



3M 2011 Financial Results Presentation

May 23, 2011

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Eduard Alekseenko

First Deputy Chief Executive Officer



Anton Rummyantsev

Investor Relations Manager

Table of Contents



I.	Business Review	5
II.	Operational Highlights	8
III.	Financial Performance	13
IV.	Appendix	21

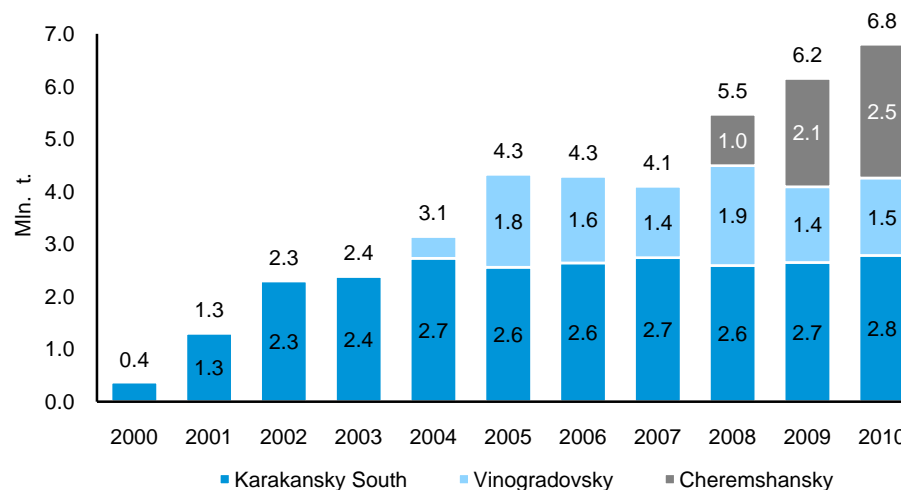


Section I

Business Review

- One of the fastest-growing thermal coal producers in Russia.
- One of major suppliers of coal in Western Siberia.
- In 2010 the Company became 7th largest coal producer in Russia.⁽¹⁾
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production and distribution infrastructure:
 - ▲ 6.80 mln. t. of thermal coal produced in 2010;
 - ▲ 100% high-quality grade “D” thermal coal under Russian classification;
 - ▲ 402 mln. t. of coal resources and 185 mln. t. of proven and probable reserves⁽²⁾;
 - ▲ Structural capacity⁽³⁾ of 11 mln. t.;
 - ▲ Developed railway network and facilities;
 - ▲ Enrichment plant with 2 mln. t. input capacity.
- Utilization of modern and high-performance equipment fleet supporting efficient low-cost production - US\$17 per t. of coal VS US\$26 per. t. average in Russia.⁽⁴⁾
- Diversified sales capabilities balanced between domestic market (4.8 mln. t. sold in 2010) and export markets (3.7 mln. t.).
- One of the largest retail coal distribution networks in Western Siberia.
- Employing about 4,000 people.
- KTK shares are quoted on RTS and MICEX (ticker: KBTK).
- 66% of share capital is owned by the management (I. Prokudin - 50%, V. Danilov – 16%), free-float – 34%.

Coal production history with open-pit mine breakdown



Source: Company

Key operating and financial indicators⁽¹⁾

US\$ Mln.	2008	2009	2010
Coal sales (mln.t.)	7.5	7.4	8.5
incl. purchased coal	2.3	1.4	2.2
Revenue	344	336	466
% of growth	128%	-2%	39%
EBITDA ⁽²⁾	87	69	70
% margin	25%	20%	15%
Net Income	44	21	27
% margin	13%	6%	6%

Source: audited IFRS FS for 2009-2010 in which all amounts are presented in RUR, Company

- (1) - In the table US\$ are converted from RUR using average Central Bank of the Russian Federation exchange rates for each year (2008: 24.86 RUR/US\$; 2009: 31.72 RUR/US\$; 2010: 30.38 RUR/US\$)
- (2) - EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

(1) - Metal Expert, January 2011

(2) - Run-of-mine coal, JORC classification;

(3) - Here and further through the presentation structural capacity means the maximum production capacity that the Company believes could be achieved (taking into account projected stoppages for planned repair and maintenance) in an annual period if the Company were able to process all the coal that could be mined using the Company's existing mine facilities after acquisition of certain mining and transportation equipment in accordance with its current capital expenditure program

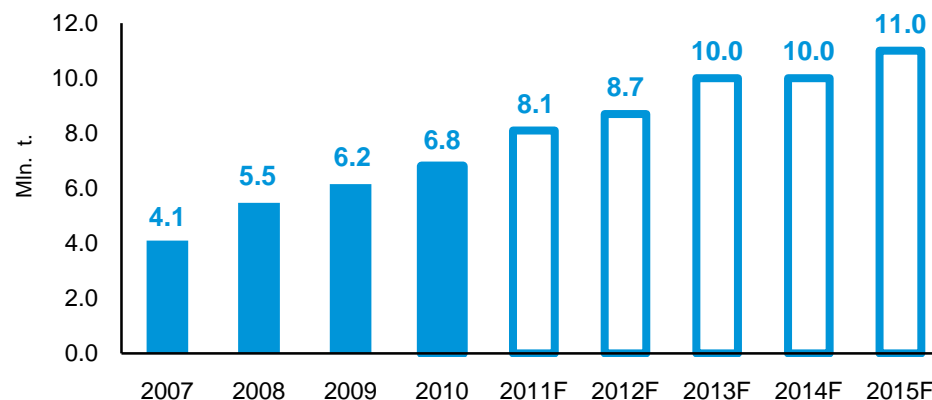
(4) - AME Mineral Economics, Thermal Coal Cost Report 2010, for KTK – Company

II. KTK Production Growth Prospects



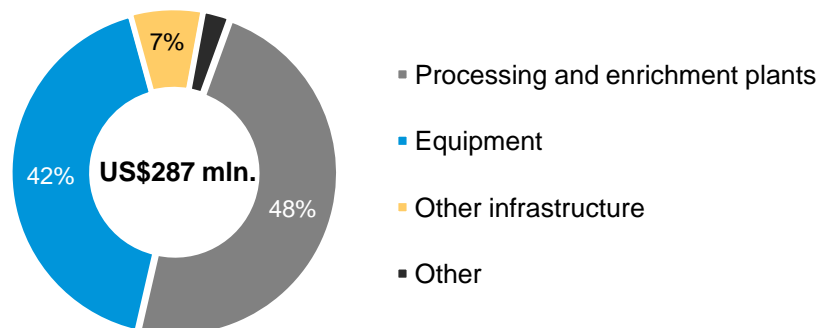
- The Company has established most of the infrastructure required to sustain production at the level of the structural capacity⁽¹⁾ of the existing mining facilities – 11 mln. t. per year
 - ▲ Modern high-performance mining and transportation equipment (Komatsu, P&H and BelAZ);
 - ▲ 100% of coal transported to the Russian Railway network by the Company's own railway company (70 km of railroads, 6 railway stations, 12 mln. t. p.a. capacity);
 - ▲ Own repair and maintenance services;
 - ▲ Own power infrastructure.
- In August 2010 the Company has commissioned its first coal enrichment plant with 2 mln. t. annual capacity. Furthermore, in the period of 2012-2013, the Company plans to commission another 2 coal enrichment facilities that will increase the total installed annual capacity to 10.1 mln. t.
- Enrichment facilities will allow the Company to enhance its ability to provide quality products to its clients, reduce operational losses, expand its export capabilities and enter into new and perspective markets

