



# MEETINGS WITH INVESTORS

Presentation

September 21, 2012

London

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# BUSINESS REVIEW

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## OJSC Kuzbasskaya Toplivnaya Company

Vinogradovsky Open Pit  
*(Coal mining infrastructure division)*

Open-pit mine  
"Karakansky South"

Open-pit mine  
"Vinogradovsky"

Open-pit mine  
"Cheremshansky"

Open-pit mine  
"Briansky"

Production

100%

CJSC Kaskad Management  
Company  
*(export sales)*

100%

OJSC Kuzbasstoplivosbyt  
*(wholesale and retail coal sales in  
Kemerovo Region)*

52.04%

LLC Transugol  
*(wholesale and retail coal sales in Omsk  
Region)*

51%

OJSC Altay Fuel Company  
*(wholesale and retail coal sales in Altay  
Region)*

51%

LLC Novosibirsk Fuel  
Corporation  
*(wholesale and retail coal sales in  
Novosibirsk Region)*

100%

KTK Polska Sp. z. o. o.  
*(wholesale and retail coal sales in  
Europe)*

Retail and export sales

100%

LLC Meret Freight Forwarding  
Company  
*(railway freight company)*

100%

OJSC Kaskad-Energo  
*(heat and energy producer)*

49.98%

LLC Kusbass Transport  
Company  
*(associated railway freight company)*

100%

LLC Kaskad Geo  
*(land acquisition)*

Transportation, energy and real estate

# KTK AT A GLANCE



- One of the fastest-growing thermal coal producers in Russia
- One of major suppliers of coal in Western Siberia
- In 2011 the Company became 7<sup>th</sup> largest thermal coal producer in Russia<sup>(1)</sup>
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production and distribution infrastructure and the fourth one is now under construction:
  - ▲ 8.74 mln. tonnes of thermal coal produced in 2011
  - ▲ 100% high-quality grade "D" thermal coal under Russian classification
  - ▲ Developed railway network and facilities
  - ▲ Washing plant Kaskad with 2 mln. tonnes input capacity

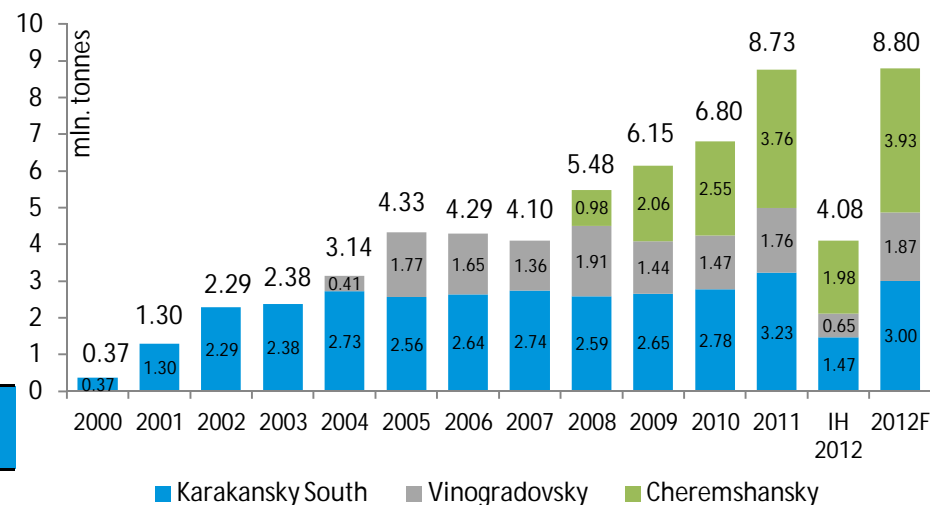
3 existing open-pit mines

Bryanskiy open-pit mine

Structural capacity	11 mln. tonnes	3-5 mln. tonnes
Reserves	402 mln. tonnes of coal resources and 185 mln. tonnes of proven and probable reserves <sup>(2)</sup>	250 mln. tonnes according to the C2 category

- Utilization of modern and high-performance equipment fleet supporting efficient low-cost production – USD 28 per tonne of coal in IH 2012
- Diversified sales capabilities balanced between domestic market (4.21 mln. tonnes sold in 2011) and export markets (6.45 mln tonnes sold in 2011)
- 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)
- 65.61% of share capital is owned by the management (I. Prokudin – 50,001%, V. Danilov – 15.61%), free-float – 34.39% is distributed between 25 investment funds. Individuals own 0.31%

Coal production history with open-pit mine breakdown



Key operating and financial indicators<sup>(1)</sup>

USD mln.	2009	2010	2011
Coal sales, mln. tonnes	7.4	8.54	10.66
incl. purchased coal	1.4	2.16	2.08
Revenue	344	466	814
% of growth	-2.3%	38.7%	74.7%
EBITDA	69	70	133
% margin	20.1%	15.0%	16.3%
Net Income	21	27	69
% margin	6.1%	5.8%	8.5%

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

(1) Metal Expert, January 2012

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

(3) In the table USD are converted from RUB using average Central Bank of the Russian Federation exchange rates for each year (2011: 29.39 RUB/USD; 2010: 30.38 RUB/USD; 2009: 31.77 RUB/USD)



