

## **MECHEL REPORTS THE 2015 FINANCIAL RESULTS**

### Revenue amounted to 253,141 million rubles Consolidated EBITDA(a)<sup>\*</sup> amounted to 45,730 million rubles Net loss attributable to shareholders of Mechel PAO amounted to 115,163 million rubles

## <u>Moscow, Russia – May 13, 2016</u> – Mechel PAO (MICEX: MTLR, NYSE: MTL), a leading Russian mining and steel group, announces financial results for the full year 2015

In accordance with legislation of the Russian Federation, starting from financial results for the year 2015 the Company will be reporting its financial statements in accordance with International Financial Reporting Standards (IFRS). Presentation currency will be Russian ruble.

Mechel PAO's Chief Executive Officer Oleg Korzhov commented on the 2015 results:

"2015 was a complicated year for our company, but nevertheless a vital one. Our key event was reaching agreement in principle with the majority of our lenders on restructuring our debt. Even though not all official documents were signed in 2015, our main efforts and talks on restructuring conditions were made in that period. As of now, the company has announced signing deals with major lender banks as well as reaching an agreement with Gazprombank with the bank acquiring a share in the Elga project. So we may consider that the restructuring's pivot point has been passed.

In 2015, our revenue went up by 4% to reach 253,141 million rubles, with EBITDA up by 54% to reach 45,730 million rubles, as the EBITDA margin reached 18% and adjusted operating income up by 140% year-on-year. The 115,163 million ruble net loss was largely due to negative currency rate trends.

Mechel's operational and financial results improved to a large extent due to the fact that our key projects whose implementation had caused our company's debt growth, are reaching target capacity utilization levels and increase returns on invested capital.

At Elga Coal Complex, four million tonnes of coal were mined last year, with coking coal accounting for two-thirds of that amount. Five million tonnes are planned to be mined in 2016. Starting in 2016, we began supplying rails produced by Chelyabinsk Metallurgical Plant's universal rolling mill to Russian Railways, which will enable us to fully utilize the mill's potential for producing high-margin products. Rail supplies to Russian Railways may amount to from 150,000 to 250,000 tonnes this year, with the mill's overall output totaling over 500,000 tonnes of products.

The strengthening of steelmaking commodity and steel markets which we currently observe enable us to confidently conduct our operations and sales with a view to the company's further development."

<sup>\*</sup>Please find the calculation of the EBITDA(a) and other measures used here and hereafter in Attachment A

## **Consolidated Results For The Full Year 2015**

Mln rubles	FY 2015	FY 2014	%
Revenue from external customers	253,141	243,992	4%
Adjusted operating income	29,203	12,147	140%
EBITDA (a)	45,730	29,759	54%
EBITDA (a), margin	18%	12%	
<b>Net loss</b> attributable to shareholders of Mechel PAO	(115,163)	(132,704)	-13%
Adjusted net (loss) / income	(40,165)	(7,609)	428%
Net debt	506,891	407,240	25%
Trade working capital	(9,293)	(12,603)	-26%

## Mining Segment

Mechel Mining Management OOO's Chief Executive Officer Pavel Shtark noted:

"In 2015 the trend in steelmaking commodity markets was mostly negative. China's demand for coal imports took a constant downturn as facilities producing semi-finished steel goods faced massive closure. Imports were pushed out by local Chinese producers with the help of measures consistently taken by Chinese authorities. With this in mind, major Australian producers persisted in the policy of tough price competition with other global suppliers for the share in the market. Spot prices for coking coal plummeted, widening the gap with contract prices. As a result, the price for coking coal concentrate on the global market fell by more than 30% from \$117 FOB in 1Q2015 to \$81 FOB in 1Q2016 — further than it has been for many years.

In these conditions, our mining segment faced cuts in metallurgical coal sales. The chief decrease was in export sales, especially to China. At the same time the company increased coal supplies for internal use, for example, Elga coals replaced those coals that the Group's enterprises used to acquire from third parties. Meanwhile, the growth of ruble denominated prices for coal offered significant compensation for the decrease in sales due to ruble devaluation. As a result, the segment's revenue from sales to third parties demonstrated positive dynamics, while inter-segment revenue went up by a third. With operational costs at a stable level, the segment demonstrated a significant growth of its operational income and EBITDA, while its EBITDA margin reached 25%.

In the first quarter 2016, we saw some positive trends on the steel raw materials markets which led to contract prices reaching \$84 per tonne, with spot prices rising higher than contract prices in April-May — for the first time since mid-2013. Considering low production costs at our mining assets and the decrease in transport costs due to ruble devaluation, the company's products remain highly competitive both domestically and internationally, which will enable us to further demonstrate stable financial results."

Mln rubles	FY 2015	FY 2014	%
<b>Revenue</b> from external customers	80,632	79,509	1%
Revenue	28,091	21,049	33%
EBITDA(a)	26,831	13,359	101%
EBITDA (a), margin <sup>(4)</sup>	25%	13%	

## **Steel Segment**

Mechel-Steel Management Company OOO's Chief Executive Officer Andrey Ponomarev noted:

"Throughout practically all of last year, we had to cope with weakened demand for steel products in the construction industry which is crucial for the segment's sales structure. Russian long steel market in 2015 went down by 14% due to the decrease in construction volumes as the overall

economic situation worsened, with effective demand going down and the state and business investment activity slowing down. Despite a significant decrease in visible consumption of construction-grade long steel in Russia, we maintained the volume of domestic sales at the level of the previous year, increasing our share at this strategically important market. We also optimized our sales portfolio for other types of long steel products, minimizing manufacture of low value-added products. We even managed to increase sales of some types of products, such as flat steel. Nevertheless, overall sales decreased tonnage-wise year-on-year. At the same time, ruble devaluation had a positive impact on domestic prices, which was the major cause of the growth of the segment's revenue. Due to our efforts on optimizing our product range by increasing the share of high valueadded products and cost control, the segment demonstrated a growth of operating income and EBITDA.

The increase of high value-added products' share in our sales structure was largely thanks to the capacity utilization growth of the universal rolling mill. In 2015 the mill produced 175,000 tonnes and is due to more than double that volume this year. We consider Russian beam and rail markets to be among the most promising markets for the steel segment due to limited supply from domestic producers. Thus the mill's contribution to the segment's financial results will be more and more tangible each year."

