

## **Unaudited annual accounts**

**30 June 2016**

For the year beginning 1 July 2015 and ending 30 June 2016

**Coal Energy S.A.**

Société anonyme

14A, Rue Des Bains  
L-1212 Luxembourg  
R.C.S. Luxembourg: B 154144

**Coal Energy S.A.**  
**Index to the Unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**

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**COAL ENERGY S.A.**  
*Société Anonyme*  
14a, Rue de Bains, L-1212 Luxembourg  
R.C.S. Luxembourg: B 154.144  
Capital social: USD 450.111,20  
(the **Company**)

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**STATEMENT OF MANAGEMENT RESPONSIBILITY**

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To the best of our knowledge, the financial statement as of 30 June 2016 of Coal Energy S.A. have been prepared in accordance with LUX GAAP accounting standards give a true and fair view of the assets, liabilities, financial position and result of its operations for the year ended 30 June 2016. The annual management report includes a fair review of the information required under article 3(3) of the Transparency Law.

Luxembourg

On behalf of management

Directors A:

Director B:

\_\_\_\_\_  
Chairman of the Board of Directors  
Viktor Vyshnevetskyy

\_\_\_\_\_  
Independent Non-executive Director  
Diyor Yakubov

\_\_\_\_\_  
Chief Operating Director  
Pavlo Moiseyenko

\_\_\_\_\_  
Business Development Director  
Oleksandr Rezyk

\_\_\_\_\_  
Independent Non-executive Director  
Arthur David Johnson

**Coal Energy S.A.**  
**Unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**

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**BALANCE SHEET**

<b>As at</b>	<b>Notes</b>	<b>30 Jun 2016</b>	<b>30 Jun 2015</b>
<i>(expressed in US Dollar)</i>		<b>USD</b>	<b>USD</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial fixed assets	<b>3</b>		
Shares in affiliated undertakings		72 006 905.28	72 006 905.28
Amounts owed by affiliated undertakings		34 957 456.54	34 957 456.54
<b>Total fixed assets</b>		<u>106 964 361.82</u>	<u>106 964 361.82</u>
<b>Current assets</b>			
Debtors	<b>4</b>		
Amounts owed by affiliated undertakings becoming due and payable within one year		4 401 595.96	2 183 893.70
Other receivables becoming due and payable within one year		14 018.39	10 736.79
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		1 988.09	54 553.36
<b>Total current assets</b>		<u>4 417 602.44</u>	<u>2 249 183.85</u>
<b>Prepayments and accrued income</b>	<b>5</b>	1 168.97	2 331.66
<b>TOTAL ASSETS</b>		<u><u>111 383 133.23</u></u>	<u><u>109 215 877.33</u></u>

**Coal Energy S.A.**  
**Unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**

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**BALANCE SHEET**

<b>As at</b>	<b>Notes</b>	<b>30 Jun 2016</b>	<b>30 Jun 2015</b>
<i>(expressed in US Dollar)</i>		<b>USD</b>	<b>USD</b>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>	<b>6</b>		
Subscribed capital		450 111.20	450 111.20
Share premium and similar premiums		80 540 783.11	80 540 783.11
Profit or (loss) brought forward		(9 420 141.27)	(9 136 648.82)
Profit or (loss) for the financial year		(80 962.07)	(283 492.45)
<b>Total capital and reserves</b>		<u>71 489 790.97</u>	<u>71 570 753.04</u>
<b>Non subordinated debts</b>	<b>7</b>		
Amounts owed to credit institutions becoming due and payable within one year		4 458 699.20	2 224 772.86
becoming due and payable after more than one year		35 000 000.00	35 000 000.00
Trade creditors becoming due and payable within one year		304 510.30	324 878.91
Tax and social security debts Tax debts		68 925.50	56 555.61
Other creditors becoming due and payable within one year		61 207.26	38 916.91
<b>Total non subordinated debts</b>		<u>39 893 342.26</u>	<u>37 645 124.29</u>
<b>TOTAL LIABILITIES</b>		<u><u>111 383 133.23</u></u>	<u><u>109 215 877.33</u></u>

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Viktor Vyshnevetsky, Director A

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Arthur David Johnson, Director A

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Pavlo Moiseyenko, Director A