Historical production volume and attainment of structural capacity⁽¹⁾



Source: Company

Company's investment program⁽²⁾, 2010-2015

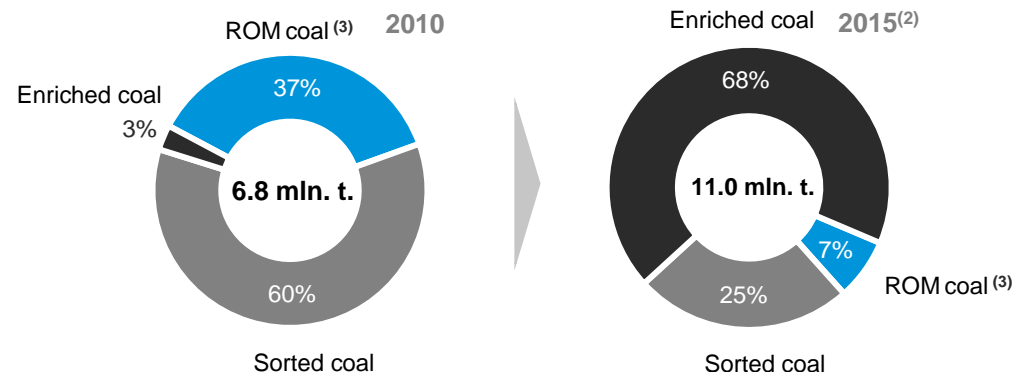


Source: Company

(1) - subject to the attainment of the structural capacity by 2015 and CAPEX plan

(2) - net of VAT, converted to RUR at 30 RUR/US\$ exchange rate

Targeted production composition



Source: Company

(1) - subject to production on 3 current open-pit mines

(2) - subject to the attainment of the structural capacity by 2015 and CAPEX plan

(3) - Run-of-mine coal, ready for sale upon extraction without any processing



Section II

Operational Highlights

VI. Operational highlights



Seasonal decrease in coal extraction QOQ, but growth YOY

- ▶ In Q1 2011 the Company produced 1.83 mln. tonnes of coal, decreasing production volume by 17% QOQ (Q4 2010: 2.21 mln. tonnes).
- ▶ The volume of coal production increased by 22% YOY (Q1 2010: 1.50 mln. tonnes).

Sorted coal volumes stability QOQ and growth YOY

- ▶ The volume of coal sorted by coal-crushing and screening units remained constant with the level of Q4 at 1.17 mln. tonnes (Q4 2010: 1.16 mln. tonnes).
- ▶ Compared to a result of Q1 2010 (0.91 mln. tonnes) the volume of sorted coal increased by 30%.

Seasonal QOQ decrease in coal sales volume, but growth in average realised price

- ▶ The volume of coal sales in Q1 2011 decreased by 12% QOQ to 2.43 mln. tonnes (Q4 2010: 2.75 mln. tonnes). Compared to Q1 2010 coal sales increased by 26% from 1.93 mln. tonnes.
- ▶ In Q1 2011 the average price ⁽¹⁾ of coal increased by 11% QOQ to RUR 1,155 per tonne (Q4 2010: RUR 1,041 per tonne ⁽¹⁾). Compared to a net average price of Q1 2010 (US\$ 874 per tonne), the price in the reported quarter increased by 32%.

Key production cost drivers growth

- ▶ The quarterly average stripping ratio increased by 32% QOQ to 8.0x (Q4 2010: 6.1x) and by 25% YOY (Q1 2010: 6.4x)
- ▶ The blasted rock mass increased by 7% to 7.2 mln. cbm. (Q4 2010: 6.8 mln. cbm.) and by 12% YOY (Q1 2010: 6.4 mln. cbm.)
- ▶ The average stripping transportation distance extended by 10% QOQ to 2.6 km. (Q4 2010: 2.4 km.), but decreased by 6% YOY (Q1 2010: 2.8 km.)

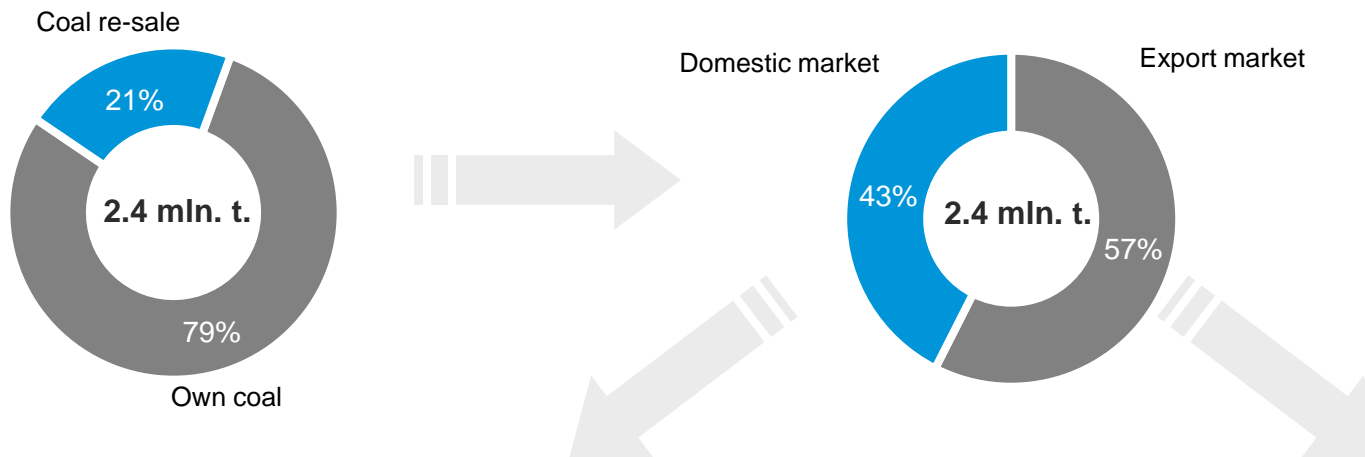
Transportation costs hedging policy execution

- ▶ During Q1 2011 the Company's JV "Kuzbasskaya Transportnaya Company" ⁽²⁾ increased its fleet from 2.2 th. to 2.7 th. of railroad cars. These cars are rented by KTK at a long-term fixed price.

(1) - Net of VAT and railroad costs;

(2) - As at 31 March 2011 the Company owned 45% share in "Kuzbasskaya Transportnaya Company" LLC.

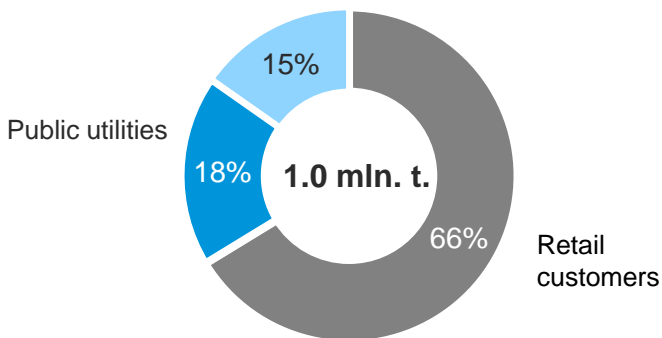
IV. Q1 2011 Coal sales breakdown



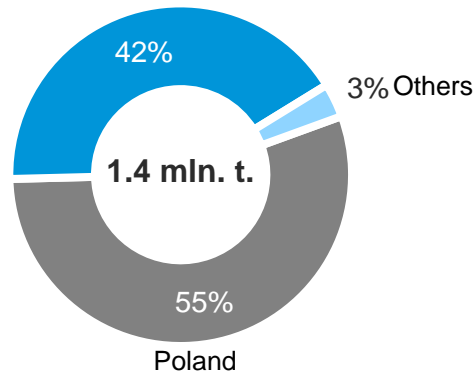
Domestic market

Export

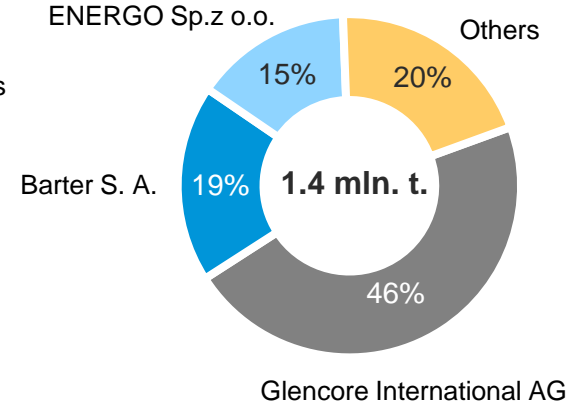
Power generating companies (TGK/OGK)