Mln rubles	FY 2015	FY 2014	%	
Revenue from external customers	146,032	138,660	5%	
Revenue intersegment	6,972	8,207	-15%	
EBITDA(a)	17,127	14,906	15%	
EBITDA(a), margin	11%	10%		

#### Power Segment

Mechel-Energo OOO's Chief Executive Officer Pyotr Pashnin noted:

"Last year, our segment demonstrated, as usual, stable operational profit. Electricity generation and sales topped those of the previous year, while heat production and sales saw a moderate decrease primarily due to climatic factors. As a result, we demonstrated a small increase in revenue from sales to third parties, while our EBITDA(a) went up by nearly half."

Mln. rubles	FY 2015	FY 2014	%
Revenue from external customers	26,477	25,823	3%
Revenue intersegment	14,990	13,731	9%
EBITDA(a)	2,090	1,403	49%
EBITDA(a), margin <sup>(4)</sup>	5%	3%	

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The management of Mechel will host a conference call today at 18:00 p.m. Moscow time (4:00 p.m. London time, 11 a.m. New York time) to review Mechel's financial results and comment on current operations. The call may be accessed via the Internet at http://www.mechel.com, under the Investor Relations section.

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Mechel is one of the leading Russian companies. Its business includes three segments: mining, steel and power. Mechel unites producers of coal, iron ore concentrate, steel, rolled products, ferroalloys, hardware, heat and electric power. Mechel products are marketed domestically and internationally.

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Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.

#### Attachment A

*Non-IFRS financial measures.* This press release includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.

Adjusted EBITDA (EBITDA (a)) represents net income or loss before Depreciation, depletion and amortization, Foreign exchange loss (gain), Finance costs, Finance income, Net result on the disposal of noncurrent assets, Impairment of goodwill and other non-current assets, Allowance for doubtful accounts, Writeoffs of inventories to net realisable value. (Profit) loss after tax for the year from discontinued operations, net. Net result on the disposal of subsidiaries, Amount attributable to non-controlling interests, Income taxes, Loss (profit) from pension obligations, Fines and penalties, Gain from accounts payable write-off and Other one-off items. Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of our net revenues. Our adjusted EBITDA may not be similar to EBITDA measures of other companies. Adjusted EBITDA is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that our adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While interest, depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with non-current assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry.

Adjusted net income / (loss) represents net income / (loss) before Impairment of goodwill and other noncurrent assets, Allowance for amounts due from related parties, (Profit) loss after tax for the year from discontinued operations, net, Net result on the disposal of subsidiaries, Effect on net profit (loss) attributable to non-controlling interests, Foreign exchange loss (gain), Loss (profit) from pension obligations, Fines and penalties, Gain from accounts payable write-off and Other one-off items. Our adjusted net income / (loss) may not be similar to adjusted net income / (loss) measures of other companies. Adjusted net income / (loss) is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that our adjusted net income / (loss) provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations. While impairment of goodwill and other non-current assets and allowance for amounts due from related parties are considered operating costs under IFRS, these expenses represent the noncash current period allocation of costs associated with assets acquired or constructed in prior periods. Our adjusted net income / (loss) calculation is used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry. Our calculations of Net debt<sup>†</sup> and trade working capital are presented below:

Mln RUB	31.12.2015	31.12.2014	01.01.2014
Short-term borrowings and current portion of long-term debt	444,199	371,903	265,026
Interest payable	27,269	13,093	2,052
Fines and penalties on overdue amounts	20,206	1,522	-
Long-term debt	4,308	9,346	25,251
Derivative instruments	-	-	823
less Cash and cash equivalents	(3,079)	(3,983)	(8,979)
Net debt, excluding finance lease liabilities	492,903	391,881	284,173
Finance lease liabilities, current portion	13,507	15,213	10,809
Finance lease liabilities, non-current portion	481	146	2,973
Net debt	506,891	407,240	297,955

Mln RUB	31.12.2015	31.12.2014	01.01.2014
Trade and other receivables	15,981	19,808	22,477
Due from related parties, net of allowance	96	138	196
Inventories	35,189	36,337	46,629
Other current assets	8,127	8,750	7,225
Trade current assets	59,393	65,033	76,527
Trade and other payables	54,524	61,493	51,973
Advances received	3,492	4,286	4,290
Provisions and other current liabilities	2,558	2,166	1,560
Taxes and social charges payable	8,034	9,647	7,440
Due to related parties	78	44	1,024
Trade current liabilities	68,686	77,636	66,287
Trade working capital	(9,293)	(12,603)	10,240

Adjusted EBITDA can be reconciled to our consolidated statements of operations as follows:

<sup>&</sup>lt;sup>†</sup> Calculations of Net debt could differ from indicators calculated in accordance with loan agreements upon dependence on definitions in such agreements.