# MINING OPERATIONS

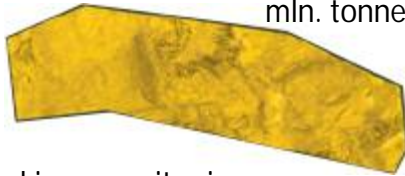


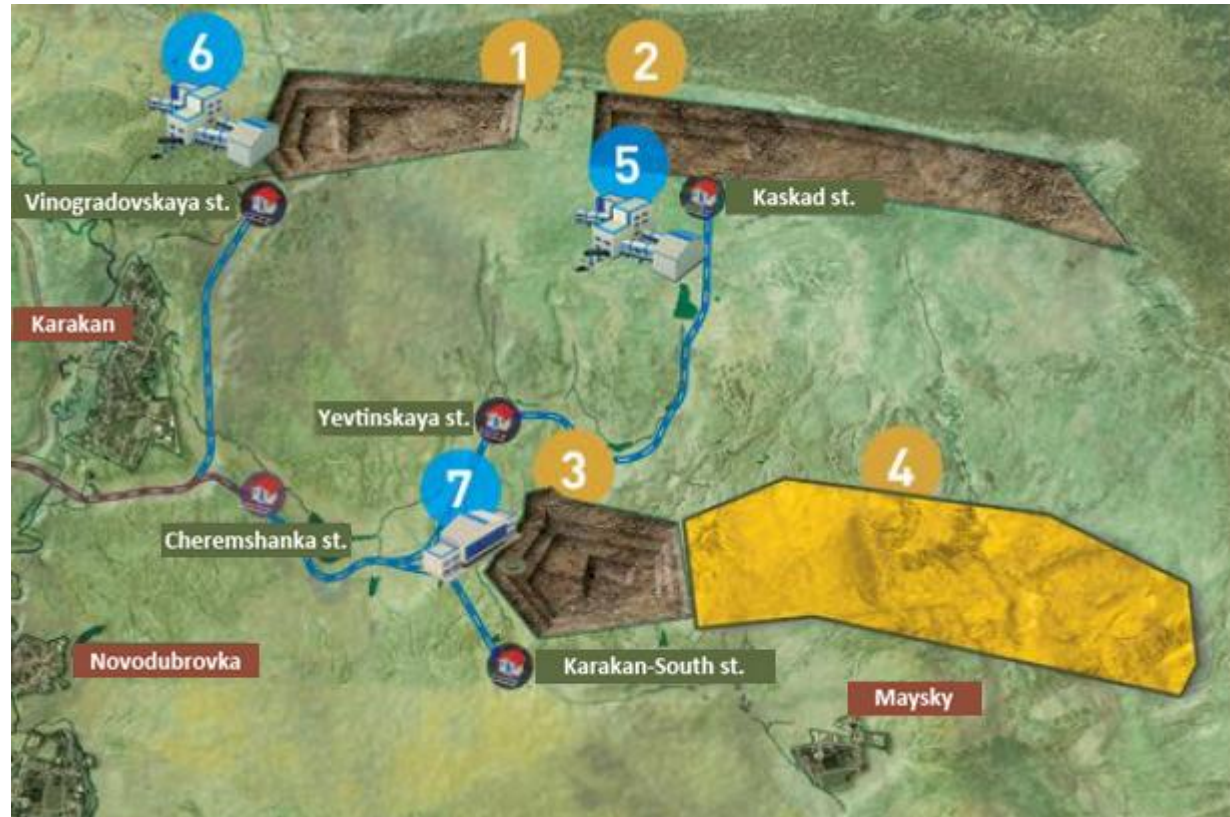
Layout of open-pit mines and washing plants

1  142.6 mln. tonnes  
Vinogradovsky open-pit mine

2  165.3 mln. tonnes  
Cheremshansky open-pit mine

3  41.5 mln. tonnes  
Karakansky South open-pit mine

4  +250.2 mln. tonnes  
Bryanskiy open-pit mine



5  Kaskad washing plant

6  Kaskad-2 washing plant

7  Administration building

 Villages

 Railroad stations

# VINOGRADOVSKY OPEN-PIT MINE



142.6  
mln. tonnes

1



Vinogradovsky open-pit mine

## Key operating data

Structural capacity 3 mln. tonnes per year

Average stripping ratio in 2011 7.57 m<sup>3</sup> / 1 tonne

Stripping technology



Transport

Seam inclination 20°

Stripping removal distance 3.3 km

Coal to storage distance 2.6 km

## Coal quality data

Ash content 14.5 – 18.2%

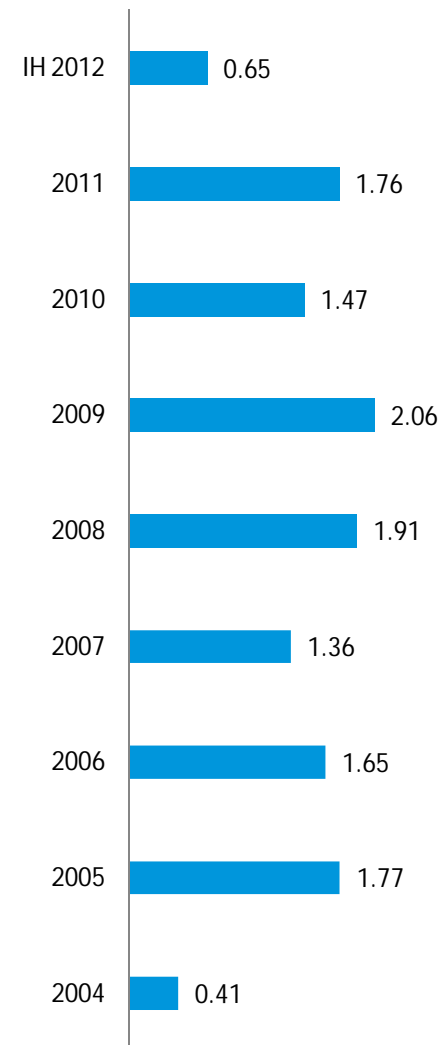
Moisture content 13.9 – 17.0%

Sulphur content 0.27 – 0.30%

Caloric value 4,900 – 5,500 kcal/kg

Coal grade D

## Historical production volumes, mln. tonnes





# CHEREMSHANSKY OPEN-PIT MINE




2



165.3  
mln. tonnes

Cheremshansky open-pit mine

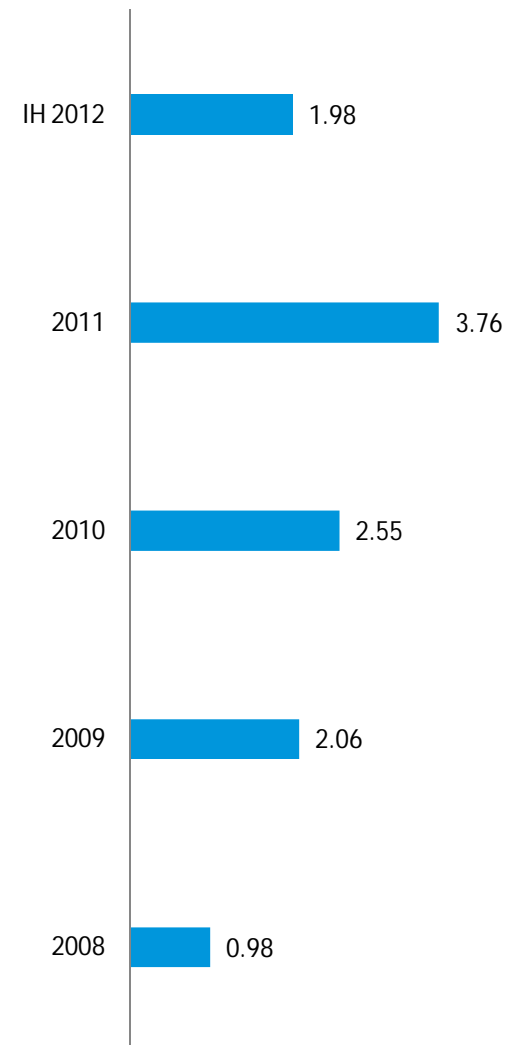
## Key operating data

Structural capacity	5 mln. tonnes per year
Average stripping ratio in 2011	9.32 m <sup>3</sup> / 1 tonne
Stripping technology	 Transport
Seam inclination	80 – 90°
Stripping removal distance	2.7 km
Coal to storage distance	2.9 km