China and South Korea



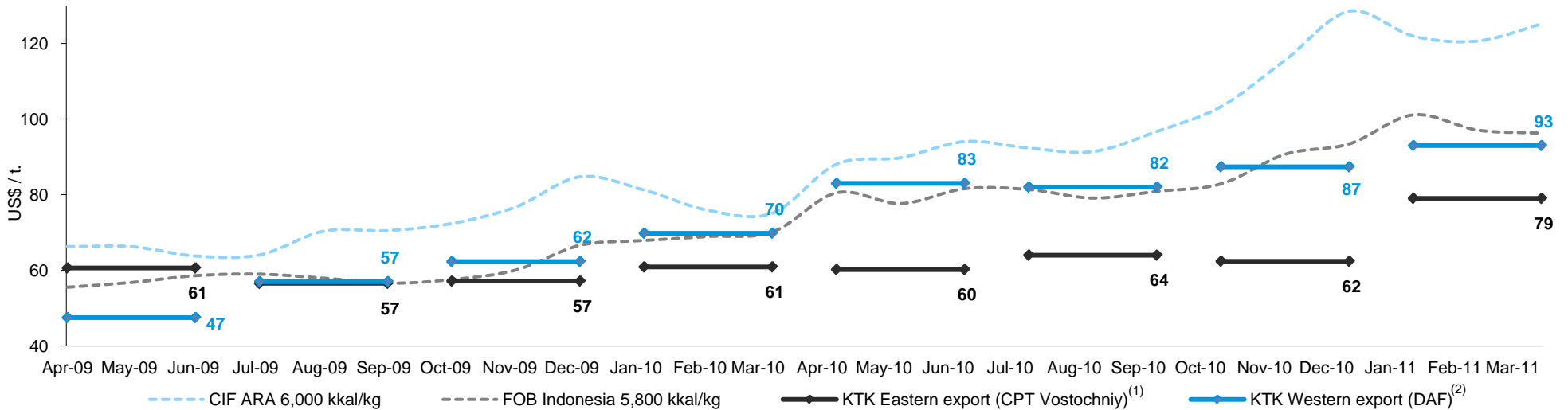
ENERGO Sp.z o.o.



IV. Average realised prices VS benchmarks

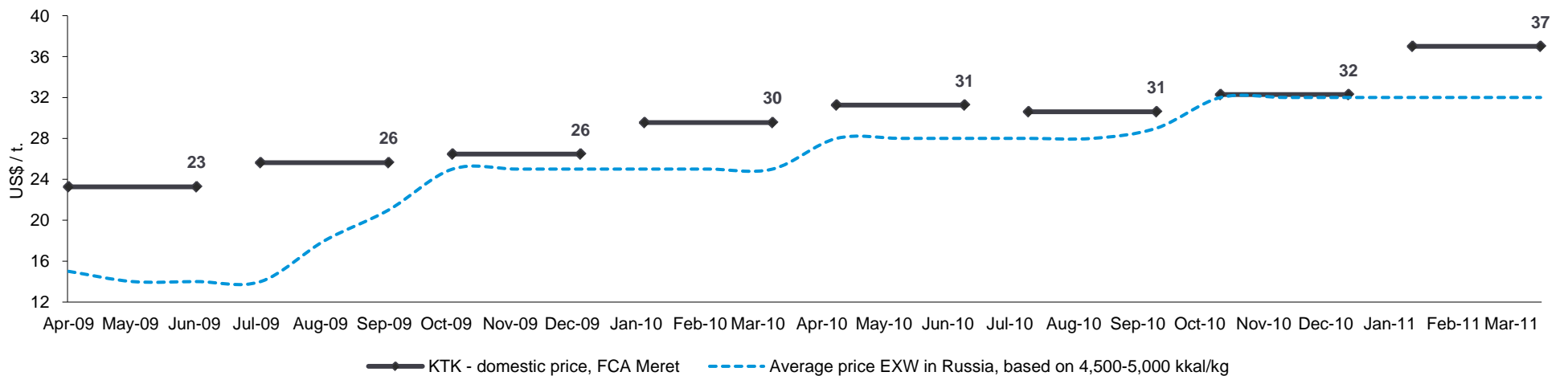


KTK realized export prices vs. international FOB and CIF benchmarks, US\$/t



Source: Company, Argus for FOB Indonesia and CIF ARA

KTK FCA prices vs. Russian EXW benchmark, \$US/t

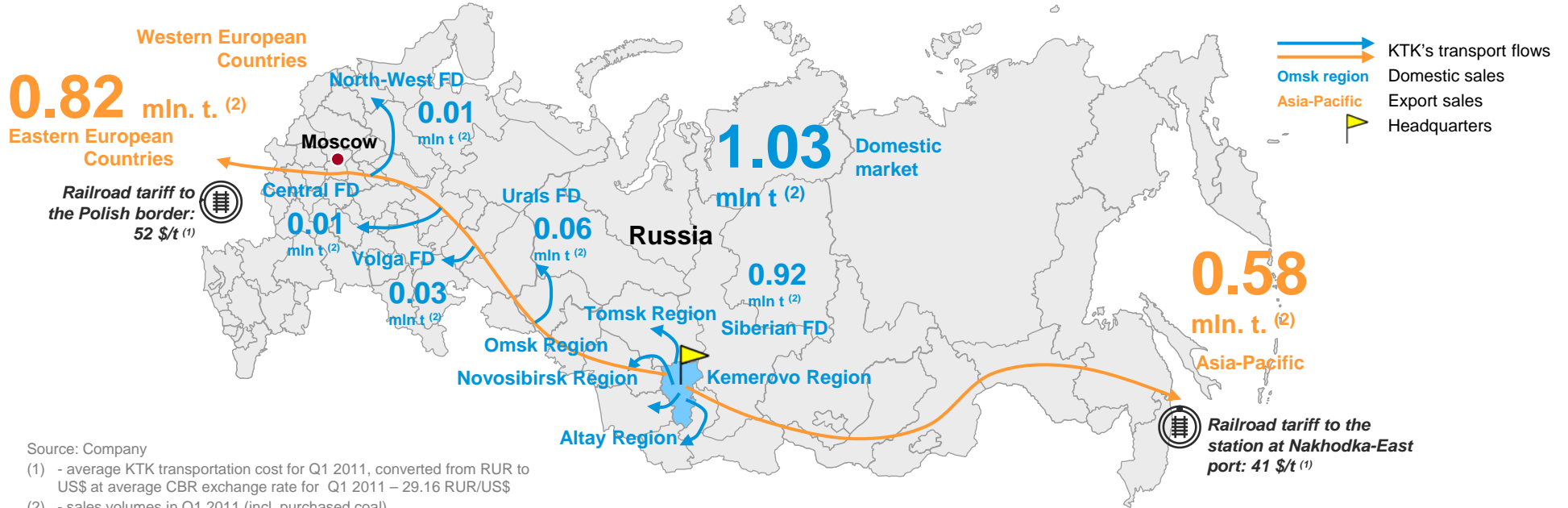


Source: Company, Metal Expert for average EXW prices in Russia

(1) - Average KTK realized Eastern shipments price CPT Vostochniy

(2) - Average KTK realized quarterly Western shipments price DAF, excluding shipments to Ukraine

IV. Distribution map

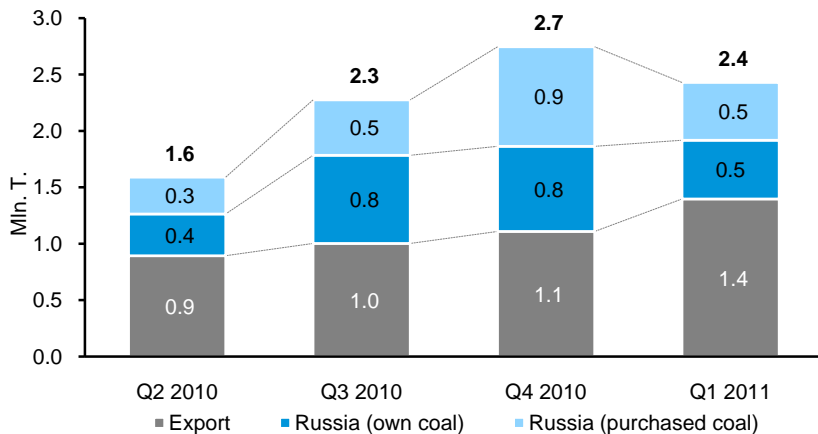


Source: Company

(1) - average KTK transportation cost for Q1 2011, converted from RUR to US\$ at average CBR exchange rate for Q1 2011 – 29.16 RUR/US\$