	Consolida	ted Results	Mining	Segment **	Steel	Segment**	Power	Segment**
Mln RUB	12m 2015	12m 2014	12m 2015	12m 2014	12m 2015	12m 2014	12m 2015	12m 2014
Net loss attributable to shareholders of Mechel PAO	(115,163)	(132,704)	<u>(71,120)</u>	<u>(86,787)</u>	<u>(41,438)</u>	(45,356)	(2,286)	<u>(651)</u>
Add:								
Depreciation, depletion and amortization	14,085	14,429	9,106	8,747	4,650	5,391	329	291
Foreign exchange loss (gain), net	71,106	103,176	49,872	70,553	21,122	32,910	111	(287)
Finance costs	60,452	28,110	33,880	15,045	25,645	12,966	2,173	1,208
Finance income	(183)	(107)	(1,030)	(777)	(344)	(390)	(55)	(48)
Net result on the disposal of non-current assets, impairment of goodwill and other								
non-current assets, allowance for doubtful accounts and write-offs of inventories to	4 770	10 710	000	1 257	2,122	10 (50	1 751	(0)(
net realisable value	4,772	12,710	900	1,357	2,122	10,658	1,751	696
(Profit) loss after tax for the year from discontinued operations, net	(932)	11,702	(764)	13,141	(168)	(1,468)	-	29
Net result on the disposal of subsidiaries	535	<u>89</u> (1,263)	-	- (071)	<u>19</u> 812	89	-	- 114
Amount attributable to non-controlling interests Income taxes	8,322	(1,263) (8,822)	(444)	(971) (8,435)	2,794	(408) (374)	166	
Loss (profit) from pension obligations	<u> </u>		5,632 125		(81)	(374)	(103)	(13)
Fines and penalties	1,598	(6) 915	707	(5) 755	890	189	6	(29)
Gain from accounts payable write-off	(224)	(38)	(33)	(2)	(190)	(35)	(1)	(29)
Other one-off items	1,293	1,568	(55)	741	1,293	742	(1)	86
Adjusted EBITDA	<u>45,730</u>	<u>29,759</u>	<u>26,831</u>	<u>13,359</u>	<u>17,127</u>	<u>14,906</u>	<u>2,090</u>	<u>1,403</u>
Adjusted EBITDA, margin	18%	12%	25%	13%	11%	10%	5%	3%
Mln RUB	12m 2015	12m 2014	12m 2015	12m 2014	12m 2015	12m 2014	12m 2015	12m 2014
Net loss attributable to shareholders of Mechel PAO	<u>(115,163)</u>	<u>(132,704)</u>	<u>(71,120)</u>	<u>(86,787)</u>	<u>(41,438)</u>	<u>(45,356)</u>	(2,286)	<u>(651)</u>
Add:								
Impairment of goodwill and other non-current assets	1,460	7,996	-	(19)	16	8,015	1,444	-
Allowance for amounts due from related parties	43	126	43	126	-	-	-	-
(Profit) loss after tax for the year from discontinued operations, net	(932)	11,702	(764)	13,141	(168)	(1,468)	-	29
Net result on the disposal of subsidiaries	19	89	-	-	19	89	-	-
Effect on profit (loss) attributable to non-controlling interests	585	(433)	-	-	560	(433)	25	-
Foreign exchange loss (gain), net	71,106	103,176	49,872	70,553	21,122	32,910	111	(287)
Loss (profit) from pension obligations	50	(6)	125	(5)	(81)	(7)	6	7
Fines and penalties	1,598	915	707	755	890	189	-	(29)
Gain from accounts payable write-off	(224)	(38)	(33)	(2)	(190)	(35)	(1)	
Other one-off items	1,293	1,568	( /	741	1,293	742		85
Adjusted net (loss) income, net of income tax	(40,165)	<u>(7,609)</u>	(21,170)	(1,498)	<u>(17,978)</u>	(5,355)	<u>(701)</u>	<u>(846)</u>
	(10(100)	<u>(1400) /</u>		(1,1,2,0)	(11,010)	<u>(0,000)</u>	(101)	(0.10)
Operating profit (loss)	24,068	<u>887</u>	<u>15,895</u>	<u>1,718</u>	<u>8,456</u>	<u>(1,347)</u>	<u>35</u>	424
Add:								
Impairment of goodwill and other non-current assets	1,460	7,996	-	(19)	16	8,015	1,444	-
Allowance for amounts due from related parties	43	126	43	126	-	-	-	-
Loss on write-off of property, plant and equipment	691	661	199	309	492	242	-	110
Loss (profit) from pension obligations	50	(6)	125	(5)	(81)	(7)	6	7
Fines and penalties	1,598	915	707	755	890	189	-	(29)
-			101				-	
Other one-off items	1,293	1,568	-	741	1,293	742	-	85
Adjusted operating income	<u>29,203</u>	<u>12,147</u>	<u>16,969</u>	<u>3,624</u>	<u>11,066</u>	<u>7,834</u>	<u>1,486</u>	<u>597</u>
** including intersegment operations								

