 mining output decreased to 59.3 thousand tonnes from 466.2 thousand tonnes for the 9M FY2014, or by 87.3% y-o-y.

In the 3Q FY2015 underground mining of thermal coal was not performed as all of the Company's assets that are mining thermal coal are located within the region of the military conflict and output on such assets was ceased under severe military actions while mining output of coking and dual-purpose coal composed 24.3 thousand tonnes, declining 4.7% q-o-q.

The table below shows aggregated data on production volumes by coal types:

<i>in thousand of tonnes</i>	3Q FY15	2Q FY15	change,%	9M FY15	9M FY14	change,%
Thermal coal	0.0	0.0	n/a	2.4	369.5	(99.4%)
Coking and dual-purpose coal	24.3	25.5	(4.7%)	56.9	96.7	(41.2%)
Coal concentrate from waste processing	4.4	0.0	n/a	9.3	92.0	(89.9%)
Total production	28.7	25.5	12.5%	68.6	558.2	(87.7%)

Coal waste dumps processing. During the 3Q FY2015 production of coal from waste dumps processing was composed 4.4 thousand tonnes. For the 9M FY2015 coal concentrated from waste processing reached 9.3 thousand tonnes decreased by 89.9% on the y-o-y basis.

Beneficiation. Beneficiation of own coal mined and bought from third parties remained at the level of the 1Q FY2015 and composed 2.2 thousand tonnes for the 9M FY2015, as during the 3Q FY2015 beneficiation operations were not performed by the Group.

Risks and uncertainties

The Company's financial performance is dependent on the global price of and demand for coal

The Company's business is dependent on the global market price of coal. Sale prices and volumes in the worldwide coal market depend predominantly on the prevailing and expected levels of demand for and supply of coal, mainly from energy and steel manufacturers. Though Ukrainian coal market is a bit isolated, still global financial and economic crises may influence the Ukrainian coal prices.

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To mitigate the price risk and risk of lowering demand, the Company endeavours to diversify its customer base both on local and export markets and aims to sign long-term framework contracts for coal supply. While prices are beyond control of the Company we constantly strive to lower and maintain low cost of production with the same level of operations quality.

The Company is subject to particular demands from customers which vary from customer to customer from product to product and from time to time

As the customer may require coal with higher efficiency characteristics the increased demand for higher grade coal may reduce demand and contract prices for coal with reduced energy efficiency.

The Company's production costs and costs of technologies applied by the Company may increase

The Company's main production expenses are energy costs, salaries and consumables. Changes in costs of the Group's mining and processing operations could occur as a result of unforeseen events and consequently result in changes in profitability or the feasibility and cost expectations in mining and processing existing reserves. Many of these changes may be beyond the Company's control.

Cost of mining operations per tonne as conditionally fixed (energy, water drainage, ventilation system, etc.) can not be reduced proportionally with the reduction of coal sales as the case may be. These costs need to be incurred in order to maintain certain safety of operations and to secure the Company's ability to increase production after the market revival. If sales for some particular coal grades from a particular asset are not expected to regain back their volume and price the Company may take decision to postpone mining operations on that asset and incur repairing and supportive works and hence incurring idle capacity expenses. Returning to the previous production levels may require additional capital investments amount of which can not be estimated reliably at the moment.

The risk has been realized as most of the Company's assets incurred various levels of damage due to heavy shooting and bombing at assets' locations. Hence various level of reconstruction for renovation of mining and coal waste processing will be needed. Exact amounts are still to be estimated.

Due to the on-going armed conflict in the region there is a lack of strong supervision from the local authorities over the businesses as well as over any illegal mining activities in the region which may increase following the coal deficit in the market. Coal from such activities being cheaper in price may create further barriers for coal production restoration at state and privately held mines.

The Company's activity may be impacted by limited banking financing for its projects and operating activity as well as local currency devaluation

In order to continue investment program at the levels which would allow reaching the expected targets the Company needs external financing. Macroeconomic and political instability in the country make the banks reassess their country risk policies and they may either stop providing new financing to customers or even lower their credit exposures.

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Macroeconomic instability could also push the population to transfer their savings into US\$ (creating devaluating pressure on the local currency) and/or even to take their savings away from the banking system which may additionally squeeze the banking system's liquidity.

During the last years foreign currency loans had a more attractive interest rate, had longer tenors of financing and were easier available than local currency (hryvnia) loans, hence foreign currency loans may be more attractive in general.

Nevertheless foreign currency loans expose to the exchange rate risks which may inflate liabilities denominated in the foreign currencies in case of local currency devaluation. In order to fulfil obligations under the conditions of limited export proceeds restructuring may be needed with the goal of extending maturities and postponing interest payments until the markets rebound and sufficient resources are accumulated to cover the realized risk.

The risk has been realized: during the recent year local currency has devaluated in more than 3.5 times. Moreover, as of the reporting date, the exchange rate remains extremely volatile and unpredictable; this increases the devaluation expectations even higher. Such situation caused huge instability and uncertainty in banking sector; new loan facilities are very limited. Company maintains a constant dialog with its existing creditors. The majority of existing loan facilities is either in the process of restructuring or in the "on hold" status (creditors recognize the restructuring necessity but the terms could be determined only after the cease-fire in the region). Such huge currency devaluation may raise the risk of hyperinflation in further reporting periods.

The Company's activity may be influenced by political instability and/or uncertainty and/or separatism intentions and escalation of military conflict in Ukraine

Failure to achieve political consensus necessary to support and implement reforms and any resulting instability could adversely affect the country's macroeconomic indices, economic growth, business climate, social and living standards, postpone business decisions by customer and major industrial groups. Such increased uncertainties will definitely affect the industrial output level in the country, electricity, heat and steel production and consumption as well as construction plans and metallurgic industry performance (being directly or indirectly the core consumers for the Company's products), tax payments to the state budget.

The military conflict in the region of the Company's assets allocation may lead to damages to assets and inventories. Furthermore, depending on the severity of the conflict the assets/inventories may be damaged in scope which will make it impossible or economically not viable to restore them.

The realization of the risk is considered to be high. Mitigation of the risk is mainly outside of control of the Company on macro level.

Any unfavourable changes in Ukraine's regional relationships, especially with the Russian Federation, may adversely affect the Ukrainian economy and hence business environment

Ukraine's economy depends heavily on its trade flows with Russian Federation and other CIS countries because Ukraine imports a large proportion of required energy resources, mainly from Russian Federation (and from other countries that deliver energy resources to Ukraine through Russian Federation). In addition, a large portion of the Ukrainian export service proceeds come from transit charges for oil, gas and ammonia from Russian Federation. As a result, Ukraine considered its relations with Russian Federation to be of strategic importance. Apart from

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Russian Federation, Ukraine also developed significant relationships with certain countries of the European Union (including Germany, Poland, Hungary, Slovakia and Romania), as well as with Turkey.

If bilateral trade relations between Russian Federation and Ukraine are to deteriorate, this may have negative impact on the Ukrainian economy as a whole and thus on the Company's business, results of operations, financial conditions and prospects as industrial output in the country may shrink. Respectively demand for energy and consequently demand for thermal and coking coal may decrease.

Considerable dependence of the Ukrainian economy on Russian energy exports together with increase in natural gas price by Russian Federation may adversely affect the pace of economic growth of Ukraine. Furthermore, gas price increases may force Ukraine to launch certain reforms in the energy sector and modernization of major energy-consuming industries through the implementation of efficient technologies, modernization of production facilities as well as establishing diversified sources gas supply. While defending its geopolitical interests Russian Federation may execute economic pressure either through trade wars or prices for energy resources imported by Ukraine. If escalation of interests clashes proceeds this may ruin and demoralize the existing industrial and supply chains putting development and prospects of any business sector in question and hence affect energy demand.

The realization of the risk is considered to be high. The Company does not possess resources to mitigate the described risk on macro level.

Liquidity risk

As one of the major consequences of decreasing prices and lowering demand for coal is that the Company may need additional means to promote sales, i.e. providing customers with favourable trade credit terms, hence increasing working capital tied up mostly in the trade account receivables. If financial resources from lending institutions are available these additional working capital amounts could be financed respectively. The Company is in constant dialogue with its current financing banks in order to secure timely rolling over and extending of the credit facilities. Nevertheless the ability of banking institutions to lend depends highly on country risks of Ukraine and there own liquidity (UAH liquidity is formed mainly from the deposits of the local individuals and enterprises) which diminishes dramatically in the times of macroeconomic and political instability. In the situation of absence of bank financing to cover the increased trade credit conditions the Company will be forced to decrease sales.

The Company is cooperating with a number of private commercial banks which are subject to the regulations of the Ukrainian authorities. Banks' ability to perform in accordance with such regulations is out of control of the Company. Nevertheless if banks fail to comply with the Ukrainian legislation the regulator may impose various sanctions against them which may influence the ability of such banks to provide financing resources or might force the banks to draw back the financial resources provided to the Company if the Company does not fulfil obligations according to the loan agreements.

The Company can not mitigate the risk that the banks may demand early repayment and the Company will not be able to fund refinancing for such funds.



COAL ENERGY S.A.

9m2015FY

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE NINE MONTHS
ENDED MARCH 31, 2015



Coal Energy S.A.

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Statement of Management responsibility

To the best of our knowledge, consolidated financial statements as of 31 March 2015 of Coal Energy S.A. which have been prepared in accordance with the international financial reporting standards, give a true and fair view of the assets, liabilities, financial position and result of its operations for the nine months ended 31 March 2015 as required under article 4(3) of the Law. The interim management report includes a fair review of the information required under article 4(4) of the Law.

While preparing these consolidated financial statements, the Management bears responsibility for the following issues:

- selection of the appropriate accounting policies and their consistent application;
- making judgments and estimates that are reasonable and prudent;
- adherence to IFRS concepts or disclosure of all material departures from IFRS in the consolidated financial statements;
- preparation of the consolidated financial statements on the going concern basis.

Management confirms that it has complied with the above mentioned principles in preparing the consolidated financial statements of the Group.