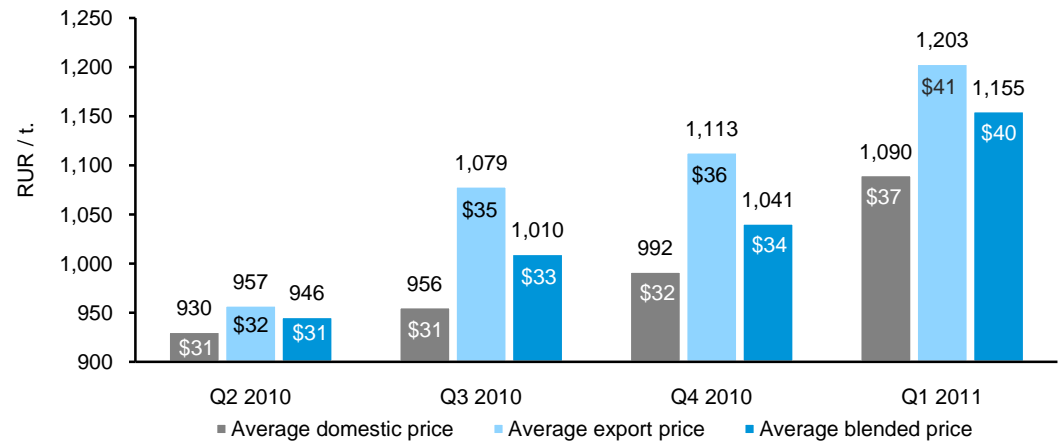
(2) - sales volumes in Q1 2011 (incl. purchased coal)

Quarterly coal sales breakdown by market



Source: Company

Average quarterly domestic and export prices comparison (1)



Source: Company

(1) - prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to US\$ using average Central Bank of the Russian Federation exchange rates for each quarter (Q2 2010: 30.24 RUR/US\$; Q3 2010: 30.62 RUR/US\$; Q4 2010: 30.72 RUR/US\$; Q1 2011: 29.16 RUR/US\$)



Section VI

Financial Performance

III. Financial Highlights Q1 2011



➤ **Revenue - RUR 5,245 mln.**  14% QoQ
US\$ 180 mln.⁽¹⁾

Revenue for Q1 2011 increased by 14% to RUR 5,245 mln. quarter-on-quarter (Q4 2010: RUR 4,584 mln.). Revenue gained 80% year-on-year (Q1 2010: RUR 2,918 mln.)

➤ **EBITDA – RUR 948 mln.**  4% QoQ
US\$ 33 mln.⁽¹⁾

Despite the seasonal decrease in sales volumes, the increase in coal prices on export and domestic markets resulted in a growth of the Company's earnings. Q1 2011 EBITDA increased by 4% quarter-on-quarter to RUR 948 mln. (Q4 2010: RUR 909 mln.). It also increased by 50% year-on-year (Q1 2010: RUR 631 mln.)

➤ **Net Profit – RUR 593 mln.**  26% QoQ
US\$ 20 mln.⁽¹⁾

During Q1 the net profit increased by 26% to RUR 593 mln. (Q4 2010: RUR 470 mln.). The net profit increased by 113% year-on-year (Q1 2010: RUR 279 mln.). Besides the growth in profit from continuous operations, net profit was positively affected by the foreign exchange gain and the reduction in interest expenses.

➤ **Net Debt - RUR 1,600 mln.**  -9% QoQ
US\$ 56 mln.⁽²⁾

As at 31 March 2011 Net Debt decreased to RUR 1,600 mln. It decreased by 9% quarter-on-quarter (Q4 2010: RUR 1,754 mln.), and by 62% year-on-year (Q1 2010: RUR 4,233 mln.). At the reporting date the Net Debt to EBITDA ratio was 0.7.

Source: unaudited 3M 2011 IFRS FS

(1) - Figures were converted to USD using average Central Bank of the Russian Federation exchange rates for Q1 2011 29.16 RUR/US\$

(2) - Figures were converted to USD using Central Bank of the Russian Federation exchange rates as at 31.03.2011 28.43 RUR/US\$

VI. Financial highlights. Revenue

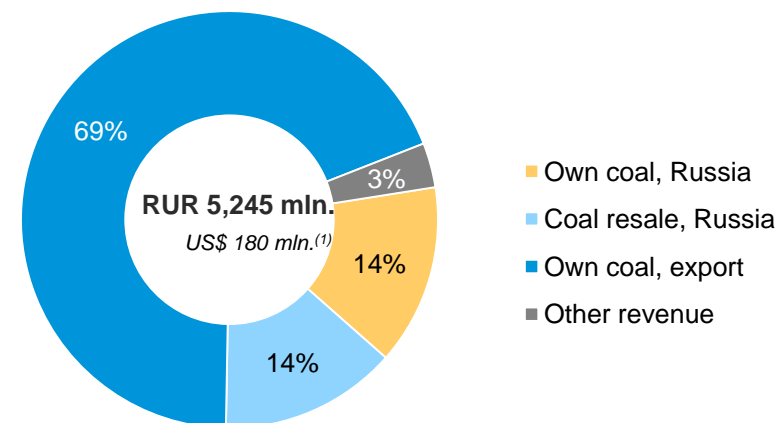


Key financial indicators

RUR mln.	Q1 2010	Q4 2010	Q1 2011
Revenue	2 918	4 584	5 245
Cost of sales	(2 295)	(3 489)	(4 135)
Gross profit	623	1 095	1 110
<i>Gross profit margin</i>	21%	24%	21%
SG&A and other expenses	(233)	(420)	(402)
EBITDA⁽²⁾	631	909	948
<i>EBITDA margin</i>	22%	20%	18%
Operating profit (EBIT)	390	675	708
<i>Operating margin</i>	13%	15%	13%
Net income	279	470	593
<i>Net income margin</i>	10%	10%	11%
Gross debt	4 285	2 211	2 067
Net debt	4 233	1 754	1 600

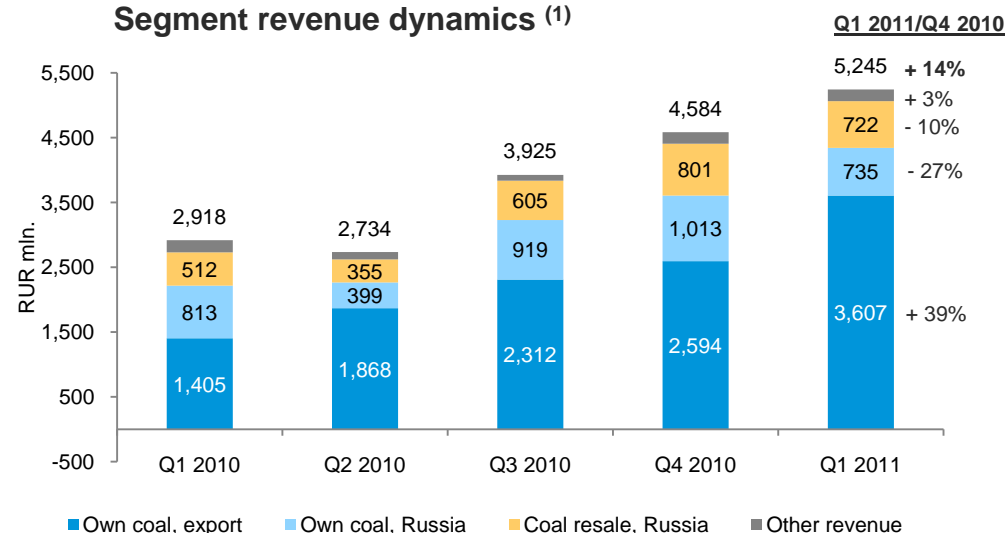
Source: unaudited 3M 2011, 9M 2010 IFRS FS, audited 12M 2010 FS