\*\* including intersegment operations

## Attachment B

# **Consolidated statement of financial position** (All amounts are in millions of Russian rubles)

Assets         Jorden and energinal cash equivalents         Support           Const and cash equivalents         3.079         3.983         8.979           Tande and other excisables         3.189         3.6337         4.6629           Incorne tissed parties, not of allowance         96         158         19.9809         2.247           Tande and other excisables         3.189         3.6.337         4.6629           Other current assets         8.177         4.7530         7.255           Total current assets         8.120         69.781         96.8592           Object current assets         215.844         224.299         226.253           Mineral licenses         38.517         40.122         51.27           Non-current assets         214         214         214         214           Deform current assets         213         24.697         226.253           Mineral licenses         219.9         214.33         14.02         214.31           Interastes assets         213.3         14.02         24.81           Total assets         2123         214.33         14.62         24.81           Total assets         32.072         30.269.258         303.094         42.66         42.90		December 31, 2015	December 31, 2014	January 1, 2014
Cash and cash equivalents.         3.079         3.983         8.597           Tack and other receivables.         96         138         196           Incomo clask period parties, not of allowance.         96         138         196           Incomo clask cercivables.         603         578         2.363           Other current functional assets.         63.120         69.781         88.802           One-current functional assets.         215.844         224.229         226.233           Investments in associates.         214         244         274         251           Defored run assets.         214         249         244         217         241         237           Total assets.         2143         21402         24.81         243         24.91         24.91         24.91         24.91         24.91         24.91         24.91         24.91         24.91         24.91	Assets			
Trade and other receivables       15.981       19.809       22.477         Dec from clared parties, not of allowance       35.189       36.337       46.629         Other current functal assets       603       578       2.936         Other current stassets       6.3120       60,781       88.802         Assets of disposal group classified as held for sale       –       8,696       –         Property plant and equipment       215,844       224,299       226,233         Property plant and equipment       21,373       14,32       21,373         Total anon-current assets       1,492       1,438       517         Total ano-current assets       21,378       22,407       22,520         Total asset       21,433       1,462       24,804       24,904         Advances received and anony to 20,4177       369,258       393,094         Corrent liabilities       Current isolaties       21,373       1,462       24,804       24,904         Advances received anonants of		2.070	2.002	0.070
Dac from clated parties, net of allowance.         96         138         196           Incourn is a receivables.         663         578         2,360           Other current fancial assets.         663         578         2,360           Other current inscription assets.         63,377         8,757         7,225           Assets of disposal group classified as held for sale         -         8,696         -           Non-current assets         215,844         224,299         226,533           Property plant and equipment.         23,817         24,239         226,533           Investments in associates.         144         149         543           Investment assets         1,492         1,438         517           Goodwill         21,378         22,697         22,523           Other non-current assets         1,243         1,462         2,441           Total assets.         1,243         1,462         2,481           Total assets         342,072         369,258         393,094           Equity and liabilities         Current liabilities         342,072         369,258         393,094           Equity and liabilities         2,522         2,130         1,31         1,802           Date co		-		,
Inventories         35,189         36,337         46,629           Other current servivables         603         578         2,936           Other current assets         45         186         360           Other current assets         63,120         69,781         88,892           Assets of disposil group classified as held for sale         -         8,696         -           Non-current assets         194         489         241,22         51,273           More of disposil group classified as held for sale         -         8,696         -           Non-current financial assets         194         489         243         11,237         11,237         11,243         11,402         21,233           Non-current financial assets         12,433         1,4602         2,481         24,929         22,6233           Non-current assets         12,433         1,4602         2,481         24,929         24,938         24,939		-	,	,
Income rare receivables         603         578         2.936           Other current functional assets         603         578         2.936           Other current functional assets         63.120         69.781         88.902           Assets of disposal group classified as held for sale         –         8.096         –           Non-current assets         33.517         40.122         51.727           Non-current function assets         33.517         40.122         51.727           Non-current function assets         15.844         224.299         226.253           Moreal formase         215.844         224.299         226.253           Other conservent function assets         12.137         40.122         51.727           Non-current function assets         21.378         22.499         226.253           Other non-current assets         21.378         22.499         226.253           Other non-current assets         21.378         22.499         226.253           Other non-current assets         21.378         22.499         22.62.23           Other non-current assets         21.378         22.499         22.62.23           Other non-current assets         21.378         22.42.99         22.62.23	•			
Other current financial assets         45         186         360           Other current assets         8,127         8,750         7,252           Total current assets         -         8,696         -           Non-current assets         -         8,696         -           Poperty, plant and equipment         215,844         224,299         226,253           Mineral licenses         38,517         40,122         51,727           Non-current financial assets         194         489         543           Orken run-current assets         21,5844         224,297         22,62,253           Mineral licenses         194         489         543           Different na sassets         21,322         1,422         51,727           Goodwill         21,352         2,607         2,230           Otal assets         21,352         290,781         304,392           Total assets         21,422         369,228         393,094           Equity and liabilities         244,072         369,228         393,094           Lizzers bearing loans and borrowings, including Interest payable.         54,524         61,433         51,973           Advances tree viewed         34,492         4,286         4,290<		,	· · · · · · · · · · · · · · · · · · ·	,
Total current assets         63,120         69,781         88,802           Assets of disposal group classified as held for sale         -         8,696         -           Non-current assets         -         8,696         -           Poperty, plant and equipment.         215,844         224,239         226,233           Mineral licenses         38,517         40,102         51,727           Son-current financial assets         14,492         1,438         517           Goodwill         21,378         22,697         22,520           Total assets         12,233         1,462         2,481           Total assets         278,952         290,781         304,292           Advances received         342,072         369,258         393,004           Equity and liabilities         Current liabilities         301,202         2,481           Current liabilities         12,203         1,492         4,248         4,292           Advances received         3,492         4,286         4,290         1,013           Advances received         3,492         4,286         4,290         1,013         1,072           Trade and other payable.         11,200         1,072         877         7,444 <td< td=""><td></td><td></td><td></td><td></td></td<>				
Assts of disposal group classified as held for sale         -         8,096         -           Non-current assts         215,844         224,299         226,233           Property, plant and equipment.         215,844         224,299         226,233           Mineral licenses         38,517         40,122         51,727           Non-current financial assts         194         489         543           Investments in associates         21,844         274         251           Other non-current assets         1,492         1,438         517           Otal ano-current assets         22,697         22,507         22,507           Total assets         342,072         309,258         393,094           Equity and liabilities         1,243         1,462         2,481           Interst-bearing loans and borrowings, including Interest interst-baring loans and borrowings.         342,072         309,258         393,094           Payable, fines and phalicies         78         44         10,29         1,433         51,973           Advances received         3,492         4,286         4,290         1,973           Prinance lease finibilities         11,20         10,72         877           Finance lease finibilities         13,507 <td>Other current assets</td> <td>8,127</td> <td>8,750</td> <td>7,225</td>	Other current assets	8,127	8,750	7,225