The Management is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group;
- taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of management

Directors A:

Directors B:

Chairman of the Board of Directors
Viktor Vyshnevetsky

Independent Non-executive Director
Jacob Mudde

Chief Operating Officer
Roman Kovalkov

Independent Non-executive Director
Gwenaëlle Bernadette Andrée Dominique Cousin

Business Development Director
Oleksandr Reznik

Independent Non-executive Director
Arthur David Johnson

Luxembourg, 26 May 2015

Coal Energy S.A.**Management report for the nine months ended 31 March 2015**

Management of the Company hereby presents its interim consolidated financial statements for the nine months ended on 31 March 2015.

1. Results and developments during the nine months ended on 31 March 2015.

For the nine months ended on 31 March 2015 the Group recorded an EBITDA loss of USD 886 thousand (EBITDA profit for the nine months ended 31 March 2014 USD 4,210 thousand). After depreciation, amortization, finance costs and finance income the final loss for the nine months ended 31 March 2015 after taxation was USD 30,956 thousand (loss for the nine months ended 31 March 2014 USD 26,443 thousand).

2. Future developments of the Group.

The Group is optimizing internal reserves and is considering remaining options for funding its operations to cover liquidity needs in the environment of continuing military conflict in the Eastern Ukraine.

3. Activity in the field of research and development.

The Group is not involved in any activity in the field of research and development.

4. Own shares.

During the period ended 31 March 2015, the Company and its affiliates have not repurchased shares of Coal Energy S.A.

5. Group's internal control.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures of the Group are made in accordance with authorizations of Group's management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of Group's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Risk Management.

The Group has implemented policies and procedures to manage and monitor financial market risks. Financial market activities are overseen by the CFO and the Group Management Board.

The Group does not use hedging derivatives.

For Coal Energy S.A.:

Directors A:

Directors B:

Chairman of the Board of Directors
Viktor Vyshnevetsky

Independent Non-Executive Director
Jacob Mudde

Chief Operating Officer
Roman Kovalkov

Independent Non-Executive Director
Gwenaëlle Bernadette Andr e Dominique Cousin

Business Development Director
Oleksandr Reznik

Independent Non-Executive Director
Arthur David Johnson

Luxembourg, 26 May 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 31 MARCH 2015
(in thousands USD, unless otherwise stated)

	Note	9 months ended 31 March 2015	3 months ended 31 March 2015	Year ended 30 June 2014 (unaudited)	9 months ended 31 March 2014	3 months ended 31 March 2014
Revenue	5	12,579	2,144	106,232	84,700	17,085
Cost of Sales	6	(10,779)	(2,090)	(87,359)	(70,942)	(16,075)
GROSS PROFIT/(LOSS)		1,800	54	18,873	13,758	1,010
General and administrative expenses	7	(1,127)	(286)	(5,047)	(4,239)	(1,366)
Selling and distribution expenses	8	(650)	(80)	(4,348)	(3,566)	(960)
Other operational (expenses)/income	9	569	1	(2,704)	(203)	122
Idle capacity expenses	9.1	(6,423)	(993)	(13,101)	(10,592)	(2,863)
OPERATING (LOSS)/PROFIT		(5,831)	(1,304)	(6,327)	(4,842)	(4,057)
Other non-operating (expenses)/income	10	181	23	(670)	(974)	(128)
Financial income	12	2,601	7	3,111	2,089	607
Financial costs	13	(28,583)	(21,684)	(35,011)	(21,314)	(14,052)
LOSS BEFORE TAX		(31,632)	(22,958)	(38,897)	(25,041)	(17,630)
Income tax income/(expenses)	14	676	226	(1,686)	(1,402)	(512)
LOSS FOR THE PERIOD		(30,956)	(22,732)	(40,583)	(26,443)	(18,142)
OTHER COMPREHENSIVE LOSS:						
Effect of foreign currency translation		(25,624)	(2,563)	(38,454)	(32,528)	(32,530)
TOTAL OTHER COMPREHENSIVE LOSS		(25,624)	(2,563)	(38,454)	(32,528)	(32,530)
TOTAL COMPREHENSIVE LOSS:		(56,580)	(25,295)	(79,037)	(58,971)	(50,672)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:						
Equity holders of the parent		(30,636)	(22,579)	(40,207)	(26,175)	(17,965)
Non-controlling interests		(320)	(153)	(376)	(268)	(177)
		(30,956)	(22,732)	(40,583)	(26,443)	(18,142)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:						
Equity holders of the parent		(56,032)	(25,049)	(78,253)	(58,350)	(50,142)
Non-controlling interests		(548)	(246)	(784)	(621)	(530)
		(56,580)	(25,295)	(79,037)	(58,971)	(50,672)
Weighted average number of ordinary shares outstanding		45,011,120	45,011,120	45,011,120	45,011,120	45,011,120
BASIC (LOSS)/EARNINGS PER ORDINARY SHARE		(68.06)	(50.16)	(89.33)	(58.15)	(39.91)

(expressed in USD cents)

Basic earnings per ordinary share are equal to diluted earnings per ordinary share.

Notes on pages 9 to 31 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015
(in thousands USD, unless otherwise stated)

	Note	As at 31 March 2015	As at 30 June 2014 (unaudited)	As at 31 March 2014
ASSETS				
Non-current assets				
Property, plant and equipment	15	44,652	93,974	102,776
Intangible assets	16	2,257	4,960	5,519
Financial assets	17	132	638	2,662
Deferred tax assets	14	599	1,047	813
Deposit	23	-	20,000	20,000
		47,640	120,619	131,770
Current assets				
Inventories	18	7,059	15,362	13,196
Trade and other receivables	19	13,179	30,794	26,934
Prepayments and prepaid expenses	20	2,789	5,271	7,037
Financial assets	17	1,341	2,373	8,753
Other taxes receivables	22	263	1,319	1,470
Cash and cash equivalents	23	148	1,616	2,676
		24,779	56,735	60,066
TOTAL ASSETS		72,419	177,354	191,836
EQUITY AND LIABILITIES				
Equity				
Share capital	24	450	450	450
Share premium		77,578	77,578	77,578
Retained earnings		(37,837)	(7,201)	6,831
Effect of foreign currency translation		(70,066)	(44,670)	(38,799)
Equity attributable to equity holders of the parent		(29,875)	26,157	46,060
Non-controlling interest		(1,085)	(537)	(374)
TOTAL EQUITY		(30,960)	25,620	45,686
Non-current liabilities				
Loans and borrowings	25	49,087	59,500	59,500
Finance lease liabilities	26	2,230	4,422	4,775
Defined benefit obligation		8,264	14,943	15,678
Trade and other payables	28	-	-	15
Other tax payable	22	23	88	108
Provisions	27	2,656	3,908	4,967
Deferred tax liabilities	14	1,112	2,997	3,063
		63,372	85,858	88,106
Current liabilities				
Loans and borrowings	25	22,015	37,054	38,200
Finance lease liabilities	26	445	881	964
Trade and other payables	28	12,552	22,360	15,462
Income tax payables	14	1,744	1,752	1,082
Provisions	27	1,065	721	-
Other tax payables	22	2,186	3,108	2,336
		40,007	65,876	58,044
TOTAL LIABILITIES		103,379	151,734	146,150
TOTAL EQUITY AND LIABILITIES		72,419	177,354	191,836

Notes on pages 9 to 31 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2015
(in thousands USD, unless otherwise stated)

	Equity attributable to equity holders of the parent				Total	NCI	Total equity
	Share capital	Share premium	Retained earnings	Effect of foreign currency translation			
As at 30 June 2013	450	77,578	33,006	(6,624)	104,410	247	104,657
Loss for the period	-	-	(40,207)	-	(40,207)	(376)	(40,583)
Other comprehensive loss	-	-	-	(38,046)	(38,046)	(408)	(38,454)
As at 30 June 2014	450	77,578	(7,201)	(44,670)	26,157	(537)	25,620
Loss for the period	-	-	(30,636)	-	(30,636)	(320)	(30,956)
Other comprehensive loss	-	-	-	(25,396)	(25,396)	(228)	(25,624)
As at 31 March 2015	450	77,578	(37,837)	(70,066)	(29,875)	(1,085)	(30,960)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2014
(in thousands USD, unless otherwise stated)

	Equity attributable to equity holders of the parent				Total	NCI	Total equity
	Share capital	Share premium	Retained earnings	Effect of foreign currency translation			
As at 30 June 2012	450	77,578	49,595	(6,613)	121,010	424	121,434
Loss for the period	-	-	(16,724)	-	(16,724)	(175)	(16,899)
Other comprehensive income/(loss)	-	-	135	(11)	124	(2)	122
As at 30 June 2013	450	77,578	33,006	(6,624)	104,410	247	104,657
Loss for the period	-	-	(26,175)	-	(26,175)	(268)	(26,443)
Other comprehensive loss	-	-	-	(32,175)	(32,175)	(353)	(32,528)
As at 31 March 2014	450	77,578	6,831	(38,799)	46,060	(374)	45,686

Notes on pages 9 to 31 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED 31 MARCH 2015
(in thousands USD, unless otherwise stated)