## Coal quality data

Ash content	17.2%
Moisture content	12.5 – 15.0%
Sulphur content	0.50 – 0.80%
Caloric value	5,100 – 6,000 kcal/kg
Coal grade	D

## Historical production volumes, mln. tonnes



# KARAKANSKY SOUTH OPEN-PIT MINE



3




41.5  
mln. tonnes

Historical production volumes, mln. tonnes

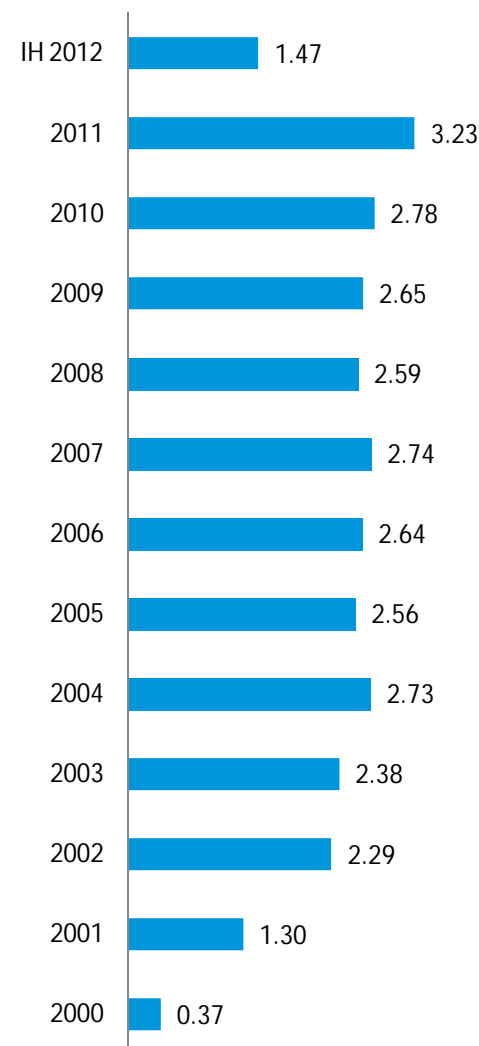
Karakansky South open-pit mine

## Key operating data

Structural capacity	3 mln. tonnes per year
Average stripping ratio in 2011	6.15 m <sup>3</sup> / 1 tonne
Stripping technology	 Combined (non-transport and transport)
Seam inclination	3 – 8°
Stripping removal distance	1.7 km
Coal to storage distance	4.6 km

## Coal quality data

Ash content	13.2 – 15.2%
Moisture content	14.0 – 17.0%
Sulphur content	0.27 – 0.30%
Caloric value	4,900 – 5,300 kcal/kg
Coal grade	D





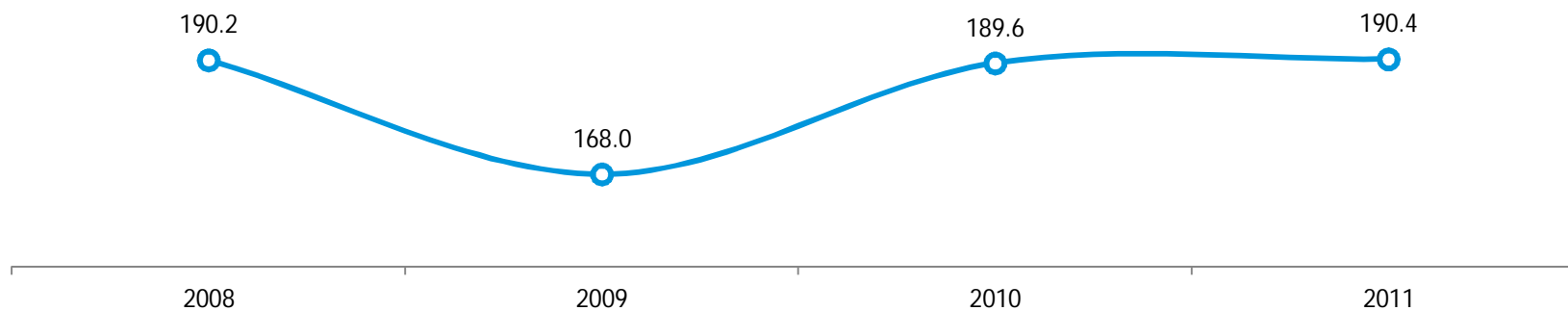
# 11. MARKETS



# DOMESTIC MARKET

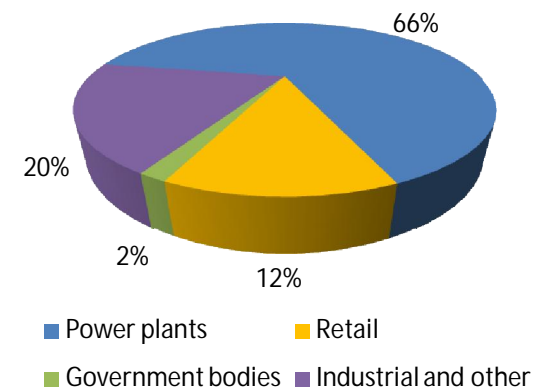


Consumption of thermal coal in Russia, mln. tonnes



Structure of consumption in 2011

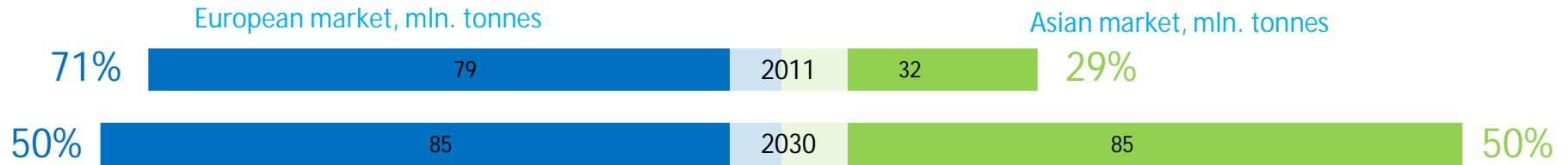
	2008	2009	2010	2011
Power plants	130.4	112.6	124.7	126.0
Retail	25.8	24.3	25.2	23.8
Government bodies	3.6	3.9	2.6	3.1
Industrial and other	29.5	26.2	37.1	37.4
Total:	190.2	168.0	189.6	190.4