Non-current assets       215,844       224,299       226,253         Property, plant and equipment.       215,844       224,299       226,253         Non-current financial assets       194       489       543         Investments in associates       214,373       22,697       22,520         Other non-current assets       1,492       1,438       517         Total assets       1,492       1,438       517         Total assets       1,243       1,462       2,488         Total assets       290,781       304,225       290,781         Total assets       236,0258       393,094       304,207         Equity and liabilities       1       1,462       2,488         Total assets       247,375       360,258       393,094         Equity and liabilities       342,072       360,258       393,094         Equity and liabilities       342,072       360,258       44,303         Interest-baring loons and borowings, including Interest payable.       54,524       61,493       51,973         Advances received       2,4286       4,260       1,024       1,573         Tade and other payables       3,507       15,213       10,804         Provisions       2,532<	Total current assets	63,120	69,781	88,802
Property, plant and equipment.       215,544       224,299       226,253         Non-current financial assets       194       489       543         Investments in associates       284       274       251         Defered tax assets       1,492       1,438       517         Order non-current assets       21,378       22,607       22,520         Other non-current assets       1,243       1,402       2,481         Total assets       290,781       304,292       2,481         Total assets       3242,072       360,258       393,094         Equity and liabilities       342,072       360,258       393,094         Interest-bearing loans and borowings, including Interest provisions       2,532       2,130       1,513         Advances received       3,492       4,286       4,293       1,973	Assets of disposal group classified as held for sale		8,696	
Mineral licenses       38,517       40,122       51,727         Non-current financial assets       284       274       251         Investments in associates       284       274       251         Goodwill       21,378       22,697       22,528         Other non-current assets       1,492       1,438       517         Total non-current assets       21,378       22,697       22,528         Zornen tiabilities       278,952       290,781       304,292         Total assets       342,072       360,258       393,094         Advances received       34,4202       366,518       267,078         Advances received       34,4202       366,518       267,078         Advances received       34,4204       4,86       4,290         Data other payable, fines and penalise on overdue anomes of R UB       34,524       61,493       51,973         Advances received       78       448       10,404       26,523       2,10       1531         Pension obligations       1,120       1,072       873       13,037       15,213       10,809         Incore tax payable, fines abilities       266       366       7,440       346,222       14,344       4,403         <		015.044	224 200	22 < 252
Non-current financial assets         194         489         543           Investments in associates         1,492         1,438         517           Deferred tax assets         1,492         1,438         517           Other non-current assets         1,243         1,462         2,489           Total non-current assets         278,952         290,781         304/292           Total assets         342,072         369,258         393,094           Zurrent labilities         342,072         369,258         393,094           Current labilities         342,072         369,258         393,094           Advances received         3,42,072         369,258         393,094           Advances received         3,42,072         369,258         393,094           Advances received         3,42,072         369,258         393,094           Advances received         3,492         4,286         4,290           Due to related parties         78         444         1,041           Persion obligations         1,120         1,072         877           Take aske liabilities         1,120         1,072         877           Take aske liabilities         26         36         29				
Investments in associates		,	· · · · · · · · · · · · · · · · · · ·	,
Deferred tax assets       1.492       1.438       517         Goodwill       21.378       22.697       22.520         Other non-current assets       12.43       1.462       2.481         Total non-current assets       278.952       290.781       304.202         Total assets       342.072       369.258       393.094         Equity and liabilities       342.072       369.258       393.094         Current liabilities       1.4615 million and RUB 2.052 million as of Decomber 31.2015.2014 and January 1.2014       491.674       386.518       267.078         as of December 31.2015.2014 and January 1.2014       42.86       4.230       1.531       1.0899         Due to related parties       7.8       44       1.024       1.072       877         France tesst liabilities       1.120       1.072       877       1.0849       1.0899         Income tax payable       5.549       3.033       3.173       1.513       10.899         Income tax payable       5.549       3.033       3.174       7.440         Other current liabilities       26       36       29       298.536       483.472       348.224         Liabilities of disposal group classified as held for sale       -       8.607       -<				
Other non-current assets $1.243$ $1.462$ $2.481$ Total non-current assets $278.952$ $290.781$ $304292$ Total assets $342.072$ $369.258$ $393.094$ Equity and liabilities       Current liabilities $342.072$ $369.258$ $393.094$ Trade and other payable, fines and penalties on overdue amounts of RUB $47.475$ million, RUB 14.615 million and RUB 2.052 million $34.02$ $42.86$ $42.90$ Due to related parties $78$ $44$ $1.024$ $86.518$ $267.078$ Trade and other payable, fines $78.232$ $21.300$ $15.31$ $10.809$ Due to related parties $2.532$ $21.300$ $15.31$ $10.809$ Incom tax payable, fines $5.549$ $30.333$ $31.737$ Tax payable other than income tax $80.34$ $9.647$ $7.440$ Other current liabilities $26$ $36$ $29$ Total current liabilities $43.08$ $9.346$ $25.251$ Interest-bearing loans and borrowings. $4.308$ $9.346$ $25.251$ Provisions. $3.746$ $3.445$ $4.$		· · · · · · · · · · · · · · · · · · ·	2	
Total non-current assets $278,952$ $290,781$ $304,292$ Total assets $342,072$ $369,258$ $393,094$ Equity and liabilities       Interest-beam [loans and borrowings, including Interest payable, fines and penalties on overdue amounts of RUB 4/475 million RUB 14,615 million and RUB 2,052 million as of December 31, 2015, 2014 and January 1, 2014 $491,674$ $386,518$ $267.078$ Tarda an other payables $54,524$ $61,493$ $51,973$ Advances received $3492$ $42.86$ $42.90$ Due to related parties $78$ $44$ $10.24$ Pension obligations $1,120$ $1.072$ $877$ Finance tesse liabilities $13,507$ $15,213$ $10,803$ Income tax payable $5,549$ $30.33$ $3,173$ Total current liabilities $26$ $36$ $29$ Interst-beam [loans alborrowings $4,308$ $9,346$ $25.251$ Interst-beam [loans and borrowings $4,308$ $9,346$ $25.251$ Interst-beam [loans and borrowings $4,308$ $9,346$ $25.251$ Interst-beam [loans and borrowings $4,308$ $9,346$ $25.251$ <		-		
Equity and liabilities           Current liabilities           Interest-bearing loans and borrowings, including Interest payable, fines and penaltics on overdue amounts of RUB 47.475 million, RUB 14.615 million and RUB 2.052 million as of December 31, 2015, 2014 and January 1, 2014				304,292
	Total assets	342,072	369,258	393,094
Interest-bearing loans and borrowings, including Interest         payable, fines and penalties on overdue amounts of RUB         47.475 million, RUB 14.615 million and RUB 2.052 million         as of December 31, 2015, 2014 and Januar I, 2014.       491,674         Tade and other payables.       54,524         Advances received       3,492         Due to related parties.       78         Provisions.       2,532         Pinance lease liabilities       13,507         Tax payable cher than income tax.       8,034         78       43,047         74.40       30,333         1120       1,072         8,034       9,647         7,440       0ther current liabilities.         26       36         29       26         104 current liabilities       -         11crest-bearing loans and borrowings.       -         11crest-bearing loans and borrowings.       3,446         11crest-bearing loans and borrowings.       3,449         127       3,445         129       3,246         1200       3,053         11000       3,053         11000       3,053         157       3,445         159       1,453<	Equity and liabilities			
payable, fines and penalties on overdue amounts of RUB         47,475 million, RUB 14,615 million and RUB 2,052 million         as of December 31, 2015, 2014 and January 1, 2014				
as of December 31, 2015, 2014 and January 1, 2014	payable, fines and penalties on overdue amounts of RUB			
Trade and other payables $54,524$ $61,493$ $51,973$ Advances received $3,492$ $4,286$ $4290$ Due to related parties $78$ $44$ $1.024$ Provisions $2,532$ $2,130$ $1.531$ Finance lease liabilities $11,120$ $1.072$ $877$ Tax payable other than income tax $8.034$ $9,647$ $7,440$ Other current liabilities $26$ $36$ $29$ Total current liabilities $26$ $36$ $29$ Total current liabilities $ 8,607$ $-$ Non-current liabilities $3,439$ $2,998$ $4,308$ Provisions $3,439$ $2,998$ $4,308$ Provisions $3,439$ $2,998$ $4,308$ Provisions $3,439$ $2,998$ $4,308$ Provisions $3,439$ $2,998$ $4,303$ Provisions $3,439$ $2,998$ $4,303$ Provisions $3,439$ $2,998$ $4,303$ Interest-bearing loans and borrowings $4,163$ $4,163$		491 674	386 518	267 078
Advances received $3,492$ $4,286$ $4.290$ Due to related parties		,		
Due to related parties       78       44 $1.024$ Provisions       2,532       2,130 $1.531$ Pension obligations       1,120 $1.072$ $877$ Finance lease liabilities       3,507 $15.213$ $10,803$ Ixa payable other than income tax $8,034$ $9,647$ $7,440$ Other current liabilities $26$ $36$ $29$ Total current liabilities $26$ $36$ $29$ Itatises of disposal group classified as held for sale $ 8,607$ $-$ Non-current liabilities $3,439$ $2,998$ $4,303$ Provisions $3,445$ $4,903$ $2,998$ $4,303$ Provisions $3,746$ $3,445$ $4,903$ Provisions $3,746$ $3,445$ $4,903$ Provisions $3,746$ $3,445$ $4,903$ Provisions $11,090$ $3,053$ $17,475$ Other non-current liabilities $23,390$ $23,592$ $58,358$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total non-current l	1 2	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	,
Pension obligations       1,120       1,072       877         Finance lease liabilities       13,507       15,213       10,809         Income tax payable       5,549       3,033       3,173         Tax payable other than income tax       8,034       9,647       7,440         Other current liabilities       26       36       29         Total current liabilities       -       8,607       -         Non-current liabilities       -       8,607       -         Non-current liabilities       3,439       2,998       4,303         Pension obligations       3,746       3,445       4,903         Finance lease liabilities       3,746       3,445       4,903         Pension obligations       11,090       3,053       17,475         Other non-current liabilities       11,909       3,053       17,475         Other non-current liabilities       189       1,157       3,453         Income tax payable       137       3,447       -         Total non-current liabilities       23,390       23,592       58,358         Total non-current liabilities       26       515,671       406,582         Equity       25,592       25,591       25,591			,	1,024