2010 Revenue breakdown by segments ⁽¹⁾



Source: unaudited 3M 2011 IFRS FS

Segment revenue dynamics ⁽¹⁾



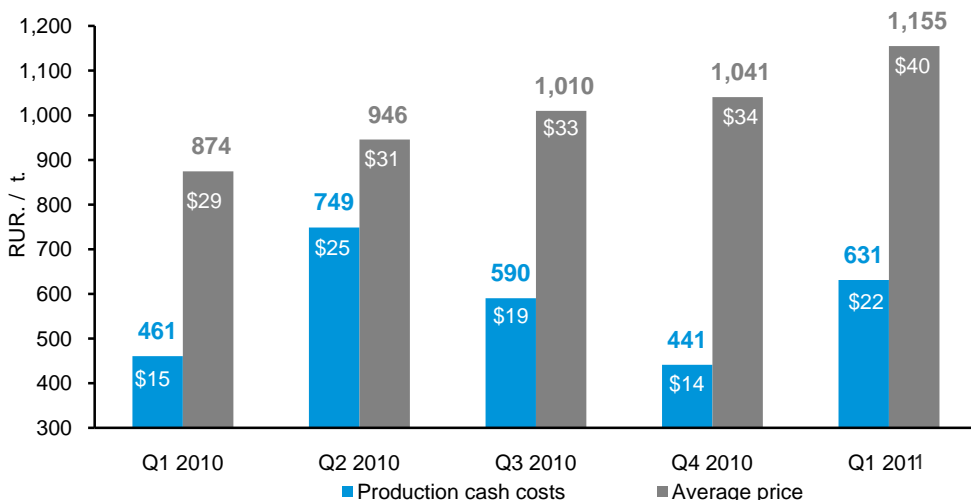
Source: unaudited 3M 2011, 6M -9M 2010 IFRS FS, audited 12M 2010 IFRS FS

(1) - Figures were converted to USD using average Central Bank of the Russian Federation exchange rates for Q1 2011 29.16 RUR/US\$
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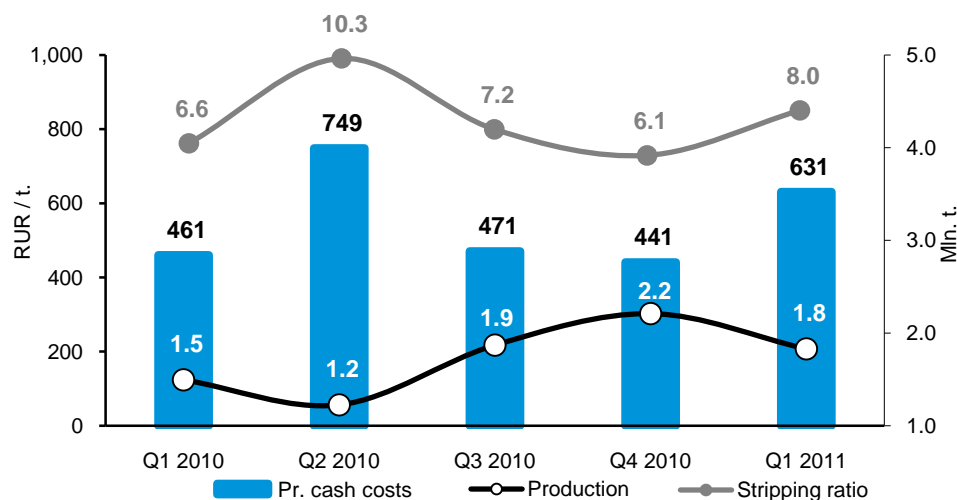
VI. Financial highlights. Production cash costs



Average realized price and production cash cost per 1 t. of coal ⁽¹⁾

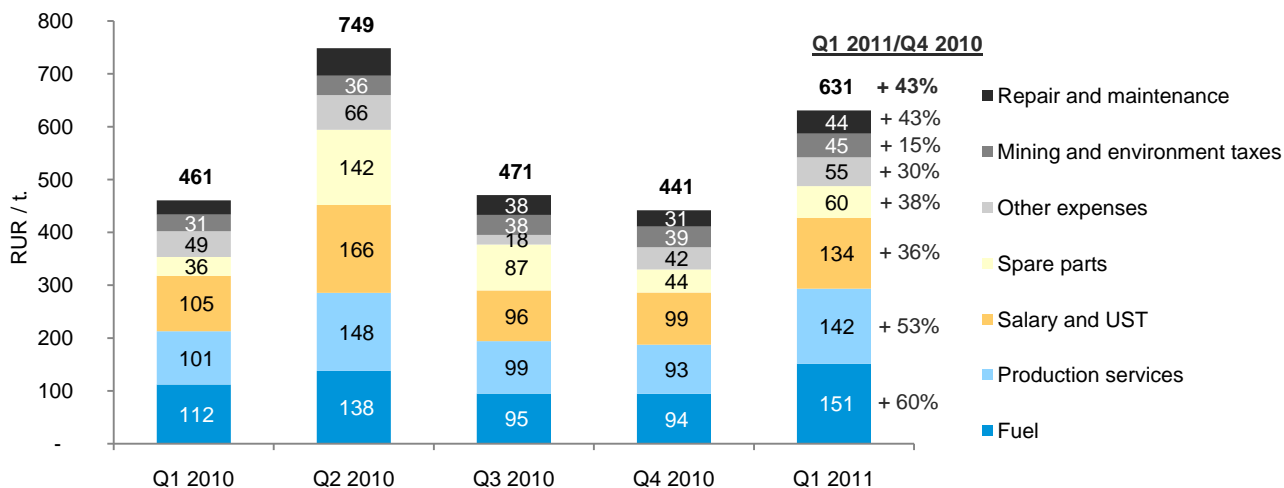


Quarterly production cash costs volatility

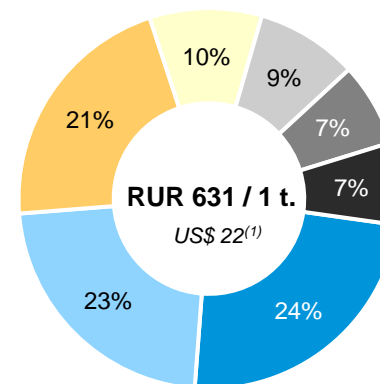


Source: Company, cash costs for Q1 2010-2011 extracted from unaudited 3M 2011, 6M -9M 2010 IFRS FS, audited 12M 2010 IFRS FS

Dynamics of production cash costs per 1 t. of coal produced



Production cash costs breakdown, Q1 2011 ⁽¹⁾



Source: unaudited 3M 2011, 6M -9M 2010 IFRS FS, audited 12M 2010 IFRS FS

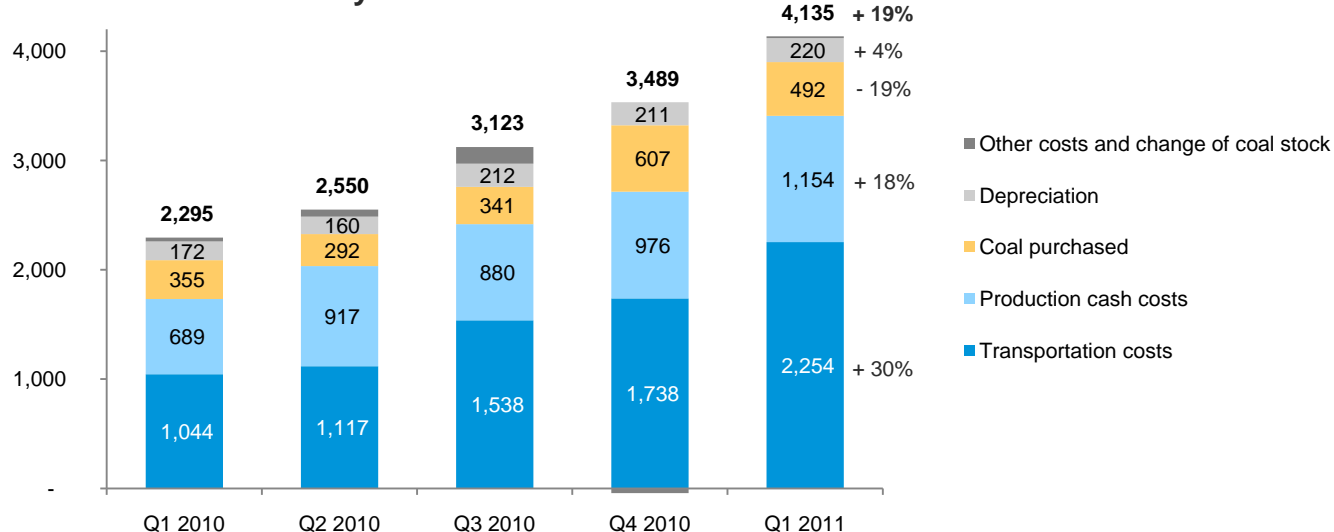
(1) - prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to US\$ using average Central Bank of the Russian Federation exchange rates for each quarter (Q1 2010: 29.85 RUR/US\$; Q2 2010: 30.24 RUR/US\$; Q3 2010: 30.62 RUR/US\$; Q4 2010: 30.72 RUR/US\$; Q1 2011: 29.16 RUR/US\$)