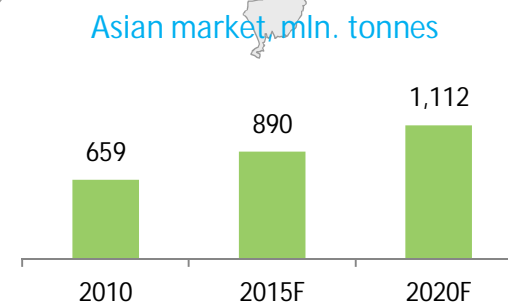
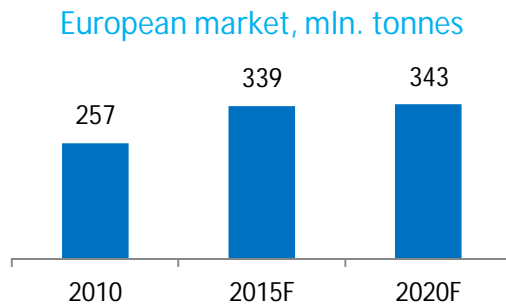
# EXPORT MARKETS



## Export of Russian coal



## INCREASING DEMAND OF COAL ON EXPORT MARKETS



# COAL WASHING AND EXPORT MARKETS





MARKETS

 Poland	5,300 kcal/kg	 South Korea (Premium segment)	5,500 – 5,700 kcal/kg
 China	5,300 – 5,500 kcal/kg	 Taiwan (Premium segment)	5,500 – 5,700 kcal/kg
 South Korea	5,500 kcal/kg	 Czech Republic	5,500 – 5,700 kcal/kg
 Taiwan	5,300 – 5,500 kcal/kg	 Germany	5,700 – 6,000 kcal/kg
		 Japan	6,000 kcal/kg

WASHING

## «Kaskad-2»

## «Kaskad»

«Kaskad-2»		«Kaskad»	
Design capacity, mln. tonnes per year	4	Design capacity, mln. tonnes per year	2
Launch	Q4 2012	Launch	Q3 2010
Caloric output, kcal/kg	5,500 - 5,750	Caloric output, kcal/kg	5,300 - 5,750
Sulfur content, %	<0.40	Sulfur content, %	<0.40
Ash content, %	11.5	Ash content, %	9.5 – 9.7
Moisture content, %	13.7	Moisture content, %	14.5
Sources of coal		Sources of coal	

MINING

## Karakansky South

## Vinogradovsky

## Cheremshansky

## Bryansky

Karakansky South		Vinogradovsky		Cheremshansky		Bryansky	
Design capacity, mln. tonnes per year	3	Design capacity, mln. tonnes per year	3	Design capacity, mln. tonnes per year	5	Design capacity, mln. tonnes per year	3 – 5
Caloric value, kcal/kg	4,900 – 5,300	Caloric value, kcal/kg	4,900 – 5,500	Caloric value, kcal/kg	5,100 – 6,000	Caloric value, kcal/kg	n/a
Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.50 – 0.80	Sulfur content, %	n/a
Ash content, %	13.2 – 15.2	Ash content, %	14.5 – 18.2	Ash content, %	17.2	Ash content, %	n/a
Moisture content, %	14.0 – 17.0	Moisture content, %	13.9 – 17.0	Moisture content, %	12.5 – 15.0	Moisture content, %	n/a





# OPERATIONAL AND FINANCIAL HIGHLIGHTS

# OPERATIONAL HIGHLIGHTS Q2 2012



## Seasonal decrease in coal production Q-o-Q

- In the Q2 2012 the volume of coal production decreased by 13% Q-o-Q and amounted to 1.90 mln. tonnes (Q1 2012 2.18 mln. tonnes).
- In the IH 2012, the volume of production increased by 9% to 4.08 mln. tonnes, over the same period of the previous year (3.74 mln. tonnes).

## Washing plant Kaskad is working at close to full capacity level

- Q-o-Q production of washed coal has increased by 5% to 0.21 mln. tonnes (Q1 2012: 0.20 mln. tonnes).
- For IH 2012 the volume of production at the washing plant "Kaskad" has increased by 17% to 0.41 mln. tonnes (IH 2011: 0.35 mln. tonnes).

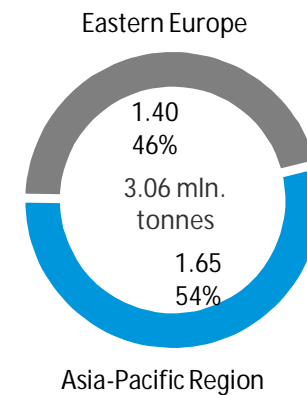
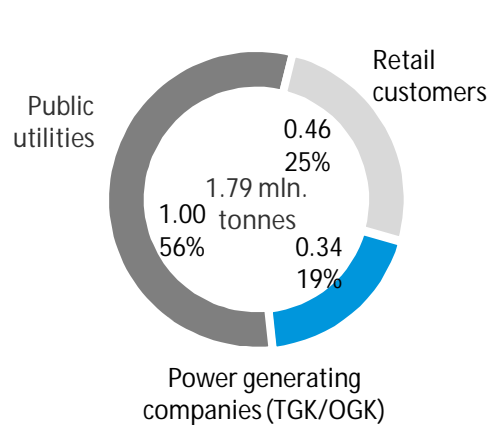
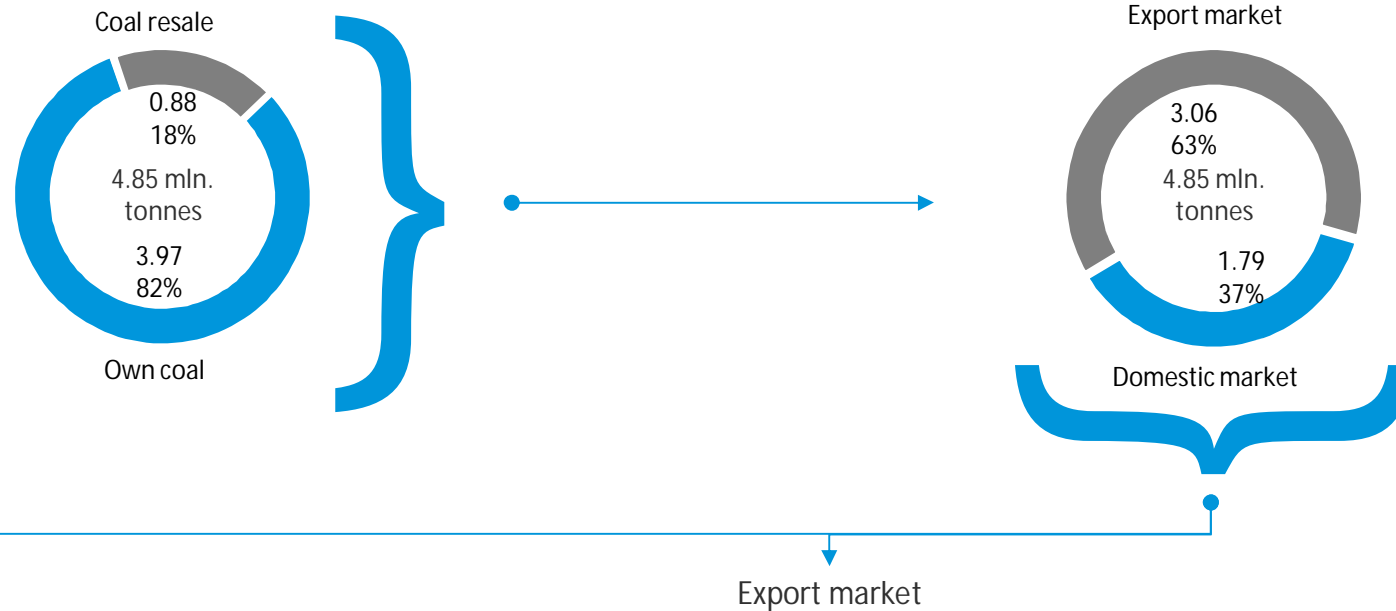
## Seasonal Q-o-Q decrease in coal sales volume