	9 months ended 31 March 2015	Year ended 30 June 2014 (unaudited)	9 months ended 31 March 2014
OPERATING ACTIVITIES			
Loss before tax	(31,632)	(38,897)	(25,041)
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expenses	4,958	11,217	9,097
Finance income	(2,601)	(3,111)	(2,089)
Finance costs	28,583	35,011	21,314
Expenses for doubtful debts	40	2,341	(5)
Income from sale of property, plant and equipment	(38)	(409)	(58)
Income attributable to allowance for receivables on sale of property, plant and equipment	(416)	(357)	(116)
Writing-off of non-current assets	5	273	204
Profit from exchange differences	(7)	(76)	(64)
Income from writing-off of account payables	(14)	(9)	(7)
Movements in defined benefits plan obligations	1,099	1,040	618
Shortages and losses from impairment of inventory	1	27	20
Income from current assets received free of charge	(17)	(315)	(245)
	(39)	6,735	3,628
Working capital adjustments:			
Change in trade and other receivables	4,284	(13,782)	(5,542)
Change in advances made and deferred expenses	(217)	(5,391)	(6,654)
Change in inventories	1,638	(2,988)	119
Change in trade and other payables	(7,409)	20,165	12,409
Change in other tax balances	1,430	2,120	1,134
Change in provisions	-	58	-
	(313)	6,917	5,094
Income tax paid	(4)	(277)	(255)
Net cash flow from operating activity	(317)	6,640	4,839
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	(297)	(10,422)	(10,297)
Proceeds from sale of property, plant and equipment and intangible assets	86	402	146
Purchase of financial assets	(119)	(40)	(40)
Proceeds from financial assets	300	364	310
Interest received	648	2,276	1,734
Net cash flow from investing activity	618	(7,420)	(8,147)
FINANCIAL ACTIVITIES			
Proceeds from loans and borrowings	1,703	65,646	50,052
Repayment of loans and borrowings	(912)	(51,358)	(35,554)
Interest paid	(2,200)	(14,112)	(10,895)
Net cash flow from financial activity	(1,409)	176	3,603
NET CASH FLOWS	(1,108)	(604)	295
Cash and cash equivalents at the beginning of the period	1,616	3,278	3,278
Effect of translation to presentation currency	(360)	(1,058)	(897)
Cash and cash equivalents at the end of the period	148	1,616	2,676

Notes on pages 9 to 31 are an integral part of these consolidated financial statements.

Notes to consolidated financial statements for the nine months ended 31 March 2015**1 General information**

For the purposes of these consolidated financial statements, Coal Energy S.A. (“Parent company”) and its subsidiaries have been presented as the Group as follows:

Parent company and its subsidiaries	Country of incorporation	Group shareholding, % as at	
		31 March 2015	31 March 2014
Coal Energy S.A.	Luxembourg	100,00	100,00
Nertera Investments Limited	Cyprus	100,00	100,00
C.E.C. Coal Energy Cyprus Limited	Cyprus	100,00	100,00
Coal Energy Trading Limited	British Virgin Islands	100,00	100,00
Donbasuglerazrobotka LLC	Ukraine	99,00	99,00
Donugletekhinvest LLC	Ukraine	99,00	99,00
Nedra Donbasa LLC	Ukraine	99,00	99,00
Donprombiznes LLC	Ukraine	99,00	99,00
Ugledobycha LLC	Ukraine	99,99	99,99
Donantracit LLC	Ukraine	99,99	99,99
Tekhinovatsiya LLC	Ukraine	99,99	99,99
Eximenergo LLC	Ukraine	99,00	99,00
Antracit LLC	Ukraine	99,00	99,00
CwAL LE “Sh/U Blagoveshenskoe”	Ukraine	99,00	99,00
CwAL LE “Mine St.Matrona Moskovskaya”	Ukraine	99,00	99,00
Coal Energy Ukraine LLC	Ukraine	99,99	99,99
Progress-Vugillya LLC	Ukraine	99,99	99,99
Sh/U Blagoveshenskoe Management Company LLC	Ukraine	99,99	99,99

The parent company, Coal Energy S.A., was incorporated in Luxembourg as a joint stock company on 17 June 2010. The registered office is located at 46A, avenue J.F. Kennedy, L-1855 Luxembourg and the Company number with the Registre de Commerce is B 154144.

Principal activities of the Group are coal mining, coal beneficiation, waste dumps processing and sales of marketable coal. Major production facilities are located in Donetsk region of Ukraine.

These consolidated financial statements were authorized by the Board of Directors as at 26 May 2015.

2 Basis of preparation of the interim consolidated financial statements**2.1 Basis of preparation**

The preparation of financial statements in accordance to International Financial Accounting Standards (IFRS) as adopted by European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying of the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements are presented in thousands of USD, unless otherwise stated.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

2.3 Basis of consolidation**(a) Subsidiaries**

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 Basis of preparation of the interim consolidated financial statements (continued)

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income. Costs, appeared in connection with the purchase of subsidiaries are recognized as expenses.

Inter-Group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Subsequent to the loss of control of a subsidiary the value of remained share is revalued at fair value that influences the amount of income/loss from the disposal.

Before June 30, 2010 the Parent company did not have direct or indirect ownership interest in consolidated entities included in the consolidated financial statements. The pooling of interest method was applied for business combinations under common control for the earlier periods.

Financial statements of Parent company and its Subsidiaries, which are used while preparing the consolidated financial statements, should be prepared as at the same date on the basis of consistent application of accounting policy for all companies of the Group.

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. The result of disposals to non-controlling interests being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary are reflected in statements of changes in equity. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

Non-controlling interests are derecognized when purchased, a subsidiary sold or liquidated and profit or loss on de-recognition is recorded in the consolidated statements of changes in equity.

2.4 Changes in accounting policy and disclosures

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The group has not applied the following standards and IFRIC interpretations and also amendments to them that have been issued but are not yet effective:

IFRS 9 Financial Instruments: Classification and Measurement - phase 1 of the accounting standard that will eventually replace IAS 39 Financial Instruments: Recognition and Measurement (effective from 1 January 2015);

IFRS 10 Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, IAS 27 (revised), Consolidated and Separate Financial Statements, and IAS 28 (revised), Investments in Associates and Joint Ventures. Application of these standards is mandatory for annual periods beginning on or after January 1, 2014;

IFRS 12 Disclosure of Interest in Other Entities that applies to an entity that has interest in subsidiaries, joint arrangements, associates and/or structured entities (effective from 1 January 2014);

IFRS 13 Fair Value Measurement describes how to measure fair value where fair value required or permitted by IFRS (effective from 1 January 2014);

The Group anticipates that the adoption of these standards and amendments in future periods will have no material impact on its financial statements. The Group currently does not plan early application of the above standards and interpretations.

3 Summary of significant accounting policies

The accounting policies, significant accounting judgments, estimates and assumptions adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's interim financial statements for the nine months ended 31 March 2014.

3.1 Currency translation

(a) Functional and presentation currency

All items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The national currency of Ukraine, Ukrainian Hryvnia ("UAH") is the functional currency for the Group's entities that operate in Ukraine. For the entities that operate in Cyprus, Luxembourg and British Virgin Islands (BVI) the functional currency is US dollar ("USD"). These consolidated financial statements are presented in thousands of US dollars, unless otherwise stated.

(b) Foreign currency transactions

Exchange rates used in the preparation of these in interim consolidated financial statements were as follows:

	UAH/USD
As at:	
- 31 March 2015	23.4426
- 31 March 2014	10.9546
- 30 June 2014	11.8233
Average for the:	
- three months ended 31 March 2015	21.1157
- three months ended 31 December 2014	14.4336
- three months ended 30 September 2014	12.5772
- six months ended 31 December 2013	7.9930
- three months ended 31 March 2014	8.8627

3 Summary of significant accounting policies (continued)

(c) Translation into presentation currency:

- all assets and liabilities, both monetary and non-monetary, are converted at closing exchange rates at the dates of each statements of financial position presented;
- income and expense items are converted at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case exchange rates at the date of transactions are used;
- all equity items are converted at the historical exchange rates;
- all resulting exchange differences are recognized as a separate component in other comprehensive income;
- in the consolidated statements of cash flows, cash balances and beginning and end of each period presented are converted at exchange rates at the respective dates. All cash flows are converted at the average exchange rates for the periods presented. Resulting exchange differences are presented as effect of conversion to presentation currency.

3.2 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

(a) Sales of goods

The Group principal activities are stated in Note 1. Revenue from sales of goods is recognized when all criteria are satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The transfer of the risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer.

(b) Rendering of services

Revenue from rendering services is recognized on the basis of the stage of work completion under each contract. When financial result can be measured reliably, revenue is recognized only to the extent of the amount of incurred charges, which can be recovered.

(c) Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

(d) Emission rights

Due to high level of uncertainty income from sale of Emission Reduction Units recognized in other operating income on cash basis and do not recognized as intangible asset.

3.3 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Income tax is recognized as an expense or income in profit and loss in the consolidated statements of comprehensive income, except when it relates to items recognized directly in other comprehensive income, or where they arise from the initial accounting for a business combination.

(a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to estimate the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
 - in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

3 Summary of significant accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Major renewals and improvements are capitalized and the assets replaced are retired. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in item 'Other non-operating income (expenses)' in the statement of comprehensive income.

Depreciation is calculated using the straight-line method to allocate their revalued amounts to their residual values over their estimated useful lives, as follows:

-	Underground mining	40 - 80 years
-	Buildings and constructions	35 - 50 years
-	Machinery, equipment and vehicles	5 - 10 years
-	Other	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Mine development costs are capitalized and classified as capital construction-in-progress. Mine development costs are transferred to mining assets when a new mine reaches commercial production quantities. In addition capital construction-in-progress comprises costs directly related to construction of buildings, infrastructure, machinery and equipment. Cost also includes finance charges capitalized during construction period where such costs are financed by borrowings. Depreciation of these assets commences when the assets are put into operation.

3.5 Leases

(a) Group as a lessee

Leases of property, plant and equipment in which substantially all the risks and rewards incidental to ownership are transferred to the Group are classified as finance leases. The assets leased are capitalized in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit and loss in the consolidated statements of comprehensive income. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statements on a straight line basis over the lease term.

(b) Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3 Summary of significant accounting policies (continued)

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Research costs are recognized as an expense as incurred. Costs incurred on development (relating to the design, construction and testing of new or improved devices, products, processes or systems) are recognized as intangible assets only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of adequate resources to complete the development, and the ability to measure reliably the expenditure during the development. Other development expenditures are recognized as an expense as incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is charged on a straight-line basis over the following economic useful lives of these assets:

- Licenses, special permissions and patent rights 5 - 20 years
- Other intangible assets 5 - 10 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level.

3.8 Impairment of non-current assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less cost to sell and value-in-use.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the consolidated statements of the comprehensive income.