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Diyor Yakubov, Director B

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Oleksandr Rezyk, Director A

**Coal Energy S.A.**  
**Unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**

<b>PROFIT AND LOSS ACCOUNT</b>		<b>from 1 Jul 2015</b>	<b>from 1 Jul 2014</b>
<b>For the period</b>	<b>Notes</b>	<b>to 30 Jun 2016</b>	<b>to 30 Jun 2015</b>
<i>(expressed in US Dollar)</i>			<b>USD</b>
<b>CHARGES</b>			
Other external charges		<b>72 802.25</b>	<b>176 140.19</b>
Other operating charges	<b>9</b>	<b>26 379.69</b>	<b>34 985.76</b>
Interest and other financial charges			
other interest and similar financial charges		<u><b>2 233 926.34</b></u>	<u><b>2 186 990.62</b></u>
Total interest and other financial charges		<u><b>2 233 926.34</b></u>	<u><b>2 186 990.62</b></u>
Income tax	<b>10</b>	<b>3 654.59</b>	<b>10 587.43</b>
Other taxes not included in the previous caption		<b>1 051.42</b>	<b>335.96</b>
<b>TOTAL CHARGES</b>		<u><u><b>2 337 814.27</b></u></u>	<u><u><b>2 409 039.96</b></u></u>
<b>INCOME</b>			
Other operating income			
Other interest and other financial income			
derived from affiliated undertakings		<b>2 217 702.26</b>	<b>2 124 779.21</b>
other interest and similar financial income		<u><b>39 149.94</b></u>	<u><b>768.30</b></u>
Total interest and other financial income		<u><b>2 256 852.20</b></u>	<u><b>2 125 547.51</b></u>
<b>TOTAL INCOME</b>		<u><u><b>2 256 852.20</b></u></u>	<u><u><b>2 125 547.51</b></u></u>
Loss for the financial year		<b>80 962.07</b>	<b>283 492.45</b>

\_\_\_\_\_  
Viktor Vyshnevetsky, Director A

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Arthur David Johnson, Director A

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Pavlo Moiseyenko, Director A

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Diyor Yakubov, Director B

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Oleksandr Rezyk, Director A

## **1 General information**

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Coal Energy S.A. (hereafter the "Company") was incorporated on 17 June 2010 and organised under the laws of Luxembourg as a Société anonyme for an unlimited period.

The registered office of the Company is established in Luxembourg, 14A, Rue Des Bains L-1212 Luxembourg and the Company number with the Registre de Commerce is B 154144. The financial year of the Company starts on 1 July and ends on 30 June of each year.

The purpose of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies and any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, control and development of its portfolio.

The Company may further guarantee, grant loans or otherwise assist the companies in which it holds a direct or indirect interest or which form part of the same group of companies as the Company.

The Company also prepares consolidated financial statements, which are published according to the Luxembourg legal requirements.

## **2 Summary of significant accounting policies**

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### **Basis of preparation**

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules follow the historical cost convention and are, besides the ones laid down by the law, determined and applied by the Board of Directors.

### **Financial fixed assets**

Shares in affiliated undertakings and participating interests are valued at purchase price including the expenses incidental thereto.

Loans to affiliated undertakings, participating interests and other loans are valued at nominal value including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### **Debtors**

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### **Prepayments and accrued income**

This asset item includes expenditures incurred during the financial period but relating to a subsequent financial period.

### **Provisions**

Provisions are intended to cover losses or debts of which the nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial period under review or in a previous financial period, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

### **Accruals and deferred income**

This liability item includes income received during the financial period but relating to a subsequent financial period.

### **Value adjustments**

Value adjustments are deducted directly from the related asset.

### **Foreign currency translation**

The Company maintains its accounts in US Dollar ("USD"). Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and fixed assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank and all items subject to fair value valuation are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation. Consequently, only realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and only the net unrealised loss is recorded in the profit and loss account.

### **Going concern**

The annual accounts are prepared on a going concern basis even though the accumulated losses exceed 75% of the corporate capital of the Company. As a result the Company is depending on the ongoing financial support of the group.

**Coal Energy S.A.**  
**Notes to the unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**  
*(expressed in US Dollar)*

**3 Financial fixed assets**

<b>Financial fixed assets held at cost less impairment - movements gross book value</b>	Gross book value - opening balance	Additions	Disposals	Transfers	<b>Gross book value - closing balance</b>
Shares in affiliated undertakings	72 006 905.28	-	-	-	<b>72 006 905.28</b>
Amounts owed by affiliated undertakings	34 957 456.54	-	-	-	<b>34 957 456.54</b>
<b>Total</b>	<b>106 964 361.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106 964 361.82</b>