- Due to the traditional decline in trading activity in the domestic market of thermal coal, observed in Q2, the Company reduced its sales compared to Q1 2012 to 27% by implementing the 2.04 mln. tonnes (Q1 2012: 2.81 mln. tonnes).
- The volume of coal sales for IH 2012 increased by 8% to 4.85 mln. tonnes (IH 2011: 4.51 mln. tonnes).

## Key production cost drivers growth

- The quarterly average stripping ratio increased by 15% QoQ to 10.21 (Q4 2012: 8.86) and by 18% YoY (Q2 2011: 8.67)
- The blasted rock mass decreased by 1% to 9.43 mln. cbm. QoQ (Q1 2012: 9.54 mln. cbm.) and increased by 29% YoY (Q2 2011: 7.33 mln. cbm.)
- The average stripping transportation distance decreased by 9% QoQ to 3.04 km. (Q1 2012: 3.33 km.) and increased by 7% YoY (Q2 2011: 2.84 km.)

# IH 2012 COAL SALES BREAKDOWN

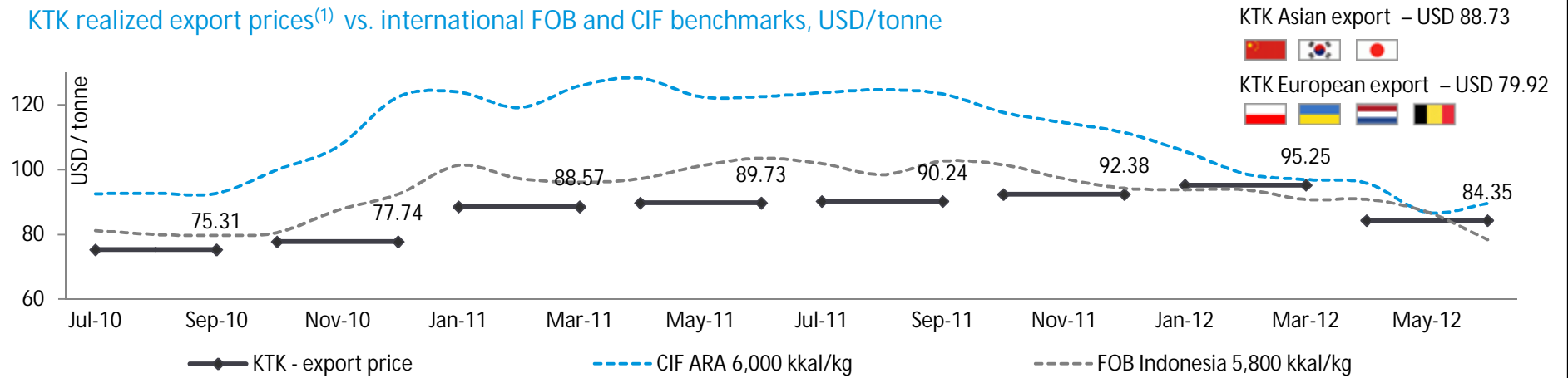




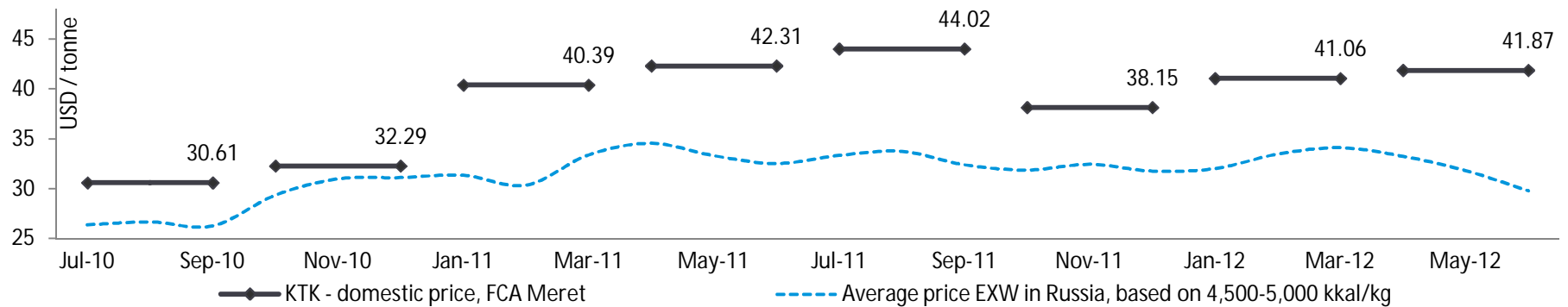
# AVERAGE REALISED PRICES VS BENCHMARKS



KTK realized export prices<sup>(1)</sup> vs. international FOB and CIF benchmarks, USD/tonne



KTK FCA prices vs. Russian EXW benchmark, USD/tonne



Source: Company, Metal Expert for average EXW prices in Russia, Argus for FOB Indonesia and CIF ARA  
 (1) Net of VAT, average KTK export realized price incl. railway tariffs