3.9 Financial assets

(1) Initial recognition and measurement

The Group classifies its financial assets as financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

This category includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables include trade and other receivables. Loans are financial assets arising as a result of provision of funds to borrower.

(c) Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity that management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the reporting date, which are classified as current assets.

(d) Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Available-for-sale financial assets are accounted at fair value through equity.

Subsequent to initial recognition all financial assets at fair value through profit or loss and all available-for-sale instruments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

3 Summary of significant accounting policies (continued)

Receivables are accounted at net realizable value, less the allowance for doubtful debts. The amount of allowance for doubtful debts is accounted by using the method of total amount of doubtful debts.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is recognized in the income statement in finance costs and removed from the available-for-sale reserve.

(3) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, loans issued where the carrying amount is reduced through the use of an allowance for impairment. When a trade or other or loans issued receivables is considered uncollectible, it is written off against the allowance. On basis of the facts confirming that receivables or loans issued, previously recognized as doubtful, at the reporting date are not doubtful, the amount of previously charged reserve is reflected in income of the reporting period. Except for available-for-sale assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss reverses directly through profit and loss account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

When a decline in fair value of an available-for-sale investment has been recognized directly in other comprehensive income and there is objective evidence that investment is impaired, the cumulative loss that had been recognized directly in other comprehensive income is removed from other comprehensive income and recognized in profit or loss in the consolidated statements of comprehensive income even though the investment has not been derecognized. Impairment losses previously recognized through profit or loss in the consolidated statements of comprehensive income are not reversed. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

(4) Derecognition of financial assets

The Group derecognizes financial assets when:

- the assets are redeemed or the rights to cash flows from the assets have otherwise expired;
- or the Group has transferred substantially all the risks and rewards of ownership of the assets;
- or the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

3.10 Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is assigned by using the FIFO cost formula.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods includes costs of raw materials, direct labour and other direct productions costs and related production overheads (based on normal operating capacity).

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realizable value has declined, and makes an allowance for such inventories. If such situation occurred, the sum remissive the cost of inventories should be reflected in statements of comprehensive income. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

At the date of financial statements preparation the Group estimates the balances of finished products to determine whether there is any evidence of impairment. Amount of impairment is measured on the basis of the analysis of prices in the market of such inventories, existed at the reporting date and issued in official sources.

3.11 Value added tax (VAT)

VAT output equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received. Revenue, expenses and assets are recognized less VAT amount, except cases, when VAT arising on purchases of assets or services, is not recoverable by tax authority; in this case VAT is recognized as part of purchase costs or part of item of expenses respectively. Net amount of VAT, recoverable by tax authority or paid, is included into accounts receivable and payable, reflected in consolidated statements of financial position.

3.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of six months or less.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash and short term deposits as defined above, net of outstanding bank overdrafts.

3 Summary of significant accounting policies (continued)

3.13 Share capital

Ordinary shares are classified as equity. Nominal value of share capital of Parent company is specified in Note 24.

3.14. Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

3.15 Financial liabilities

(1) Initial recognition and measurement

The Group classifies its contractual obligations as financial liabilities at fair value through profit or loss, loans and borrowings. The Group classifies its financial liabilities at initial recognition. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost. The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

(2) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at initial recognition as liabilities at fair value through profit or loss.

(b) Loans and borrowings

Loans and borrowings are financial liabilities which the Group has after borrowings attraction. Loans and borrowings are classified as current liabilities except when the Group has unconditional right to delay settlement of obligation at least for 12 months from reporting date.

(3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized through profit or loss.

3.16 Defined benefits plan obligations

The Group contributes to the Ukrainian state pension scheme, social insurance and employment funds in respect of its employees. The Group's pension scheme contributions are expensed as incurred. The contributions are included in expenses for wages and salaries. Companies comprising the Group provide additional post-employment benefits to those employees who are engaged in the industry with particularly detrimental and oppressive conditions of work. Under the Ukrainian legislation employees engaged in hazardous industry may retire earlier than usual terms stipulated by Employee Retirement Income Security Law. The Group reimburses to the State Pension Fund all pension payments which are to be paid to the employees until usual statutory date of retirement. In addition, according to the legislation, the Group makes payments related to providing the employees with domestic fuel (coal). The Group recognizes the liabilities in amount of this payment.

The liability recognized in the statement of financial position in respect of post-employment benefits is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Actuarial gains and losses are recognized in the other comprehensive income statements in the period in which they occur.

3.17 Provisions

Provisions are recognized when the Group has legal or constructive obligations as the result of past event for which it is probable that an outflow of economic benefits can be required to settle the obligations, and the amount of the obligations can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Use of discounting results in recognition of financial expenses and increase in provision.

Management created provision for the payment of potential tax liabilities related to settlement of financial assets and liabilities. Though if the controlling authorities classify such transactions as a subject of taxation and apply such classification to the companies of the Group, actual taxes and penalties may differ from the Management assessment.

3.18 Environmental obligations

Environmental obligations include decommissioning and land restoration costs. The Group evaluates the provisions associated with ecological problems separately on every occasion taking into account the requirements of the relevant legislative acts.

Future decommissioning costs, discounted to net present value, are capitalized and the corresponding decommissioning obligations are raised as soon as the constructive obligation to incur such costs arises and the future decommissioning cost can be reliably estimated. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the comprehensive income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

Provision for land restoration, representing the cost of restoring land damage after the commencement of commercial production, is estimated at net present value of the expenditures expected to settle the obligation. Change in provision and unwinding of discount on land restoration are recognized in the consolidated statements of comprehensive income. Ongoing rehabilitation costs are expensed when incurred.

3 Summary of significant accounting policies (continued)

3.19 Financial guarantee contracts

Management on annual basis assesses probability of risks that can be arising in relation of financial guarantee contracts through financial analysis of counterparties. If the risk is significant – financial guarantee contracts must be recognized as liabilities in notes to consolidated financial statements in accordance with IAS 37. Otherwise – if risk is insignificant – financial guarantee contracts liabilities must be disclosed as off-balance sheet liabilities.

4 Significant accounting judgments, estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in these consolidated financial statements:

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recognized in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the recognized fair value of financial instruments.

(b) Remaining useful life of property, plant and equipment

Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical conditions of assets and estimated period when these assets bring economic benefit to the Group.

(c) Impairment of non-current assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the growth rate used for extrapolation purposes (coal price, sales volume) and to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(d) Defined benefits plan obligations

For the purpose of estimation of defined benefit obligation, the projected unit credit method was used, which includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of high-quality government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates.

(e) Environmental obligations

The Group's mining and processing activities are susceptible to various environmental laws and regulations changes. The Group estimates environmental obligations based on management's understanding of the current legal requirements, terms of the license agreements and internally generated estimates. Provision is made, based on net present values, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

(f) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position and results of operations may be negatively affected.

(g) Idle capacity expenses

Due to volatility of the coal market production capacity of the Group's individual Companies in some periods could be operated not according to its normal capacity of the production facilities. In the case of significant deviation of the actual capacity from the normal capacity, part of the fixed production overheads is reflected in item "Idle capacity expenses".

Management of the Group uses estimations and judgments to determine the following items: normal capacity of the individual companies, the period of the partial exploitation of the production capacity, amount of overheads that should be allocated.

5 Information on operational segments

The group defines the following business segments that include goods and services distinguished by the level of risk and terms of acquisition of income:

- mineral resource and processing industry — includes income from sale of own coal products and income from coal beneficiation;
- trade activity - includes income from sale of merchandises;
- other activity - includes income from rendering of other works and services.

Management controls the results of operating segments separately for the purpose of decision making about allocation of resources and performance measurement. The results of segments are estimated on profit/(loss) before tax.

Information about the segments of business for the **nine months ended 31 March 2015:**

	Business segments			Assets and liabilities not included in segments	Total
	Mineral resource and processing industry	Trade activity	Other activity		
Revenue					
Sales to external customers	5,382	7,034	163	-	12,579
	5,382	7,034	163	-	12,579
(Loss)/profit before tax of the segment	(33,099)	1,327	140	-	(31,632)
Depreciation and amortization expenses	(4,958)	-	-	-	(4,958)
Defined benefits plan obligations expenses	(1,099)	-	-	-	(1,099)
Operational assets	68,239	1,682	15	2,483	72,419
Operational liabilities	(94,561)	(1,118)	(705)	(6,995)	(103,379)
Disclosure of other information					
Capital expenditure	439				439

Information about the segments of business for the **three months ended 31 March 2015:**

	Business segments			Assets and liabilities not included in segments	Total
	Mineral resource and processing industry	Trade activity	Other activity		
Revenue					
Sales to external customers	1,020	1,092	32	-	2,144
	1,020	1,092	32	-	2,144
(Loss)/profit before tax of the segment	(23,058)	70	30	-	(22,958)
Depreciation and amortization expenses	(1,009)	-	-	-	(1,009)
Defined benefits plan obligations expenses	(288)	-	-	-	(288)
Operational assets	68,239	1,682	15	2,483	72,419
Operational liabilities	(94,561)	(1,118)	(705)	(6,995)	(103,379)
Disclosure of other information					
Capital expenditure	78				78

As at 31 March 2015 assets of segments do not include financial assets (USD 1,473 thousand), cash (USD 148 thousand), other taxes receivable (USD 263 thousand), as well as deferred tax assets (USD 599 thousand), since management of these assets is carried out at the Group's level.

As at 31 March 2015 liabilities of segments do not include deferred tax liabilities (USD 1,112 thousand), other taxes payable (USD 2,209 thousand), income tax payables (USD 1,744 thousand), provision on tax liabilities (USD 1,930 thousand), since management of these liabilities is carried out at the Group's level.