Finance lease liabilities       13,507       15,213       10,809         Income tax payable       3,033       3,173         Tax payable other than income tax       8,034       9,647       7,440         Other current liabilities       26       36       29         Total current liabilities       26       36       29         Total current liabilities       26       36       29         Non-current liabilities       -       8,607       -         Non-current liabilities       3,439       2,998       4,303         Pension obligations       3,439       2,998       4,303         Finance lease liabilities       3,439       2,998       4,303         Pension obligations       3,439       2,998       4,303         Pension obligations       3,746       3,445       4,903         Income tax payable       11,090       3,053       17,475         Other non-current liabilities       189       1,157       3,437         Total non-current liabilities       23,390       23,592       58,358         Total lanon-current liabilities       26       515,671       406,582         Equity       2       25,592       25,591       4,163       4,163	Provisions	2,532	2,130	1,531
Income tax payable $5,549$ $3,033$ $3,173$ Tax payable other than income tax $8,034$ $9,647$ $7,440$ Other current liabilities $26$ $36$ $29$ Total current liabilities $580,536$ $483,472$ $348,224$ Liabilities of disposal group classified as held for sale $ 8,607$ $-$ Non-current liabilities $4,308$ $9,346$ $25,251$ Interest-bearing loans and borrowings $3,439$ $2,998$ $4,303$ Finance lease liabilities $3,746$ $3,445$ $4,903$ Finance lease liabilities $11,909$ $3,053$ $17,475$ Other current liabilities $11,909$ $3,053$ $17,475$ Other current liabilities $137$ $3,447$ $-$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total non-current liabilities $25,592$ $25,591$ $25,592$ $25,592$ $25,592$		,	1,072	877
Tax payable other than income tax		-	· · · · · · · · · · · · · · · · · · ·	,
26 $36$ $29$ Total current liabilities $580,536$ $483,472$ $348,224$ Liabilities of disposal group classified as held for sale $ 8,607$ $-$ Non-current liabilities $ 8,607$ $-$ Interest-bearing loans and borrowings $4,308$ $9,346$ $25,251$ Provisions $3,439$ $2.998$ $4,303$ Pension obligations $3,445$ $4,903$ Deferred tax liabilities $481$ $146$ $2,973$ Deferred tax liabilities $11,090$ $3,053$ $17,475$ Other on-current liabilities $137$ $3,447$ $-$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total liabilities $603,926$ $515,671$ $406,582$ Equity $28,322$ $25,592$ $25,591$ Additional paid-in capital $28,322$ $25,592$ $25,591$ Accumulated other comprehensive income (loss) $445$ $1,018$ $(11)$ Accumulated deficit $(301,565)$ $(186,272)$ $(53,564)$ Equ		· · · · · · · · · · · · · · · · · · ·	· · · · ·	,
Total current liabilities $\overline{580,536}$ $483,472$ $348,224$ Liabilities of disposal group classified as held for sale. $ 8,607$ $-$ Non-current liabilities $ 8,607$ $-$ Provisions. $4,308$ $9,346$ $25,251$ Provisions. $3,439$ $2,998$ $4,303$ Finance lease liabilities $3,746$ $3,445$ $4,903$ Preferred tax liabilities $11,090$ $3,053$ $17,475$ Other non-current liabilities $189$ $1.157$ $3,447$ Total non-current liabilities $137$ $3,447$ $-$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total liabilities $603,926$ $515,671$ $406,582$ Equity $28,322$ $25,592$ $25,591$ Accumulated other comprehensive income (loss) $445$ $1,018$ (11)         Accumulated other comprehensive income (loss) $445$ $1,018$ (11)         Accumulated other comprehensive income (loss) $445$ $1,018$ (11)         Accumulated other comprehensive income (loss)<		-	· · · · ·	
Liabilities of disposal group classified as held for sale				
Non-current liabilities       4,308       9,346       25,251         Interest-bearing loans and borrowings       3,439       2,998       4,303         Provisions       3,449       2,998       4,303         Pension obligations       3,746       3,445       4,903         Finance lease liabilities       481       146       2,973         Deferred tax liabilities       11,090       3,053       17,475         Other non-current liabilities       137       3,447       -         Total non-current liabilities       23,390       23,592       58,358         Total liabilities       603,926       515,671       406,582         Equity       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       5,948       8,253       9,500         Non-controlling interests       5,948       8,253       9,500		580,530	<i>,</i>	348,224
Interest-bearing loans and borrowings.       4,308       9,346       25,251         Provisions.       3,439       2,998       4,303         Pension obligations       3,746       3,445       4,903         Finance lease liabilities       481       146       2,973         Deferred tax liabilities       11,090       3,053       17,475         Other non-current liabilities       189       1,157       3,443         Total non-current liabilities       23,390       23,592       58,358         Total inabilities       603,926       515,671       406,582         Equity       24,163       4,163       4,163       4,163         Preferred shares       833       833       833       833         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO.       5,948       8,253       9,500         Non-controlling interests       5,948       8,253       9,500         Total equity       (146,413)       (13,488)       (146,413)       (13,488)	Liabilities of disposal group classified as held for sale		8,607	
Provisions		4 209	0.246	25 251
Pension obligations $3,746$ $3,445$ $4,903$ Finance lease liabilities $481$ $146$ $2,973$ Deferred tax liabilities $11,090$ $3,053$ $17,475$ Other non-current liabilities $189$ $1,157$ $3,447$ $-$ Total non-current liabilities $137$ $3,447$ $ 23,390$ $23,592$ $58,358$ Total inductional paid-in capital $603,926$ $515,671$ $406,582$ Equity $4,163$ $4,163$ $4,163$ $4,163$ Preferred shares $833$ $833$ $833$ Additional paid-in capital $28,322$ $25,592$ $25,591$ Accumulated deficit $(301,565)$ $(186,272)$ $(53,564)$ Equity attributable to equity shareholders of Mechel PAO $5,948$ $8,253$ $9,500$ Non-controlling interests $5,948$ $8,253$ $9,500$		,	,	,
Finance lease liabilities $481$ $146$ $2,973$ Deferred tax liabilities $11,090$ $3,053$ $17,475$ Other non-current liabilities $189$ $1,157$ $3,443$ Income tax payable $137$ $3,447$ $-$ Total non-current liabilities $603,926$ $515,671$ $406,582$ Equity $603,926$ $515,671$ $406,582$ Common shares $4,163$ $4,163$ $4,163$ Preferred shares $833$ $833$ $833$ Additional paid-in capital $28,322$ $25,592$ $25,591$ Accumulated other comprehensive income (loss) $445$ $1,018$ $(11)$ Accumulated deficit $(301,565)$ $(186,272)$ $(53,564)$ Equity attributable to equity shareholders of Mechel PAO $5,948$ $8,253$ $9,500$ Non-controlling interests $5,948$ $8,253$ $9,500$ Total equity $(146,413)$ $(13,488)$			,	,
Deferred tax liabilities $11,090$ $3,053$ $17,475$ Other non-current liabilities $189$ $1,157$ $3,453$ Income tax payable $137$ $3,447$ $-$ Total non-current liabilities $23,390$ $23,592$ $58,358$ Total liabilities $603,926$ $515,671$ $406,582$ Equity $28,322$ $25,592$ $25,592$ $25,592$ Accumulated other comprehensive income (loss) $445$ $1,018$ $(11)$ Accumulated deficit $(301,565)$ $(186,272)$ $(53,564)$ Equity attributable to equity shareholders of Mechel PAO $5,948$ $8,253$ $9,500$ Non-controlling interests $5,948$ $8,253$ $9,500$	8	,		,
Income tax payable137 $3,447$ -Total non-current liabilities23,39023,59258,358Total liabilities603,926515,671406,582Equity $603,926$ 515,671406,582Common shares4,1634,1634,163Preferred shares833833833Additional paid-in capital28,32225,59225,591Accumulated other comprehensive income (loss)4451,018(11)Accumulated deficit(301,565)(186,272)(53,564)Equity attributable to equity shareholders of Mechel PAO5,9488,2539,500Non-controlling interests5,9488,2539,500Total equity(261,854)(146,413)(13,488)				,
Total non-current liabilities       23,390       23,592       58,358         Total liabilities       603,926       515,671       406,582         Equity       603,926       515,671       406,582         Equity       4,163       4,163       4,163         Preferred shares       833       833       833         Additional paid-in capital       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       5,948       8,253       9,500         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	Other non-current liabilities	189	1,157	3,453
Total liabilities       603,926       515,671       406,582         Equity       4,163       4,163       4,163       4,163         Common shares       833       833       833         Additional paid-in capital       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       5,948       8,253       9,500         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	Income tax payable	137	3,447	-
Equity       4,163       4,163       4,163         Preferred shares       833       833       833         Additional paid-in capital       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	Total non-current liabilities	23,390	23,592	58,358
Common shares       4,163       4,163       4,163         Preferred shares       833       833       833         Additional paid-in capital       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	Total liabilities	603,926	515,671	406,582
Preferred shares       833       833       833         Additional paid-in capital       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	Equity	11/2	1.1.0	1.1.00
Additional paid-in capital       28,322       25,592       25,591         Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)		,	· · · · ·	,
Accumulated other comprehensive income (loss)       445       1,018       (11)         Accumulated other comprehensive income (loss)       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)				
Accumulated deficit       (301,565)       (186,272)       (53,564)         Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	1 1	,	,	
Equity attributable to equity shareholders of Mechel PAO       (267,802)       (154,666)       (22,988)         Non-controlling interests       5,948       8,253       9,500         Total equity       (261,854)       (146,413)       (13,488)	1		-	· · ·
Total equity	Equity attributable to equity shareholders of Mechel PAO			
	Non-controlling interests			9,500
Total equity and liabilities         342,072         369,258         393,094		<u> </u>	· · · · ·	
	Total equity and liabilities	342,072	369,258	393,094