# KEY SALES DIRECTIONS



**1.40 mln. tonnes<sup>(1)</sup>**

Eastern European Countries



Railroad tariff to the Polish border:  
44.06 USD/tonne<sup>(2)</sup>

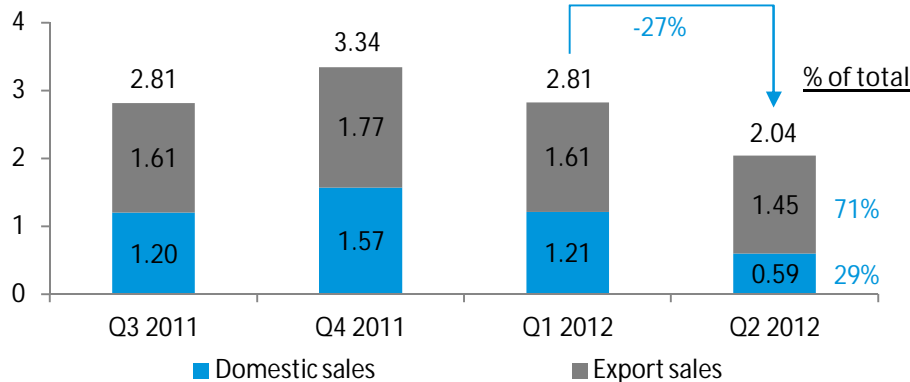


Source: Company

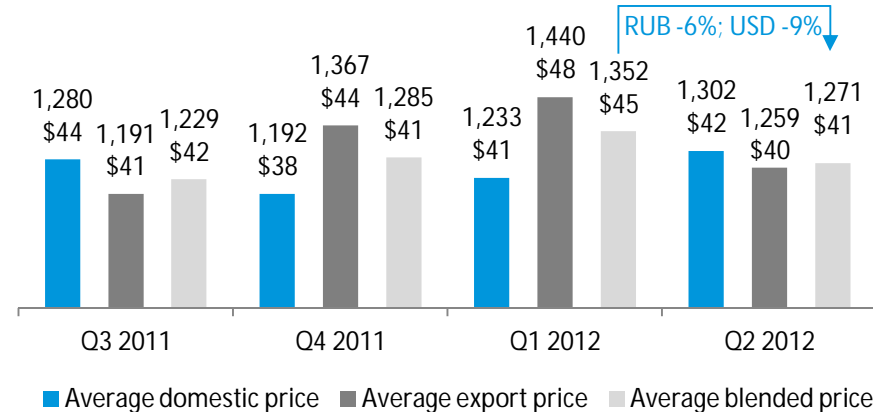
- (1) Sales volumes in IH 2012 (incl. purchased coal)
- (2) Average Q2 2012 KTK transportation cost is converted to USD using average Central Bank of the Russian Federation exchange rate (Q2 2012: 31.10 RUB/USD)

Railroad tariff to the station at Nakhodka-East port:  
43.70 USD/tonne<sup>(2)</sup>

Quarterly domestic and export sales, mln. tonnes



Average quarterly domestic and export prices comparison<sup>(3)</sup>



Source: Company

- (3) Prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to USD using average Central Bank of the Russian Federation exchange rates for each quarter (Q2 2012: 31.10 RUB/USD; Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q3 2011: 29.08 RUB/USD)

# RETAIL NETWORK IN WESTERN SIBERIA

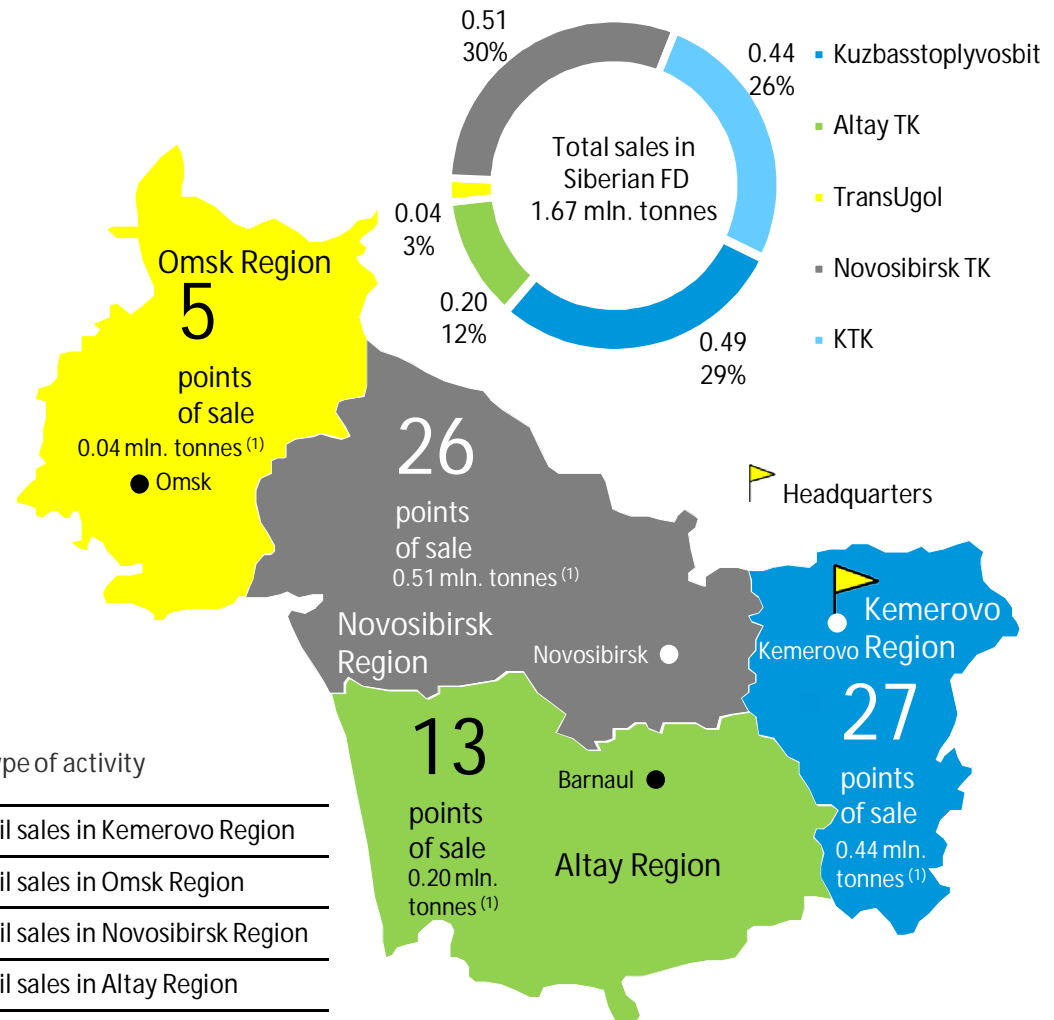


➤ Since its establishment, the Company has been continuously expanding and building its retail sale and storage network:

- ▲ own 71 points of sale as at the end of Q2 2012;
- ▲ additional points of sale planned to be acquired or established;
- ▲ 6 Wide distribution network and strong regional presence position the Company as one of the principal suppliers of coal to retail costumers, municipalities, and public utilities in Western Siberia.