5 Information on operational segments (continued)

 Information about the segments of business for the **nine months ended 31 March 2014:**

	Business segments				Total
	Mineral resource and processing industry	Trade activity	Other activity	Assets and liabilities not included in segments	
Revenue					
Sales to external customers	57,113	27,152	435	-	84,700
	57,113	27,152	435	-	84,700
(Loss)/Profit before tax of the segment	(26,171)	879	251	-	(25,041)
Depreciation and amortization expenses	(9,097)	-	-	-	(9,097)
Defined benefits plan obligations expenses	(618)	-	-	-	(618)
Operational assets	172,259	3,119	84	16,374	191,836
Operational liabilities	(128,934)	(8,553)	(115)	(8,548)	(146,150)
Disclosure of other information					
Capital expenditure	11,138	-	-	-	11,138

 Information about the segments of business for the **three months ended 31 March 2014:**

	Business segments				Total
	Mineral resource and processing industry	Trade activity	Other activity	Assets and liabilities not included in segments	
Revenue					
Sales to external customers	8,531	8,422	132	-	17,085
	8,531	8,422	132	-	17,085
(Loss)/Profit before tax of the segment	(18,303)	576	97	-	(17,630)
Depreciation and amortization expenses	(2,709)	-	-	-	(2,709)
Defined benefits plan obligations expenses	(312)	-	-	-	(312)
Operational assets	172,259	3,119	84	16,374	191,836
Operational liabilities	(128,934)	(8,553)	(115)	(8,548)	(146,150)
Disclosure of other information					
Capital expenditure	1,177	-	-	-	1,177

As at 31 March 2014 assets of segments do not include financial assets (USD 11,415 thousand), cash (USD 2,676 thousand), other taxes receivable (USD 1,470 thousand), as well as deferred tax assets (USD 813 thousand), since management of these assets is carried out at the Group's level.

As at 31 March 2014 liabilities of segments do not include deferred tax liabilities (USD 3,063 thousand), other taxes payable (USD 2,444 thousand), income tax payables (USD 1,082 thousand), provision on tax liabilities (USD 1,959 thousand), since management of these liabilities is carried out at the Group's level.

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Revenue from trading activity	7,034	1,092	27,152	8,422
Revenue received from sale of finished goods	5,382	1,020	57,113	8,531
Revenue from other activity	163	32	435	132
	12,579	2,144	84,700	17,085

Geographic information

Revenue from external customers	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Ukraine	11,810	2,020	80,359	15,592
Countries other than Ukraine and CIS	769	124	4,140	1,474
Countries of the CIS	-	-	201	19
	12,579	2,144	84,700	17,085

5 Information on operational segments (continued)

Specific of the Group's activity implies that the Clients, revenue from which is more than 10% of Group's Revenue composed USD 7,230 thousand for the nine months ended 31 March 2015 and presented in table below:

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Client 1	1,740	-	-	-
Client 2	1,708	790	43,948	9,652
Client 3	1,364	411	-	-
Client 4	914	893	-	-
Client 5	884	199	-	-
Client 6	620	-	-	-
Client 7	-	-	22,463	2,098
	7,230	2,293	66,411	11,750

All non-current assets of the Group are located in Ukraine.

6 Cost of sales

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Cost of merchandising inventory	(5,548)	(859)	(26,273)	(7,847)
Raw materials	(1,989)	(373)	(9,805)	(1,491)
Wages and salaries of operating personnel	(1,542)	(361)	(12,072)	(3,635)
Depreciation and amortization expenses	(872)	(290)	(4,414)	(1,413)
Energy supply	(858)	(302)	(5,149)	(1,630)
Subcontractors services	(678)	(275)	(2,399)	(863)
Other expenses	(158)	(58)	(714)	(197)
Change in finished goods	866	428	(10,116)	1,001
	(10,779)	(2,090)	(70,942)	(16,075)

7 General and administrative expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Subcontractors services	(676)	(187)	(1,097)	(344)
Wages and salaries of administrative personnel	(285)	(63)	(2,802)	(932)
Bank services	(77)	(14)	(144)	(45)
Depreciation and amortization expenses	(73)	(13)	(75)	(32)
Other expenses	(16)	(9)	(121)	(13)
	(1,127)	(286)	(4,239)	(1,366)

8 Selling and distribution expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Delivery costs	(406)	(48)	(2,659)	(674)
Subcontractors services	(175)	(15)	(370)	(134)
Depreciation and amortization expenses	(57)	(14)	(111)	(34)
Wages and salaries of distribution personnel	(12)	(3)	(364)	(106)
Other expenses	-	-	(62)	(12)
	(650)	(80)	(3,566)	(960)

9 Other operating income/expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Writing-off of VAT	(44)	(14)	(95)	(24)
Doubtful debts (expenses)/income	(40)	11	6	1
Profit from exchange differences	7	-	63	63
Income from changes in unused vacation reserve	631	(6)	-	-
Other operating expenses	-	-	(381)	-
Other operating income	15	10	204	82
	569	1	(203)	122

9.1 Idle capacity expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Depreciation and amortization expenses	(3,943)	(689)	(4,452)	(1,214)
Wages and salaries	(1,645)	(237)	(3,243)	(1,068)
Energy supply	(627)	(42)	(1,634)	(410)
Raw materials	(44)	(2)	(844)	(112)
Other expenses	(164)	(23)	(419)	(59)
	(6,423)	(993)	(10,592)	(2,863)

10 Other non-operating income/expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Recognized penalties, fines, charges	(50)	4	(54)	(26)
Social sphere expenses	(32)	(3)	(371)	(141)
Wages and salaries of non-operating personnel	(31)	(4)	(392)	(70)
Depreciation of non-operating property, plant and equipment	(13)	(3)	(45)	(16)
Writing-off of non-current assets	(5)	-	(204)	(1)
Income from sale of property, plant and equipment	38	20	152	38
Income attributable to allowance for receivables on sale of property, plant and equipment	416	20	116	63
Other non-operating income	37	15	264	195
Other non-operating expenses	(179)	(26)	(440)	(170)
	181	23	(974)	(128)

11 Depreciation and amortization expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Depreciation				
Idle capacity: depreciation expenses	(3,592)	(604)	(4,452)	(1,214)
Cost of sales	(847)	(284)	(4,203)	(1,365)
General and administrative expenses	(73)	(13)	(75)	(32)
Selling and distribution expenses	(57)	(14)	(111)	(34)
Depreciation of non-operating property, plant and equipment	(13)	(3)	(45)	(16)
	(4,582)	(918)	(8,886)	(2,661)
Amortization				
Idle capacity: amortization expenses	(351)	(85)	-	-
Cost of sales	(25)	(6)	(211)	(48)
	(376)	(91)	(211)	(48)
	(4,958)	(1,009)	(9,097)	(2,709)

12 Financial income

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Gain from non-operational exchange differences	1,842	-	-	3
Interest income	648	-	1,734	606
Income from measurement of financial assets at amortized cost	111	7	350	-
Income from measurement of financial liabilities at amortized cost	-	-	5	(2)
	2,601	7	2,089	607

13 Financial costs

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Loss from non-operational exchange differences	(19,536)	(18,125)	(9,883)	(9,883)
Interest expenses	(6,592)	(2,085)	(9,824)	(3,540)
Unwinding of discount expenses	(1,685)	(1,275)	(491)	(195)
Finance lease expenses	(727)	(199)	(1,117)	(343)
Expenses from measurement of financial assets at amortized cost	(22)	-	(111)	(111)
Expenses from measurement of financial liabilities at amortized cost	(14)	(3)	(113)	(28)
Impairment (loss)/recovery of loans issued	(7)	3	225	48
	(28,583)	(21,684)	(21,314)	(14,052)

14 Income tax expenses

	9 months ended 31 March 2015	3 months ended 31 March 2015	9 months ended 31 March 2014	3 months ended 31 March 2014
Current income tax (rate 19%)	-	-	(193)	33
Current income tax (rate 18%)	-	-	(81)	(81)
Deferred tax	676	226	(1,128)	(464)
Income tax income/(expenses)	676	226	(1,402)	(512)
At the beginning of the period	(1,752)	(1,748)	(1,152)	(1,199)
Current income tax charge (rate 19%)	-	-	(193)	33
Current income tax charge (rate 18%)	-	-	(81)	(81)
Amount paid in the period	4	2	255	73
Effect of translation to presentation currency	4	2	89	92
At the end of the period	(1,744)	(1,744)	(1,082)	(1,082)
Effect				
Loss before tax (rate 19%)	-	-	(7,411)	-
Loss before tax (rate 18%)	(31,632)	(22,958)	(17,630)	(17,630)
Income tax (rate 19%)	-	-	1,408	-
Income tax (rate 18%)	5,694	4,133	3,173	3,173
Effect of different statutory tax rates of overseas jurisdictions	296	(1,221)	2,310	902
Tax effect of permanent differences	(5,314)	(2,686)	(8,293)	(4,587)
Income tax income/(expenses)	676	226	(1,402)	(512)

According to the Tax Code, a tax rate of 23% is applied starting from 1 April 2011, 21% – from 1 January 2012, 19% – from 1 January 2013, 18% - from 1 January 2014.

When estimating deferred taxes as at 31 March 2015, the Group accounted for income tax rate and other implications of the Tax Code.

14 Income tax expenses (continued)
Recognized tax assets and liabilities

	30 June 2014	Recognized in profit (loss)	Effect of translation to presentation currency	31 March 2015
Effect of temporary differences on deferred tax assets				
Property, plant and equipment, intangible assets	59	25	(38)	46
Inventories	335	-	(161)	174
Provisions	540	54	(272)	322
Defined benefit plan obligations	2,691	198	(1,407)	1,482
Charged vacation expenses	220	(165)	(32)	23
Folded on individual Companies' level	(2,798)			(1,448)
Total deferred tax assets	1,047	112	(1,910)	599
Effect of temporary differences on deferred tax liabilities				
Property, plant and equipment, intangible assets	(5,782)	558	2,668	(2,556)
Financial instruments	(13)	6	3	(4)
Folded on individual Companies' level	2,798			1,448
Total deferred tax liabilities	(2,997)	564	2,671	(1,112)
Net deferred tax asset/(liability)	(1,950)	676	761	(513)

Deferred tax assets and liabilities are measured at the income tax rates, which are expected to be applied in the periods when an asset is realized or liability is calculated in accordance with the tax rates provided by the Tax Code.