# **Consolidated statement of profit (loss) and other comprehensive income (loss)** (All amounts are in millions of Russian rubles)

	Year ended December 31, 2015	Year ended December 31, 2014
Continuing operations	252.141	2.12.002
Revenue Cost of goods sold	253,141 (151,334)	243,992 (153,057)
Gross profit	101,807	90,935
Gross pront	101,007	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Selling and distribution expenses	(51,117)	(55,661)
Loss on write-off of property, plant and equipment	(691)	(661)
Impairment of goodwill and other non-current assets	(1,460)	(7,996)
Allowance for doubtful accounts	(1,464)	(3,671)
Taxes other than income taxes	(5,853)	(6,469)
Allowance for amounts due from related parties	(43)	(126)
Administrative and other operating expenses	(17,300)	(16,315)
Other operating income	189	851
Total selling, distribution and operating expenses, net	(77,739)	(90,048)
Operating profit	24,068	887
Financa income	102	107
Finance income	183	107
Finance costs	(60,452) (71,106)	(28,110) (103,176)
Foreign exchange gain (loss), net Share of profit of associates	(71,100)	(103,170)
Other income	526	684
Other expenses	(347)	(1,486)
	(131,196)	(131,974)
Total other income and (expense), net		
Loss before tax from continuing operations	(107,128)	(131,087)
Income tax (expense) benefit	(8,322)	8,822
Loss for the year from continuing operations	(115,450)	(122,265)
Discontinued encontinue		
Discontinued operations Profit (loss) after tax for the year from discontinued operations, net	822	(11,702)
Loss for the year	(114,628)	(133,967)
Attributable to:		
Equity holders of the parent	(115,163)	(132,704)
Non-controlling interests	535	(1,263)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent		
periods, net of income tax:	295	1,170
Exchange differences on translation of foreign operations	295	1,168
Net gain on available for sale financial assets	8	2
	0	-
Other comprehensive loss not to be reclassified to profit or loss in subsequent		
periods, net of income tax:	(194)	(127)
Re-measurement losses on defined benefit plans	(194)	(127)
Other comprehensive income for the year, net of tax	101	1,043
Total comprehensive loss for the year, net of tax	(114,527)	(132,924)
1 0 /		
Attributable to:		
Equity holders of the parent	(115,064)	(131,675)
Non-controlling interests	537	(1,249)
Earnings (loss) per share		
Weighted average number of common shares	416,270,745	416,270,745
Basic and diluted, loss for the year attributable to ordinary equity holders of the		
parent	(276.65)	(318.79)
Loss per share from continuing operations (Russian rubles per share) basic and	(,	()
diluted	(278.44)	(289.96)
Earnings (loss) per share from discontinued operations (Russian rubles per share)	1.79	(28.83)
		· · · · · /