VI. Financial highlights. Cost of sales and EBITDA

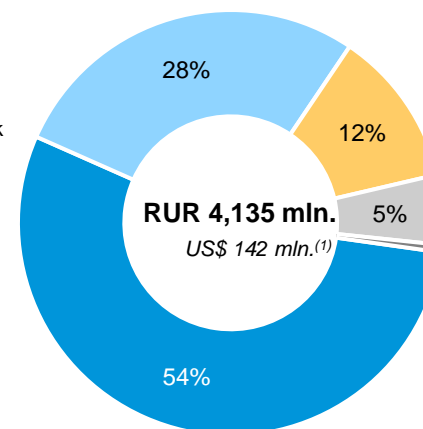


Cost of sales dynamics

Q1 2011/ Q4 2010



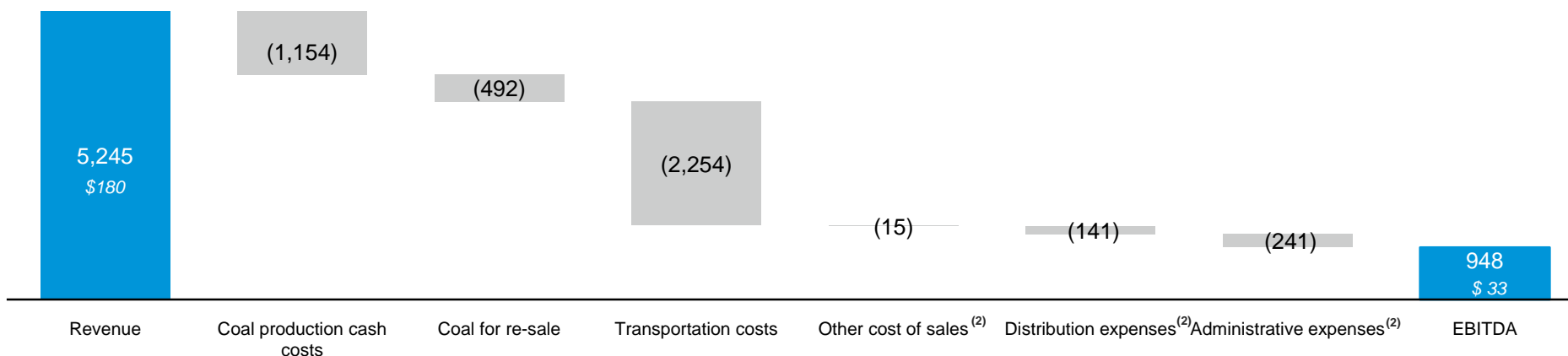
Cost of sales breakdown



Source: unaudited 3M 2011 IFRS FS

Source: unaudited 3M 2011, 6M -9M 2010 IFRS FS, audited 12M 2010 IFRS FS

Q1 EBITDA 2011 calculation, RUR mln. (1)



Source: unaudited 3M 2011 IFRS FS

(1) - US\$ figures were converted using average Central Bank of the Russian Federation exchange rates for Q1 2011 29.16 RUR/US\$

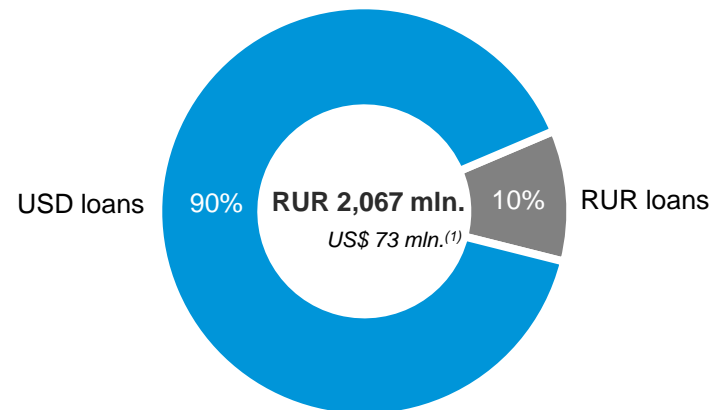
(2) - Net of depreciation and amortization

VI. Financial highlights. Indebtedness

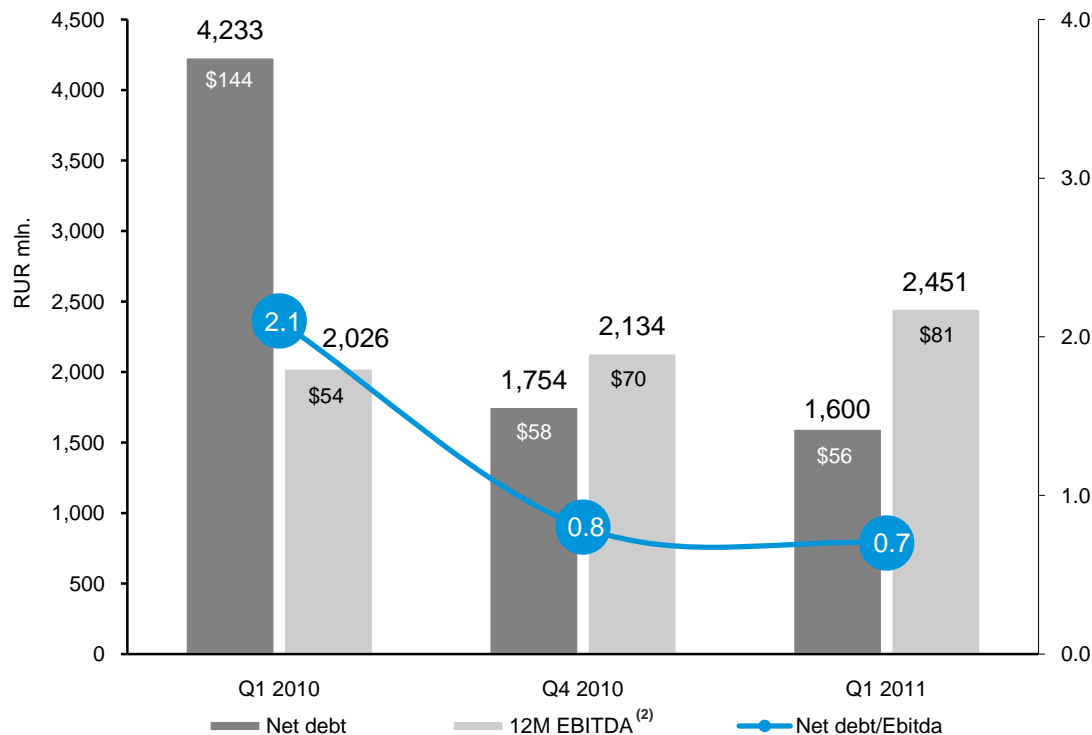


- During Q1 total debt of the Company reduced by 7% to RUR 2,067 mln. due to RUR appreciation to USD, which was also 7%.
- Interest In Q1 interest expense decreased by 15% to RUR 39 mln (Q4 2010: RUR 46 mln.)
- The average effective interest rate decreased to 7.4% p.a.
- Net Debt to EBITDA ratio reduced from 0.8 to 0.7.