	30 June 2013	Recognized in profit (loss)	Effect of translation to presentation currency	31 March 2014
Effect of temporary differences on deferred tax assets				
Property, plant and equipment, intangible assets	169	(6)	(67)	96
Inventories	1,065	(557)	(96)	412
Provisions	627	104	(190)	541
Defined benefit plan obligations	3,334	488	(1,000)	2,822
Charged vacation expenses	497	(149)	(94)	254
Folded on individual Companies' level	(4,560)			(3,312)
Total deferred tax assets	1,132	(120)	(1,447)	813
Effect of temporary differences on deferred tax liabilities				
Property, plant and equipment, intangible assets	(7,411)	(1,035)	2,180	(6,266)
Financial instruments	(185)	27	49	(109)
Folded on individual Companies' level	4,560			3,312
Total deferred tax liabilities	(3,036)	(1,008)	2,229	(3,063)
Net deferred tax asset/(liability)	(1,904)	(1,128)	782	(2,250)

15 Property, plant and equipment

	Underground mining	Buildings and constructions	Machinery, equipment and vehicles	Other	Construction in progress	Total
Cost						
as at 30 June 2013	108,731	24,995	34,926	2,100	1,081	171,833
Additions	8,183	729	1,650	148	-	10,710
Disposals	(32)	(4)	(1,287)	(171)	(94)	(1,588)
Effect of translation to presentation currency	(31,562)	(6,945)	(9,557)	(564)	(274)	(48,902)
as at 31 March 2014	85,320	18,775	25,732	1,513	713	132,053
as at 30 June 2014	79,147	17,369	24,164	1,343	660	122,683
Additions	-	1	340	97	-	438
Disposals	-	-	(182)	(30)	-	(212)
Effect of translation to presentation currency	(39,229)	(8,609)	(12,027)	(680)	(327)	(60,872)
as at 31 March 2015	39,918	8,761	12,295	730	333	62,037
Accumulated depreciation						
as at 30 June 2013	(9,373)	(5,551)	(15,737)	(1,568)	-	(32,229)
Depreciation for the period	(3,394)	(943)	(3,870)	(199)	-	(8,406)
Disposals	3	2	599	142	-	746
Effect of translation to presentation currency	3,376	1,732	5,066	438	-	10,612
as at 31 March 2014	(9,388)	(4,760)	(13,942)	(1,187)	-	(29,277)
as at 30 June 2014	(9,521)	(4,623)	(13,456)	(1,109)	-	(28,709)
Depreciation for the period	(2,087)	(525)	(1,870)	(100)	-	(4,582)
Disposals	-	-	64	24	-	88
Effect of translation to presentation currency	5,543	2,489	7,207	579	-	15,818
as at 31 March 2015	(6,065)	(2,659)	(8,055)	(606)	-	(17,385)
Net book value						
as at 31 March 2014	75,932	14,015	11,790	326	713	102,776
as at 31 March 2015	33,853	6,102	4,240	124	333	44,652

As at 31 March 2015 loans and borrowings of the Group were pledged by the property, plant and equipment with carrying amount of USD 6,929 thousand (31 March 2014 – USD 16,742 thousand): Note 25 "Loans and borrowings".

During the nine months ended 31 March 2015 any borrowing costs were capitalized as property, plant and equipment.

During the nine months ended 31 March 2015 any research and development costs were capitalized as property, plant and equipment. The Group's mining activity in current financial period relates to exploitation of the existing mines and mined beds.

As of the date of publication of interim report Group's management has no possibility to estimate impact of military conflict on impairment of property, plant and equipment considering uncertainties of their future economic benefits.

16 Intangible assets

Cost	Licenses, special permissions and patent rights	Other intangible assets	Other projects and permissions	Total
as at 30 June 2013	10,372	56	185	10,613
Additions	401	1	26	428
Disposals	-	(3)	(85)	(88)
Effect of translation to presentation currency	(2,912)	(15)	(34)	(2,961)
as at 31 March 2014	7,861	39	92	7,992
as at 30 June 2014	7,293	33	86	7,412
Additions	-	-	1	1
Disposals	-	-	(6)	(6)
Effect of translation to presentation currency	(3,615)	(15)	(41)	(3,671)
as at 31 March 2015	3,678	18	40	3,736
Accumulated depreciation				
as at 30 June 2013	(2,610)	(17)	(72)	(2,699)
Amortization charge for the period	(659)	(8)	(24)	(691)
Disposal	-	1	23	24
Effect of translation to presentation currency	867	6	20	893
as at 31 March 2014	(2,402)	(18)	(53)	(2,473)
as at 30 June 2014	(2,381)	(18)	(53)	(2,452)
Amortization charge for the period	(364)	(4)	(8)	(376)
Disposals	-	-	5	5
Effect of translation to presentation currency	1,307	10	27	1,344
as at 31 March 2015	(1,438)	(12)	(29)	(1,479)
Net book value				
as at 31 March 2014	5,459	21	39	5,519
as at 31 March 2015	2,240	6	11	2,257

As at 31 March 2015 licenses and special permissions include special permissions for subsurface use stated below:

- special permissions for subsurface use # 5098 as of 30 December 2009 issued by Ministry of ecology and natural resources of Ukraine for 20 years. Net book value of this permission equals to USD 251 thousand (Tekhinovatsiya LLC);
- special permissions for subsurface use # 4782 as of 18 November 2008 issued by Ministry of ecology and natural resources of Ukraine for 13 years. Net book value of this permission equals to USD 868 thousand (CwAL LE "Sh/U Blagoveshenskoe");
- special permissions for subsurface use # 4820 as of 16 December 2008 issued by Ministry of ecology and natural resources of Ukraine for 12 years. Net book value of this permission equals to USD 794 thousand (CwAL LE "Sh/U Blagoveshenskoe").
- special permissions for subsurface use # 5438 as of 27 December 2011 issued by Ministry of ecology and natural resources of Ukraine for 20 years. Net book value of this permission equals to USD 193 thousand (Nedra Donbasa LLC).

As at 31 March 2015 there are no pledged intangible assets.

As at 31 March 2015 there are no contractual commitments as for intangible assets of the Group.

17 Financial assets

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Non-current financial assets			
Held-to-maturity investments	132	638	2,662
	132	638	2,662
Current financial assets			
Loans issued	7,477	15,017	16,586
Allowance for loans issued	(7,477)	(14,816)	(8,113)
Held-to-maturity investments	1,341	2,172	280
	1,341	2,373	8,753

Held-to maturity investments are non-interest notes, issued generally by third parties. These notes are discounted using effective annual interest rate 18% for the nine months ended 31 March 2015, 2014 and accompanied expenses (incomes) are presented in items 'Finance costs' and 'Finance income'. Management of the Group has the intention to hold these notes to maturity. Held-to maturity investments are not overdue. Loans issued are non-interest loans, generally issued to related parties.

18 Inventories

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Merchandise	4,259	9,962	7,077
Finished goods	1,869	3,563	3,846
Raw materials	534	1,127	1,268
Spare parts	379	694	898
Other inventories	18	16	107
	7,059	15,362	13,196

As at 31 March 2015 bank loans were secured by finished goods, carrying amount of which is USD 5,500 thousand (As at 31 March 2014 finished goods were pledged as collateral on amount USD 7,705 thousand).

As of the day of publication of interim financial report Group's management has no possibility to assess inventory damage and theft probability.

19 Trade and other receivables

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Trade receivables	8,210	28,274	24,009
Allowance for trade receivables	(604)	(1,106)	(194)
Other receivables	3,808	412	424
Allowance for other receivables	(111)	(286)	(3)
Receivables under factoring contracts	1,856	3,194	2,510
Receivables on sale of property, plant and equipment	353	1,277	1,514
Allowance for receivables on sale of property, plant and equipment	(352)	(1,164)	(1,513)
Interest receivable	19	193	187
	13,179	30,794	26,934

As at 31 March 2015 bank loans were secured by trade receivables, carrying amount of which was USD 5,772 thousand (As at 31 March 2014 – USD 11,473 thousand).

20 Prepayments and prepaid expenses

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Advances paid	2,787	5,210	6,964
Deferred expenses	2	61	73
	2,789	5,271	7,037

21 Changes in allowance made

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Balance as at the beginning of the period	(17,372)	(13,669)	(13,669)
(Accrual)/Reverse	(178)	(11,007)	-
Use of allowances	496	477	200
Effect of translation to presentation currency	8,510	6,827	3,646
Balance as at the end of the period	(8,544)	(17,372)	(9,823)
	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Allowance for loans issued	(7,477)	(14,816)	(8,113)
Allowance for trade accounts receivable	(604)	(1,106)	(194)
Allowance for receivables on sale of property, plant and equipment	(352)	(1,164)	(1,513)
Allowance for other accounts receivable	(111)	(286)	(3)
	(8,544)	(17,372)	(9,823)

22 Other taxes

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Current taxes receivable			
VAT recoverable	233	1,280	1,465
Prepayments for other taxes	30	-	-
Prepayments for wages and salaries related taxes	-	39	5
	263	1,319	1,470
Current taxes payable			
Payable for wages and salaries related taxes	(1,083)	(1,335)	(885)
VAT payable	(728)	(1,469)	(1,206)
Payables for other taxes	(375)	(304)	(245)
	(2,186)	(3,108)	(2,336)
Non-current taxes payable			
Payables for other taxes	(21)	(75)	(91)
Payable for VAT	(2)	(13)	(17)
	(23)	(88)	(108)

As at 31 March 2015 CwAL LE "Mine St.Matrona Moskovskaya" has non-current tax liabilities to Department of the Treasury of Dzerzhinsk city.

Total nominal liabilities amounting to USD 99 thousands consist of:

Tax liabilities for dividends: non-current portion presented at amortized cost amounting to USD 2 thousands, date of maturity August 2016.

Tax liabilities for VAT: non-current portion presented at amortized cost amounting to USD 3 thousands, date of maturity November 2016.