➤ When export prices are high, the Company uses lower quality third-party coal to satisfy domestic demand, while shifting its own higher quality coal to export markets.

IH 2012 retail sales breakdown <sup>(1)</sup>, mln. tonnes



Retail Subsidiary	Company's ownership	Type of activity
OJSC "Kuzbasstoplyvosbit"	100%	Wholesale & retail sales in Kemerovo Region
LLC "TransUgol"	51%	Wholesale & retail sales in Omsk Region
LLC "Novosibirsk TK"	51%	Wholesale & retail sales in Novosibirsk Region
OJSC "Altay TK"	51%	Wholesale & retail sales in Altay Region

Source: Company  
 (1) Including coal resale

# REVENUE



## Key financial indicators<sup>(1)</sup>

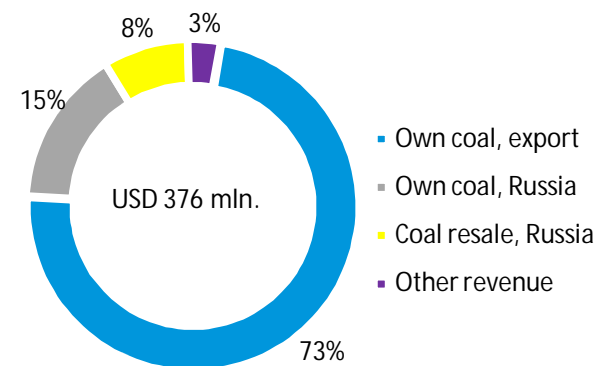
USD mln.	Q2 2012	Q1 2012	IH 2012	IH 2011
Revenue	156	222	376	357
Cost of sales	(143)	(178)	(321)	(295)
Gross profit	13	43	55	62
<i>Gross profit margin</i>	8.3%	19.5%	14.7%	17.3%
SG&A and other expenses	(13)	(15)	(28)	(27)
EBITDA <sup>(2)</sup>	8	37	45	52
<i>EBITDA margin</i>	5.3%	16.8%	12.0%	14.5%
Operating profit (EBIT)	0	28	27	35
<i>Operating margin</i>	-	12.7%	7.2%	9.7%
Net income	-13	30	17	28
<i>Net income margin</i>	-	13.5%	4.4%	7.8%
Gross debt <sup>3</sup>	206	179	206	79
Net debt <sup>3</sup>	156	114	156	72

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q2 2012:31.10 RUB/USD; Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q1 2011: 29.16 RUB/USD; IH 2012: 30.59 RUB/USD; IH 2011: 28.56 RUB/USD; IH 2010: 30.05)

(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

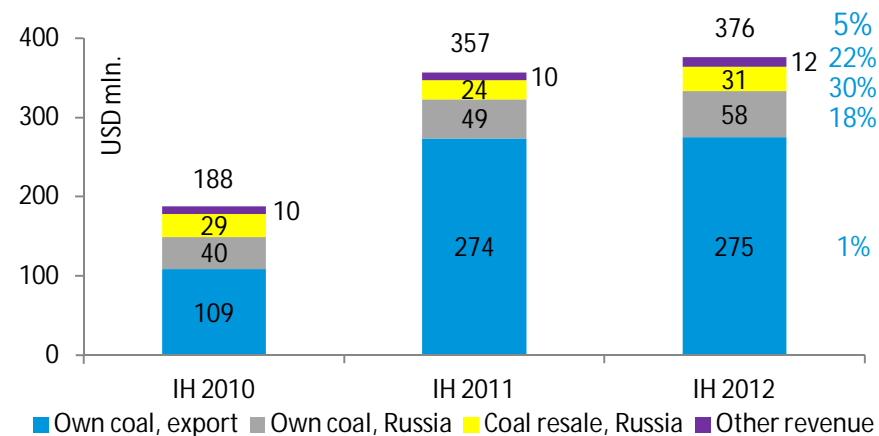
(3) Figures were converted to USD using the exchange rates of the Central Bank of the Russian Federation for the end of each period (30.06.12: 32.82 RUB/USD; 31.03.12: 29.33 RUB/USD; 30.06.11: 28.08 RUB/USD)