Debt structure by currency as of 31 Mar 2010

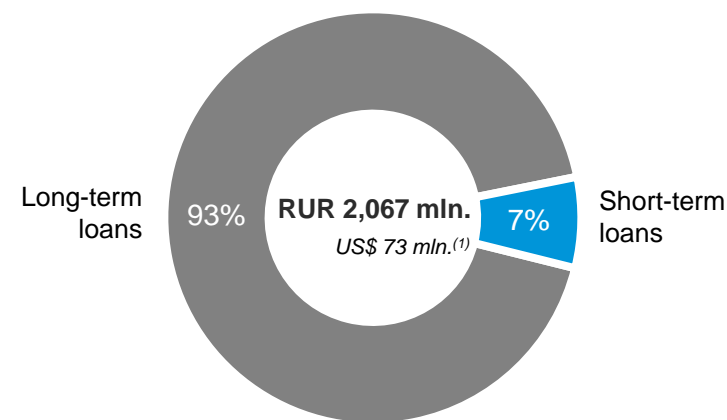


Net Debt to EBITDA(1)



Source: unaudited 3M 2011, audited 12M 2010 IFRS FS

Debt maturity structure



Source: unaudited 3M 2011 IFRS FS

(1) - US\$ net debt figures are converted using Central Bank of the Russian Federation exchange rates for the end of each quarter (Q1 2010: 29.36 RUR/USD; Q4 2010: 30.38 RUR/USD; Q1 2011: 28.43 RUR/USD), US\$ 12m EBITDA debt figures are converted using average Central Bank of the Russian Federation exchange rates for 12M prior to the end of each quarter (Q1 2010: 30.73 RUR/USD; Q4 2010: 30.38 RUR/USD; Q1 2011: 30.22 RUR/USD),

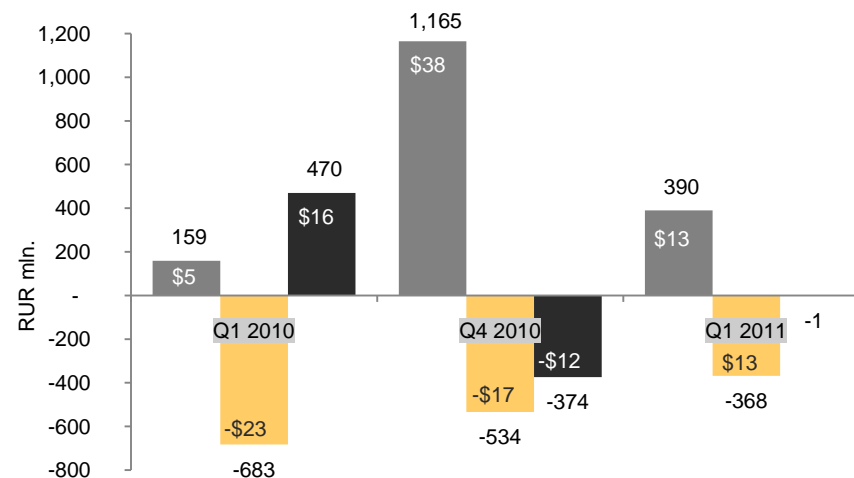
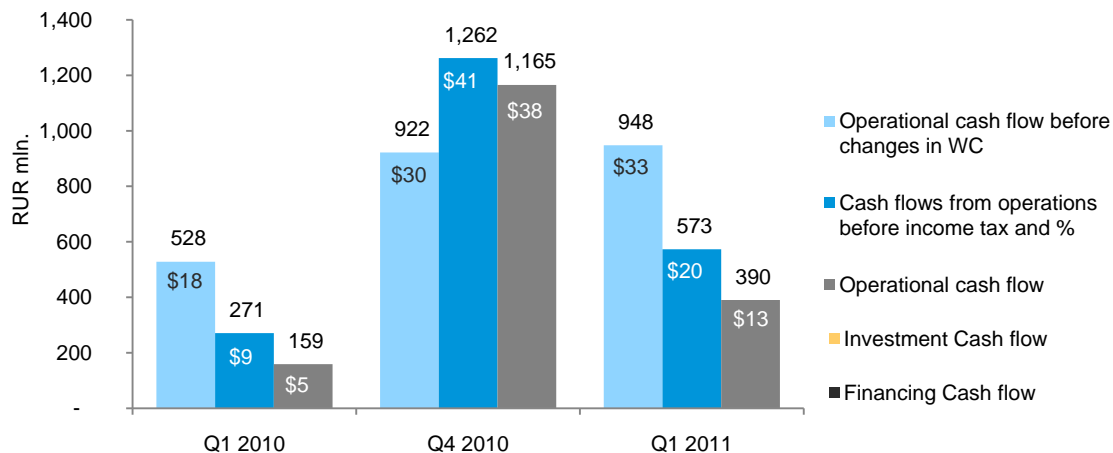
(2) - For the purpose of the Q4 2010 ratio calculation the aggregate of EBITDA for 12M 2010 was used. For the purpose of the Q1 2011 ratio calculation the aggregate of EBITDA for Q1 2011 and Q2-Q4 2010 was used. For the purpose of the Q1 2010 ratio calculation the aggregate of EBITDA for Q1 2010 and Q2-Q4 2009 was used.

III. Cash Flow and Working Capital



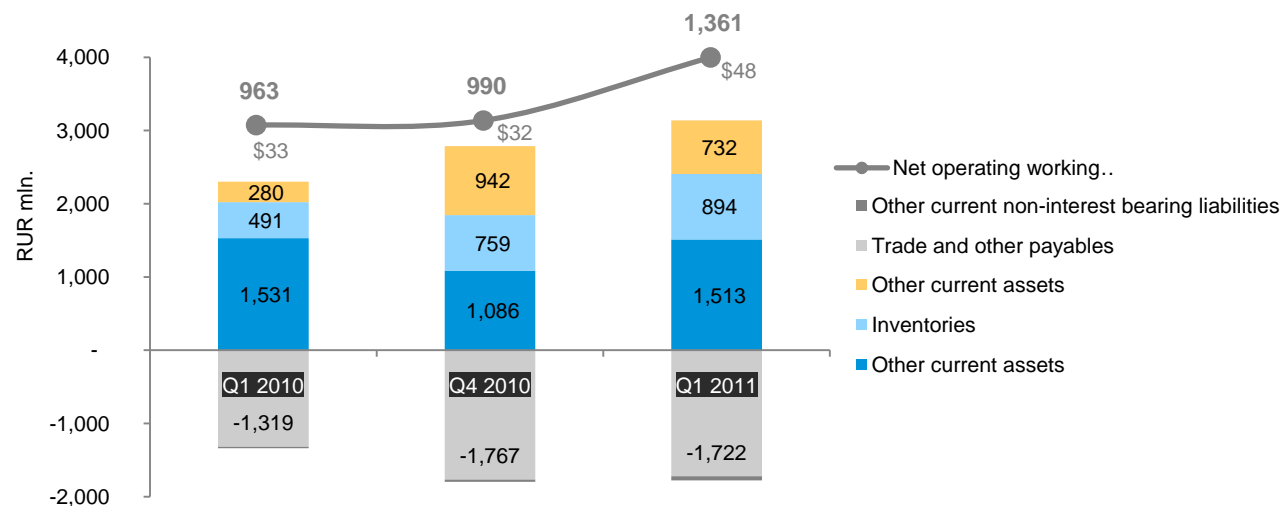
Operational Cash Flow Dynamics⁽¹⁾

Operational, Investment, Financial Cash Flow Dynamics⁽¹⁾



Source: unaudited 3M 2011, 9M 2011, audited 12M 2010 IFRS FS

Operational Working Capital⁽²⁾



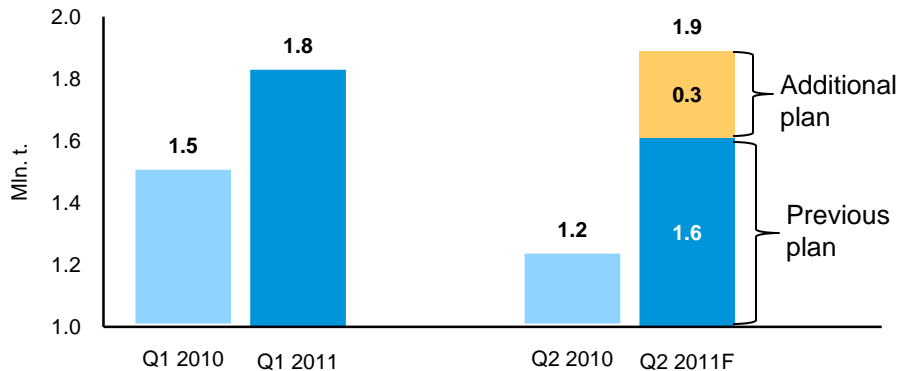
Source: unaudited 3M 2011, audited 12M 2010 IFRS FS