Tax liabilities for income tax: non-current portion presented at amortized cost amounting to USD 18 thousands, date of maturity December 2016.

Current portion of non-current tax liabilities amounting to USD 65 thousands includes in current payables for other taxes. Discount rate used by the Group is 18%.

23 Non-current deposit, cash and cash equivalents

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Non-current deposit			
Deposit	-	20,000	20,000
	-	20,000	20,000
Cash and cash equivalents			
Cash in bank	148	1,616	2,676
	148	1,616	2,676

24 Share capital

	As at 31 March 2015		As at 30 June 2014		As at 31 March 2014	
	%	Amount	%	Amount	%	Amount
Lycaste Holding Limited *	75	338	75	338	75	338
Free float	25	112	25	112	25	112
	100	450	100	450	100	450

* - according to pledge agreement signed as at 11 February 2013 between Lycaste Holding Limited, European Bank For Reconstruction and Development and Coal Energy S.A. 6'747'167 shares owned by Lycaste Holding Limited are pledged.

During the nine months ended 31 March 2015 quantity of shares did not change.

25 Loans and borrowings

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Non-current loans and borrowings			
Loans received	(39,500)	(39,500)	(39,500)
Borrowings received	(20,000)	(20,000)	(20,000)
	(59,500)	(59,500)	(59,500)
<i>Deducting current portion of long-term borrowings:</i>			
Current portion of long-term borrowings	10,413	-	-
Total non-current loans and borrowings	(49,087)	(59,500)	(59,500)
Current loans and borrowings			
Bank loans	(9,746)	(33,860)	(35,690)
Current portion of long-term borrowings	(10,413)	-	-
Payables under factoring contracts	(1,856)	(3,194)	(2,510)
Total current loans and borrowings	(22,015)	(37,054)	(38,200)

The amount of non-current loans and borrowings as at 31 March 2015 comprises the followings borrowings:

— loan amounting to USD 35,000 thousand received by Coal Energy S.A. in USD according to the credit agreement concluded with European Bank for Reconstruction and Development with credit limit USD 35,000 thousand. Annual interest rate equals to 6m Libor plus 5,85% margin per annum. Obligations under this credit agreement are guaranteed by the property of Antracit LLC, pledging value of which amounts to USD 818 thousand and by 14,99% of total shares in Coal Energy S.A. (6,747,167 shares), also obligations under this credit agreement are guaranteed by 99% of share capital of Antracit LLC and Progress-Vugillya LLC. As at 31 March 2015 current portion of non-current loan composed USD 3,500 thousand and accounted in current loans and borrowings. Maturity date is on 20 June 2020.

— loan amounting to USD 20,000 thousand received by CwAL LE "Sh/U Blagoveshenskoe" in USD according to the credit agreement concluded with Barryntello Investments LTD with credit limit USD 20,000 thousand. Annual interest rate equals to 11,0%. Obligations under this credit agreement are guaranteed by: the corporate rights in share capital of Tekhinovatsiya LLC and property pledged value of which amounts to USD 2,307 thousand; the corporate rights in share capital of Donprombiznes LLC and property pledged value of which amounts to USD 3,570 thousand. As at 31 March 2015 current portion of non-current loan composed USD 5,600 thousand and accounted in current loans and borrowings. Maturity date is on 15 September 2017.

— loan amounting to USD 4,500 thousand received by Antracit LLC in USD according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 4,500 thousand. Annual interest rate equals to 13,0%. Obligations under this credit agreement are guaranteed by the property of Donprombiznes LLC, pledging value of which amounts to USD 234 thousand. As at 31 March 2015 current portion of non-current loan composed USD 1,313 thousand and accounted in current loans and borrowings. Maturity date is on 15 August 2017.

The amount of current loans and borrowings as at 31 March 2015 comprises the followings borrowings:

— loan amounting to USD 5,500 thousand received by Eximenergo LLC in USD according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 5,500 thousand. Annual interest rate equals to 13,0%. Obligations under this credit agreement are guaranteed by the finished goods (coal) in turnover pledged value of which amounts to USD 5,500 thousand. Maturity date is on 3 June 2015.

— loan amounting to USD 1,556 thousand received by Coal Energy Ukraine LLC in UAH according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 2,005 thousand. Annual interest rate equals to 21,0%. Obligations under this credit agreement are guaranteed by the revenue under the sales contracts amounting to USD 1,805 thousand. Maturity date was on 30 January 2015.

— loan amounting to USD 1,280 thousand received by Donvuhletekhinvest LLC in UAH according to the credit agreement concluded with OJSC "Delta Bank" (OJSC "Creditprombank") with credit limit USD 1,280 thousand. Annual interest rate equals to 22,0%. Obligations under this credit agreement are guaranteed by the property of Ugledobyvayushie Tehnology LLC pledging value of which amounts to USD 2,093 thousand and by the guarantee of Ugledobyvayushie Tehnology LLC amounting to USD 1,280 thousand. Maturity date is on 31 December 2015.

— loan amounting to USD 896 thousand received by Donantracit LLC in UAH according to the credit agreement concluded with Ukrainian Business Bank with credit limit equaling to USD 896 thousand. Annual interest rate equals to 21,0% Obligations under this credit agreement are guaranteed by: the revenue under the contracts amounting to USD 920 thousand. Maturity date was on 22 December 2014.

25 Loans and borrowings (continued)

— loan amounting to USD 514 thousand received by Donantracit LLC in EUR according to the credit agreement concluded with Ukrainian Business Bank with credit limit equaling to USD 1,086 thousand. Annual interest rate equals to 12,0%. Obligations under this credit agreement are guaranteed by: the revenue under the contracts amounting to USD 741 thousand. Maturity date was on 26 December 2014.

- factoring amounting to USD 1,565 thousand received by Donantracit LLC in UAH according to factoring contract concluded with OJSC "OTP Bank" with credit limit equaling to USD 1,672 thousand. Annual interest rate range to 26,0%. Obligations under this factoring contract are guaranteed by the revenue under the contracts amounting to USD 1,956 thousand, guarantee of CwAL LE "Sh/U Blagoveshenskoe" and Coal Energy S.A. amounting to USD 1,672 thousand. Maturity date is on 30 June 2015.

- factoring amounting to USD 291 thousand received by Donantracit LLC in UAH according to factoring contract concluded with OJSC "FUIB" with credit limit equaling to USD 640 thousand. Annual interest rate range to 24%. Obligations under this factoring contract are guaranteed by the revenue under the contracts amounting to USD 350 thousand. Maturity date is on 02 April 2016. As at the date of publication of report obligations under this contract were fully executed.

The amount of non-current loans and borrowings as at 31 March 2014 comprises the followings borrowings:

— loan amounting to USD 4,500 thousand received by Antracit LLC in USD according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 4,500 thousand. Annual interest rate equals to 13,0%. Obligations under this credit agreement are guaranteed by the property of Donprombiznes LLC, pledging value of which amounts to USD 893 thousand. Maturity date is on 15 August 2017.

— loan amounting to USD 20,000 thousand received by CwAL LE "Sh/U Blagoveshenskoe" in USD according to the credit agreement concluded with Loricom Holding Group LTD with credit limit USD 20,000 thousand. Annual interest rate equals to 11,0%. Obligations under this credit agreement are guaranteed by: the corporate rights in share capital of Tekhinovatsiya LLC and property pledged value of which amounts to USD 5,173 thousand; the corporate rights in share capital of Donprombiznes LLC and property pledged value of which amounts to USD 7,916 thousand. Maturity date is on 15 September 2017.

— loan amounting to USD 35,000 thousand received by Coal Energy S.A. in USD according to the credit agreement concluded with European Bank for Reconstruction and Development with credit limit USD 70,000 thousand. Annual interest rate equals to 6m Libor plus 5,85% margin per annum. Obligations under this credit agreement are guaranteed by the property of Antracit LLC, pledging value of which amounts to USD 2,127 thousand and by 14,99% of total shares in Coal Energy S.A. (6'747'167 shares), also obligations under this credit agreement are guaranteed by 99% of share capital of Antracit LLC and Progress-Vugillya LLC. Maturity date is on 20 June 2020.

The amount of current loans and borrowings as at 31 March 2014 comprises the followings borrowings:

— loan amounting to USD 5,500 thousand received by Eximenergo LLC in USD according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 5,500 thousand. Annual interest rate equals to 13,0%. Obligations under this credit agreement are guaranteed by the finished goods (coal) in turnover pledged value of which amounts to USD 5,500 thousand. Maturity date is on 6 June 2014.

— loan amounting to USD 3,330 thousand received by Coal Energy Ukraine LLC in UAH according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 4,290 thousand. Annual interest rate equals to 21,0%. Obligations under this credit agreement are guaranteed by the revenue under the sales contracts amounting to USD 3,985 thousand. Maturity date is on 30 January 2015.

— loan amounting to USD 20,000 thousand received by CwAL LE "Sh/U Blagoveshenskoe" in USD according to the credit agreement concluded with Ukrainian Business Bank with credit limit USD 20,000 thousand. Annual interest rate equals to 13,0%. Obligations under this credit agreement are guaranteed by the pledge of the deposit in Ukrainian Business Bank on amount USD 20,000 thousand. Maturity date is on 16 September 2014.

— loan amounting to USD 2,738 thousand received by Donvuhletekhninvest LLC in UAH according to the credit agreement concluded with OJSC "Deltabank" (former OJSC "Creditprombank") with credit limit USD 2,738 thousand. Annual interest rate equals to 22,0%. Obligations under this credit agreement are guaranteed by the property of Ugledobyvayushie Tehnology LLC pledging value of which amounts to USD 4,480 thousand and by the guarantee of Ugledobyvayushie Tehnology LLC amounting to USD 2,738 thousand. Maturity date is on 28 May 2014.

— loan amounting to USD 1,917 thousand received by Donantracit LLC in UAH according to the credit agreement concluded with Ukrainian Business Bank with credit limit equaling to USD 1,917 thousand. Annual interest rate equals to 21,0%. Obligations under this credit agreement are guaranteed by the revenue under the contracts amounting to USD 2,408 thousand. Maturity date is on 22 December 2014.