## **Consolidated statement of Cash Flows** (All amounts are in millions of Russian rubles, unless stated otherwise)

(All amounts are in millions of Russian rubles, unless stated otherwise)	Year ended Dec	cember 31,
	2015	2014
Cash flows from operating activities		
Net loss Profit) loss from discontinuing operations, net of income tax	(114,628)	(133,967
Net loss from continuing operations, net of income tax	(822) (115,450)	11,70 (122,265
ver loss nom continuing operations	(115,450)	(122,205
Adjustments to reconcile net loss from continuing operations to net cash provided		
by operating activities:	12 207	12 (2)
Depreciation	12,397	12,63
Depletion and amortization	1,688	1,79
Foreign exchange loss	71,106	103,17
Deferred income taxes	7,946	(15,525
Allowance for doubtful accounts	1,464	3,67
Allowance for amounts due from related parties	43	126
Write-off of accounts receivable	247	185
Write-off of taxes receivable	-	1,60
Write-offs of inventories to net realisable value	1,003	394
Revision in estimated cash flows of rehabilitation provision	(47)	(236)
Loss on write-off of property, plant and equipment	691	661
Impairment of goodwill and non-current assets	1,460	7,99
Loss (gain) on sale of property, plant and equipment	102	85
Gain on sale of investments	_	(483)
Gain on accounts payable with expired legal term	(222)	(37)
Pension benefit plan curtailment gain	(142)	(58)
Pension service cost and actuarial loss, other expenses	192	52
Finance income	(183)	(107)
Finance costs	60,452	28,11
Other	480	1,49
Changes in working capital items :		• • • •
Trade and other receivables	4,719	2,08
Inventories	1,873	14,56
Trade and other payables	(7,972)	(1,640
Advances received	(664)	62
Taxes payable and other current liabilities	(1,465)	8,77
Settlements with related parties	(275)	(29)
Other current assets	997	(822)
Interest received	25	22
Interest paid	(28,910)	(14,963
Income taxes paid	(1,437)	(2,509
Net operating cash flows of discontinued operations	(136)	(745)
Net cash provided by operating activities	9,982	28,07
Cash flows from investing activities		
Cash flows from investing activities Monthly installments for acquisition of DEMP	(4,819)	(3,223)
Proceeds from disposal of securities	143	538
Loans issued and other investments	(6)	(36)
Proceeds from disposal of Bluestone	101	(30)
Proceeds from disposal of subsidiaries	76	632
-	70	
Purchases available for sale securities	-	(113)
Proceeds from loans issued	15	151
Proceeds from disposals of property, plant and equipment	405	830
Purchases of property, plant and equipment	(5,076)	(11,365)
Purchases of mineral licenses and other related payments	(71)	-
Interest paid, capitalized	(830)	(5,141)
Net investing cash flows of discontinued operations		(12)
Net cash used in investing activities	(10,062)	(17,739)
Cash flows from financing activities		
Proceeds from borrowings	13.875	64,469
	(11,896)	(77,761)
Repayment of horrowings		
		(4)
Dividends paid	(4)	(1)
Dividends paid Dividends paid to noncontrolling interest	(1)	(6)
Dividends paid Dividends paid to noncontrolling interest Acquisition of noncontrolling interest in subsidiaries	(1) (1)	(1,425)
Dividends paid Dividends paid to noncontrolling interest Acquisition of noncontrolling interest in subsidiaries Repayment of obligations under finance lease	(1)	(1,425) (1,863)
Repayment of borrowings Dividends paid Dividends paid to noncontrolling interest Acquisition of noncontrolling interest in subsidiaries Repayment of obligations under finance lease Sale leaseback proceeds Net financing cash flows of discontinued operations	(1) (1)	(1,425)

Net cash used in financing activities	(704)	(16,020)
Effect of exchange rate changes on cash and cash equivalents Net decrease in cash and cash equivalents	<u> </u>	<u>901</u> ( <b>4,786</b> )
Cash and cash equivalents at beginning of period	1,344	6,130
Cash and cash equivalents at end of period	891	1,344