<b>Financial fixed assets held at cost less impairment - movements value adjustments</b>	Value adjustments - opening balance	Additions	Disposals	Transfers	<b>Value adjustments - closing balance</b>
Shares in affiliated undertakings	-	-	-	-	-
Amounts owed by affiliated undertakings	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Financial fixed assets held at cost less impairment - movements net book value</b>	Net book value - opening balance	Additions	Disposals	Transfers	<b>Net book value - closing balance</b>
Shares in affiliated undertakings	72 006 905.28	-	-	-	<b>72 006 905.28</b>
Amounts owed by affiliated undertakings	34 957 456.54	-	-	-	<b>34 957 456.54</b>
<b>Total</b>	<b>106 964 361.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106 964 361.82</b>

Undertakings in which the Company holds at least 20% in their share capital or in which it is a general partner are as follows:

<b>Name</b>	Registered Office	Ownership %	Net Value	Date of last non approved accounts	Net equity in last non approved accounts	Net result in last non approved accounts
Nertera Investments Limited	Cyprus	100%	72 006 905.28	31 Mar 2015	86 691 666.00	2 526 015.00

<b>Loans to affiliated undertakings</b>	Counterparty	Currency	Amount	Amount USD	Interest rate	Maturity date
	Nertera Investments Limited	USD	2 217 083.08	<b>2 217 083.08</b>	4.50%	Nov 2021
	Nertera Investments Limited	USD	32 740 373.46	<b>32 740 373.46</b>	Libor 6m + 5.85%	Jun 2020
<b>Total</b>				<b>34 957 456.54</b>		

**4 Debtors**

<b>Debtors</b>	Within one year	More than one year	<b>30 Jun 2016</b>	30 Jun 2015
Amounts owed by affiliated undertakings	4 401 595.96	-	<b>4 401 595.96</b>	2 183 893.70
Other receivables	14 018.39	-	<b>14 018.39</b>	10 736.79
<b>Total</b>	<b>4 415 614.35</b>	<b>-</b>	<b>4 415 614.35</b>	<b>2 194 630.49</b>

<b>Accrued interest receivable from affiliated undertakings</b>	Counterparty	Currency	Amount USD	Interest rate	Maturity date
	Accruals loan interest to Nertera Investments Limited	USD	252 948.91	4.50%	N/A
	Accruals loan interest to Nertera Investments Limited	USD	4 148 647.05	Libor 6m + 5.85%	N/A
<b>Total</b>			<b>4 401 595.96</b>		

**Other receivables**

	<b>30 Jun 2016</b>	30 Jun 2015
Becoming due and payable within one year		
Corporate income tax advances	<b>13 882.91</b>	10 667.68
Net wealth tax advances	<b>135.48</b>	69.11
<b>Total</b>	<b>14 018.39</b>	<b>10 736.79</b>

**5 Prepayments and accrued income**

<b>Prepayments and accrued income</b>	<b>30 Jun 2016</b>	30 Jun 2015
Advance TMF Luxembourg S.A.	<b>1 168.97</b>	2 331.66
<b>Total</b>	<b>1 168.97</b>	<b>2 331.66</b>



**Coal Energy S.A.**  
**Notes to the unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**  
*(expressed in US Dollar)*

**6 Capital and reserves**

<b>Movements in capital and reserves</b>	Balance as at 30 June 2015	Allocation of preceding year result	Other movements	Net result for current year	<b>Balance as at 30 Jun 2016</b>
Subscribed capital	450 111.20	-	-	-	<b>450 111.20</b>
Share premium and similar premiums	80 540 783.11	-	-	-	<b>80 540 783.11</b>
Profit or (loss) brought forward	(9 136 648.82)	(283 492.45)	-	-	<b>(9 420 141.27)</b>
Profit or (loss) for the financial year	(283 492.45)	283 492.45	-	(80 962.07)	<b>(80 962.07)</b>
<b>Total</b>	<b>71 570 753.04</b>	<b>-</b>	<b>-</b>	<b>(80 962.07)</b>	<b>71 489 790.97</b>

The subscribed capital amounts to USD 450,111.20 and is divided into 45,011,120 shares with a nominal value of USD 0.01 fully paid up at 30 June 2016.

The Company shares were admitted to trading on Warsaw Stock Exchange on 4 August 2011. The offer price for one share was established at PLN 20.00 and the final number of the offer shares was 11,252,780.00.

**Legal reserve**

The Company is required to allocate a minimum of 5% of its annual net profit to a legal reserve, after deducting any cumulated losses, until this reserve equals 10% of the nominal value of the subscribed share capital. This reserve may not be distributed in the form of cash dividends, or otherwise, during the life of the Company.