— loan amounting to USD 2,205 thousand received by Donantracit LLC in UAH according to the credit agreement concluded with OJSC "Bank Cambio" with credit limit equaling to USD 2,205 thousand. Annual interest rate equals to 25,0%. Obligations under this credit agreement are guaranteed by: the revenue under the contracts amounting to USD 2,205 thousand, by the property of Uhledobycha LLC pledging value of which amounts to USD 633 thousand, by the finished goods (coal) pledged value of which amounts to USD 2,205 thousand and by the guarantee of Uhledobycha LLC amounting to USD 2,205 thousand. Maturity date is on 29 September 2014.

— factoring amounting to USD 625 thousand received by Donantracit LLC in UAH according to factoring contract concluded with OJSC "OTP Bank" with credit limit equaling to USD 3,578 thousand. Annual interest rate range to 26,5-27,0%. Obligations under this factoring contract are guaranteed by the revenue under the contracts amounting to USD 781 thousand, guarantee of CwAL LE "Sh/U Blagoveshenskoe" and Coal Energy S.A. amounting to USD 3,578 thousand. Maturity date is on 30 June 2015.

— factoring amounting to USD 1,885 thousand received by Donantracit LLC in UAH according to factoring contract concluded with OJSC "FUIB" with credit limit equaling to USD 16,431 thousand. Annual interest rate range to 14,5-24%. Obligations under this factoring contract are guaranteed by the revenue under the contracts amounting to USD 2,094 thousand. Maturity date is on 1 February 2015.

25 Loans and borrowings (continued)
Essential terms:

	Currency	Nominal interest rate, %	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Non-current loan	USD	6-month LIBOR + 5,85%	(31,500)	(35,000)	(35,000)
Non-current borrowing	USD	11,00	(14,400)	(20,000)	(20,000)
Non-current loan	USD	13,00	(3,187)	(4,500)	(4,500)
			(49,087)	(59,500)	(59,500)

26 Finance lease liabilities

	As at 31 March 2015		As at 30 June 2014		As at 31 March 2014	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Due within 1 year	498	445	968	881	1,060	964
From 1 to 5 years	1,921	1,139	3,808	2,259	4,114	2,441
More than 5 years	18,375	1,091	37,148	2,163	40,351	2,334
	20,794	2,675	41,924	5,303	45,525	5,739
Future finance charges	(18,119)	-	(36,621)	-	(39,786)	-
Present value of lease obligation	2,675	2,675	5,303	5,303	5,739	5,739
Current portion of financial lease liabilities		(445)		(881)		(964)
Non-current financial lease liabilities		(2,230)		(4,422)		(4,775)

In 2009 CwAL LE Sh/U Chapaeva (current entity name - CwAL LE "Sh/U Blagoveshenskoe") negotiated the contract of lease of state property-integral property complex GC Shakhtoupravlinnia named after V.I. Chapaeva.

In 2010 CwAL LE Novodzerzhynskaya Mine (current entity name - CwAL LE "Mine St.Matrona Moskovskaya") negotiated the contract of lease of state property-integral property complex – integral property complex GC Novodzerzhynskaya Mine.

According to these contracts, the lessee receives state property for the period of 49 years (current entity name CwAL LE "Sh/U Blagoveshenskoe" - until 11 February 2058, CwAL LE "Mine St.Matrona Moskovskaya" - until 27 April 2059) on fee basis. Such property comprises premises, facilities, mine workings, production equipment, transport, assets under construction and special permissions for subsurface use. Also, as term of agreements, the lessee becomes legal success or of rights and liabilities of GC Shakhtoupravlinnia named after V. I. Chapaeva and GC Novodzerzhynskaya Mine. Additionally, the lessee undertakes current and capital maintenance of property, insurance and dismantling of mines in case of mine stock depletion. Under the agreement of lessor, lessee has a right to give property in to sublease and to transfer own rights and liabilities under this agreement to third parties.

There are fixed payments on this contract, but each consequent lease payment is determined by correction of previous month lease payment on current month inflation rate. Amendments, addendums or cancellation of this contract are possible under agreement of both parties.

Net book value of leased assets:

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Property, plant and equipment	17,662	35,019	38,343
Intangible assets	1,867	3,701	4,141
	19,529	38,720	42,484

27 Provisions

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Non-current provisions			
Provision for land restoration	(1,488)	(2,206)	(2,458)
Provision on tax liabilities	(865)	(1,171)	(1,959)
Dismantling provision	(303)	(531)	(550)
	(2,656)	(3,908)	(4,967)
Current provisions			
Provision on tax liabilities	(1,065)	(721)	-
	(1,065)	(721)	-

The Group liabilities, connected with environmental restoration, notably decommission of property, plant and equipment and land restoration under waste dumps. Estimation of liability bases on estimated prices of decommissions of property, plant and equipment and land restoration under waste dumps procedures. Discount rate used by the Group is 18%.

Management recognized provision for the payment of potential tax liabilities. However, if the tax authorities classify such transactions as subject to taxation and apply such classification to the companies of the Group, actual taxes and penalties may differ from the Management assessment.

Expected timing of economic benefits outflows for provision on tax liabilities are in the period from February 2015 to April 2017.

Expected timing of economic benefits outflows for provision for land restoration and dismantling are postponed for long period.

Changes in non-current provisions

	Provision for land restoration	Dismantling provision	Provision on tax liabilities	Total provisions
As at 30 June 2014	(2,206)	(531)	(1,171)	(3,908)
Unwinding of discount	(557)	(35)	(718)	(1,310)
Effect of increase CPT rate for financial operation	-	-	(775)	(775)
Transfer of current portion	-	-	892	892
Effect of translation to presentation currency	1,275	263	907	2,445
As at 31 March 2015	(1,488)	(303)	(865)	(2,656)

28 Trade and other payables
Current trade and other payables:

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Trade payables	(5,925)	(17,553)	(10,304)
Interest due	(5,051)	(1,300)	(1,246)
Payables for wages and salaries	(618)	(1,201)	(1,155)
Other payables	(523)	(512)	(511)
Interest due to factoring contract	(273)	(14)	(11)
Payables for unused vacations	(128)	(1,224)	(1,408)
Payables for acquisition property, plant and equipment	(13)	(454)	(134)
Advances received	(21)	(102)	(693)
	(12,552)	(22,360)	(15,462)

Non-current trade and other payables:

	As at 31 March 2015	As at 30 June 2014	As at 31 March 2014
Other payables	-	-	(15)
	-	-	(15)

29 Related party transactions

According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:

- Entities - related parties under common control with the Companies of the Group;
- Entities - related parties, which have joint key management personnel with the Companies of the Group.

Ultimate controlling party is Mr. Vyshnevetsky V.

The sales of finished goods, merchandises and rendering of the services to related parties are made at terms equivalent to those that prevail in arm's length transactions on market price basis. Provision of loans and operations with notes are made at terms different from the independent parties transactions.

Transactions between related parties attributable to the second category are occasional and not significant, thus, they are not disclosed in these consolidated financial statements.

Details of transactions between entities - related parties under common control with the Companies of the Group are disclosed below:

Items of consolidated statements of comprehensive income

	<u>9 months ended 31 March 2015</u>	<u>Year ended 30 June 2014</u>	<u>9 months ended 31 March 2014</u>
Income from sales of finished products, goods	1,836	2,541	1,762
Income from reimbursement of doubtful debts	50	-	-
Impairment reversal/(loss) of loans issued	(7)	(7,122)	172
Income from rendering of services	92	191	184
Income from operating lease	7	14	11
Income from sale of property, plant and equipment	-	9	8
Operating lease expenses	(31)	(263)	(217)
Purchases of services	(612)	(895)	(828)
Purchases of property, plant and equipment	(124)	(1,445)	(1,044)
Expenses attributable to allowance for trade and other receivables	(70)	(909)	-
Income attributable to allowance for receivables on sale of property, plant and equipment	(194)	(85)	(35)
Purchases of inventories	(1,512)	(5,127)	(4,249)

Items of consolidated statements of financial position

	<u>As at 31 March 2015</u>	<u>As at 30 June 2014</u>	<u>As at 31 March 2014</u>
Current loans issued	7,477	14,916	16,155
Allowances for loans issued	(7,477)	(14,715)	(8,058)
Trade receivables	2,473	5,125	3,063
Allowances for trade receivables	(381)	(662)	(79)
Held-to-maturity investments	1,447	2,761	3,141
Advances paid	129	64	76
Other receivables	2,950	283	306
Allowances for other receivables	(109)	-	-
Prepayments for property, plant and equipment	-	(283)	-
Receivables on sale of property, plant and equipment	338	992	1,072
Advances received	(12)	(69)	(642)
Other payables	(7)	(26)	(22)
Payables for acquisition property, plant and equipment	(8)	(444)	(125)
Allowances for receivables on sale of property, plant and equipment	(338)	(932)	(1,071)
Trade payables	(913)	(979)	(925)

31 Contingent assets and liabilities

As at the date of presentation of the financial statements the Group is not involved in any legal processes that can have material impact on its financial position.

32 Off-balance sheet liabilities

Companies of the Group were engaged in indemnity contracts and guarantee contracts to secure liabilities of third parties. As at 31 March 2014 contracts of guarantee assuring liabilities LLC "Ugletechnic" amount to USD 3,413 thousands. As at 31 March 2014 loans and borrowings of CwAL LE "Shahta Putilovska" were pledged by the property, plant and equipment of Group (Eximenergo LLC) with carrying amount of USD 363 thousand.

33 Subsequent events

As of the date of publication of this report there are no precedents for early loan repayments (defaults) from any financing institutions. In case of continuing military confrontation in Donetsk and Lugansk regions, the Group is expecting to negotiate further postponement for interest and principals payments.

According to the management's opinion there were no events after the closing date, except for the disclosed above and known to the management which would substantially influence the financial standing of the Group.