(1) - US\$ figures in the table are converted to using average Central Bank of the Russian Federation exchange rates for each quarter (Q1 2010: 29.85 RUR/US\$; Q4 2010: 30.72 RUR/US\$; Q1 2011: 29.16 RUR/US\$)

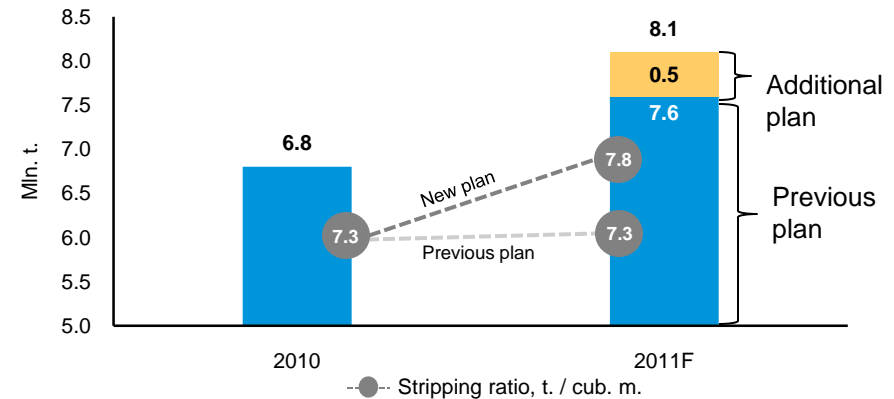
(2) - US\$ figures in the table are converted using Central Bank of the Russian Federation exchange rates for the end of each quarter (Q1 2010: 29.36 RUR/USD; Q4 2010: 30.38 RUR/USD; Q1 2011: 28.43 RUR/USD)

▶ Quarterly Production - \uparrow QoQ 3-5% \uparrow YoY >50%

Increasing in Q2 2011 production plan



Increasing in full 2011 production plan



Due to the favourable pricing conditions on export markets, and appearance of an opportunity to outsource an additional stripping processing work, in Q2 the Company plans to increase the coal production. The growth in production volumes will be driven by an increase of extraction in “Cheremshansky” open pit mine, which produces the highest quality coal, but also has the highest stripping ratio.

▶ Production cash costs - \uparrow QoQ and YoY

Expected higher quarter-on-quarter production cash costs due to the higher share of coal extracted in “Cheremshansky” open pit mine in the total volume of coal produced. In Q2 the level of production cash costs per 1 tonne of coal will be the highest during 2011.

▶ Average realized coal prices - \uparrow QoQ and YoY

Expected growth in average coal prices⁽¹⁾ both on domestic and export markets.

▶ Quarterly EBITDA - \downarrow QoQ \uparrow YoY

Based on the expected increase in stripping ratio and growth in production cash costs, management of the Company expects a quarter-on-quarter decrease in Q2 2011 EBITDA, but believes that its level will be significantly higher year-on-year.

(1) - excl. VAT, Russian Railways tariff (FCA Meret, incl. KTK retail margin)



Appendix

Unaudited IFRS Financial Statements for 3M 2011

Appendix. Income Statement 3M 2011



RUR mln.	Q1 2010	Q1 2011
Revenue	2,918	5,245
Cost of sales	(2,295)	(4,135)
Gross profit	623	1,110
<i>Gross profit margin</i>	21%	21%
Distribution expenses	(120)	(158)
Administrative expenses	(165)	(246)
Other income and expenses, net	52	2
Operating profit	390	708
<i>Operating profit margin</i>	13%	13%
Finance income	60	121
Finance costs	(107)	(75)
Income of associates		
Profit / (loss) before income tax	343	761
Income tax expense	(64)	(168)
Profit / (loss) for the year	279	593
<i>Profit / (loss) for the year margin</i>	10%	11%
EBITDA ⁽¹⁾	631	948
<i>EBITDA margin</i>	22%	18%

(1) - EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

Appendix. Balance Sheet as at 31 March 2011



RUR mln.	31.03.2010	31.12.2010	31.03.2011
ASSETS			
Non-current assets			
Property, plant and equipment	7,662	8,804	8,876
Goodwill and intangible assets	14	14	14
Investments in equity accounted investees	3	8	15
Other investments	71	6	10
Long-term receivables	7	1	-
Deferred tax assets	8	19	31
Total non-current assets	7,765	8,852	8,946
Current assets			
Inventories	491	759	894
Other investments	15	39	32
Income tax receivable	17	6	8
Trade and other receivables	1,531	1,086	1,513
Prepayments and deferred expenses	196	440	224
Cash and cash equivalents	52	457	467
Total current assets	2,302	2,787	3,139
TOTAL ASSETS	10,067	11,639	12,085

RUR mln.	31.03.2010	31.12.2010	31.03.2011
EQUITY AND LIABILITIES			
Equity			
Share capital	17	20	20
Retained earnings	3,689	3,975	4,578
Additional paid-in capital	-	2,829	2,829
Total attributable to equity holders of the company	3,706	6,824	7,427
Minority interest	31	11	6
Total equity	3,737	6,835	7,433
Non-current liabilities			
Loans and borrowings	3,157	1,676	1,921
Net assets attributable to minority participants in LLC entities	70	68	62
Provisions	242	265	270
Retirement benefit liability	-	15	15
Deferred tax liabilities	394	448	461
Total non-current liabilities	3,863	2,472	2,729
Current liabilities			
Bank overdraft	-	-	-
Loans and borrowings	1,128	535	146
Trade and other payables	1,319	1,767	1,722
Retirement benefit liability	-	4	4
Provisions	-	-	-
Income tax payable	20	26	52
Total current liabilities	2,467	2,332	1,923
Total liabilities	6,330	4,804	4,652
TOTAL EQUITY AND LIABILITIES	10,067	11,639	12,085

Appendix. Cash Flow Statement 3M 2011



RUR mln.	Q1 2010	Q1 2011	RUR mln.	Q1 2010	Q1 2011
OPERATING ACTIVITIES			INVESTING ACTIVITIES		
Profit / (loss) for the period	279	593	Proceeds from disposal of property, plant and equipment	7	1
<i>Adjustments for:</i>			Loans issued	(10)	(4)
Depreciation and amortisation	189	241	Proceeds from loans issued including interest received	1	9
(Income)/loss on disposal of property, plant and equipment	(51)	(2)	Acquisition of property, plant and equipment	(676)	(374)
Income of associates	-	(7)	Acquisition of non-controlling interests	(5)	-
Net finance expense	47	(45)	Cash flows used in investing activities	(683)	(368)
Income tax expense	64	168			
Operating result before changes in working capital and provisions	528	948	FINANCING ACTIVITIES		
			Proceeds from borrowings	2,944	46
Change in inventories	(86)	(135)	Repayment of borrowings	(2,474)	(47)
Change in trade and other receivables	(312)	(453)	Cash flows from financing activities	470	(1)
Change in prepayments for current assets	34	216			
Change in trade and other payables	107	(3)	Net (decrease) / increase in cash and cash equivalents	(54)	21
Cash flows from operations before income tax and interest paid	271	573			
Income taxes and penalties paid	(11)	(144)			
Interest paid	(101)	(39)			
Cash flows from operating activities	159	390			