**7 Non subordinated debts**

<b>Creditors by category</b>	Within one year	More than one year	<b>30 Jun 2016</b>	30 Jun 2015
Amounts owed to credit institutions	18 458 699.20	21 000 000.00	<b>39 458 699.20</b>	37 224 772.86
Trade creditors	304 510.30	-	<b>304 510.30</b>	325 297.41
Tax and social security debts	68 925.50	-	<b>68 925.50</b>	56 555.61
Other creditors	61 207.26	-	<b>61 207.26</b>	38 916.91
<b>Total</b>	<b>18 893 342.26</b>	<b>21 000 000.00</b>	<b>39 893 342.26</b>	<b>37 645 542.79</b>

<b>Amounts owed to credit institutions</b>	Within one year	More than one year	<b>30 Jun 2016</b>	30 Jun 2015
Accrued interest - European Bank for Reconstruction and Development	4 458 699.20	-	<b>4 458 699.20</b>	2 224 772.86
Loan - European Bank for Reconstruction and Development	14 000 000.00	21 000 000.00	<b>35 000 000.00</b>	35 000 000.00
<b>Total</b>	<b>18 458 699.20</b>	<b>21 000 000.00</b>	<b>39 458 699.20</b>	<b>37 224 772.86</b>

<b>Amounts owed to credit institutions</b>		<b>30 Jun 2016</b>	Interest rate
Becoming due and payable after more than one year	Currency		
Loan - European Bank for Reconstruction and Development	USD	35 000 000.00	6m LIBOR + 5.85%
<b>Total</b>		<b>35 000 000.00</b>	

<b>Other creditors</b>	Within one year	More than one year	<b>30 Jun 2016</b>	30 Jun 2015
A.D. Johnson	50 000.00	-	<b>50 000.00</b>	25 000.00
Kyriaki Petrou Sawidou	-	-	-	1.30
M.Vishnevetskaya	5 215.49	-	<b>5 215.49</b>	6 475.87
V.Vishnevetskiyy	5 991.77	-	<b>5 991.77</b>	7 439.74
<b>Total</b>	<b>61 207.26</b>	<b>-</b>	<b>61 207.26</b>	<b>38 916.91</b>

**Coal Energy S.A.**  
**Notes to the unaudited annual accounts**  
**For the year beginning 1 July 2015 and ending 30 June 2016**  
*(expressed in US Dollar)*

**8 Staff costs**

During the year under review, the Company did not employ any staff and, consequently no payments for wages, salaries or social security were made (2015: nil).

**9 Other operating charges**

<b>Other operating charges</b>	<b>30 Jun 2016</b>	30 Jun 2015
Director's fees	<b>25 000.00</b>	25 000.00
Non-deductible VAT	<b>1 379.69</b>	9 595.62
Registration duties	-	390.14
<b>Total</b>	<b>26 379.69</b>	43 210.08

**11 Income tax**

The Company is subject to normal taxation under Luxembourg tax regulations.

The tax position until 2010 has been assessed by the Luxembourg tax authorities on the basis of a provisional tax assessment and may still be subject to a review by the authorities within five years following the date of the provisional tax assessment. The issuance of a final tax assessment could result in additional tax payable/ receivable.

**12 Off balance sheet commitments and transactions**

On 14 March 2014 the Company entered into a surety agreement with OTP Bank to act as a guarantor for securing obligations of "Donanratsit" LLC under factoring agreement Nr FT 14-090/100-3 in an amount not exceeding UAH 39,200,000.00.

**13 Related party transactions**

There were no transactions with related parties (2015: nil).

**14 Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies**

Remuneration granted to the members of the managing and supervisory bodies acting in that capacity and any commitments arising or contracted in respect of retirement pensions for former members of those bodies for the financial year are broken down:

<b>Remuneration members of managing and supervisory bodies</b>	<b>30 Jun 2016</b>	30 Jun 2015
Managing bodies	<b>25 000.00</b>	25 000.00
<b>Total</b>	<b>25 000.00</b>	25 000.00

**15 Advances and loans granted to the members of the managing and supervisory bodies**

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2015: nil).

**16 Subsequent events**

Over 2016 FY, due to the escalation of the military unrests in the region of the Company's assets and headquarters, the Company's further development has remained uncertain, as well as the audit procedure for the annual accounts as at 30 June 2016 has been postponed until further notice.

\_\_\_\_\_  
Viktor Vyshnevetsky, Director A

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Arthur David Johnson, Director A

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Pavlo Moiseyenko, Director A

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Diyor Yakubov, Director B

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Oleksandr Reznyk, Director A