## IH 2012 Revenue breakdown by segments<sup>(1)</sup>



## Segment revenue dynamics<sup>(1)</sup>

Y-o-Y

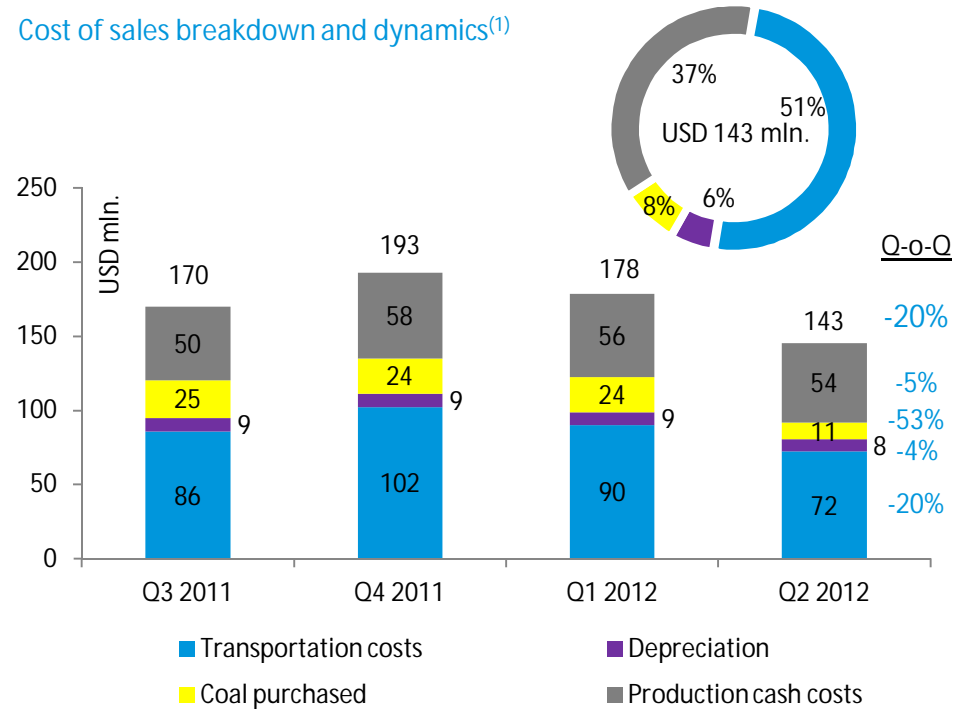




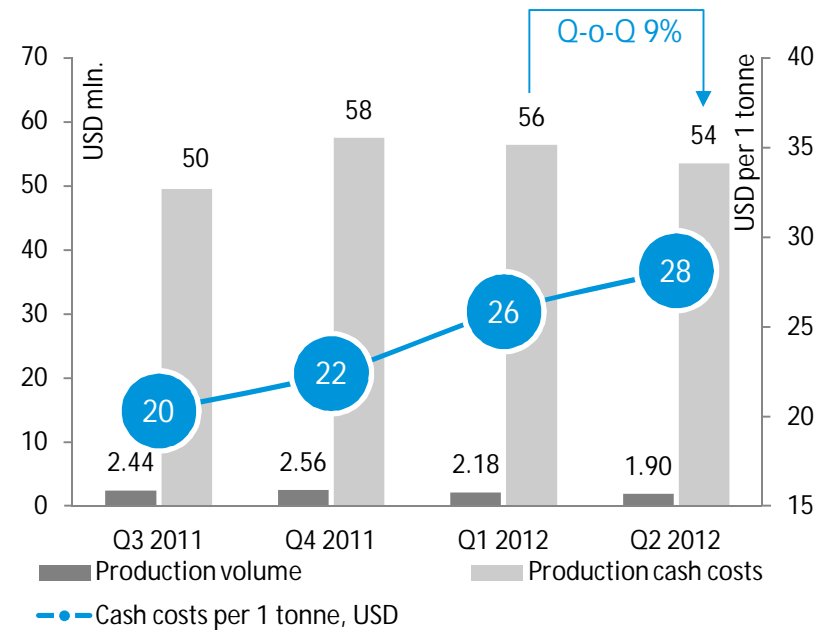
# COST OF SALES AND EBITDA



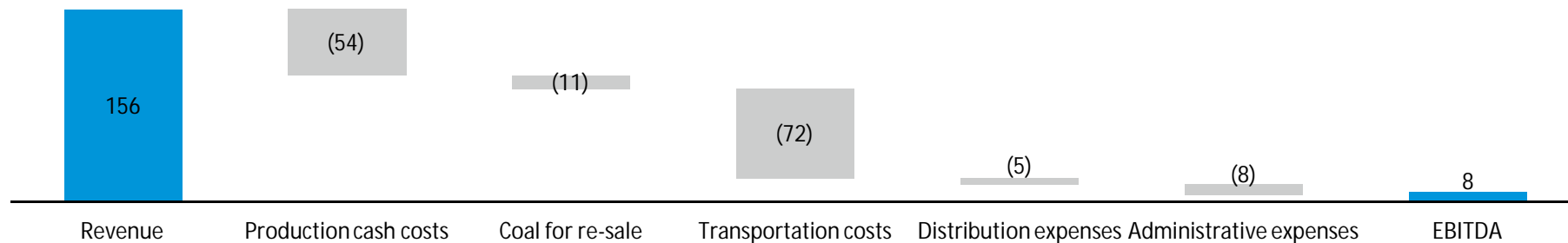
Cost of sales breakdown and dynamics<sup>(1)</sup>



Production cash costs dynamics<sup>(1)</sup>



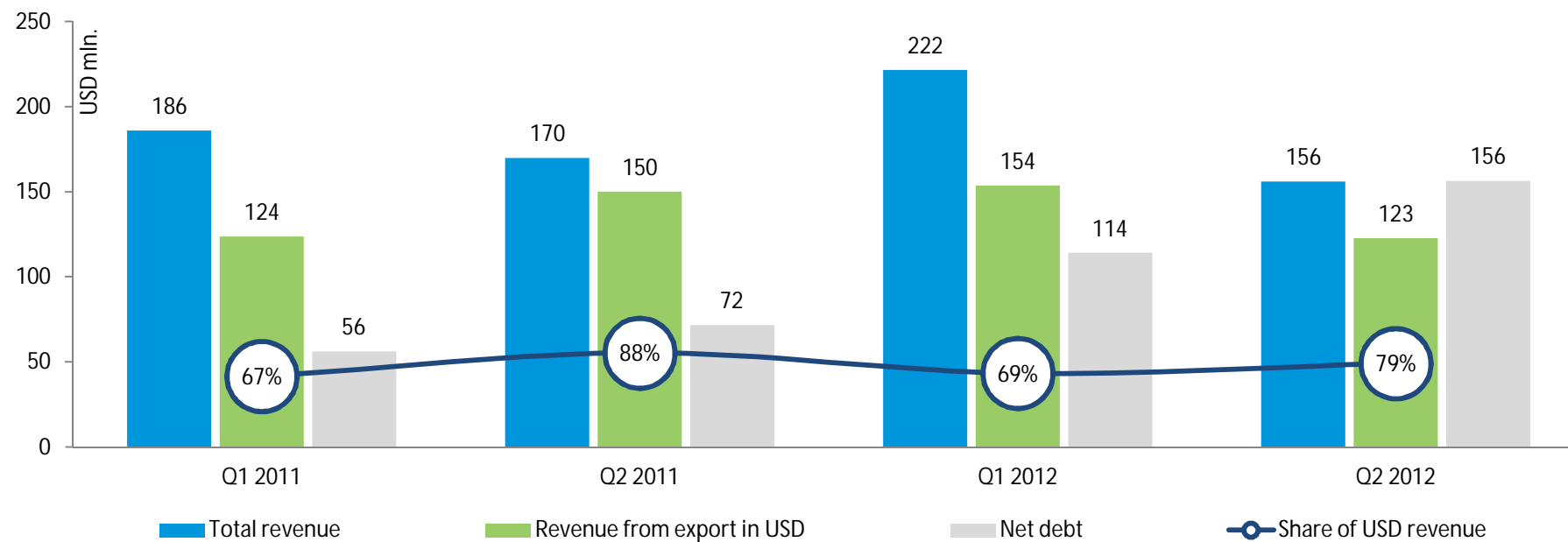
EBITDA calculation<sup>(1)</sup> in USD, Q2 2012



Source: unaudited IH, Q1 2012 and Q4, Q3 2011 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q2 2012: 31.10 RUB/USD; Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q3 2011: 29.08 RUB/USD).

# REVENUE AND NET DEBT

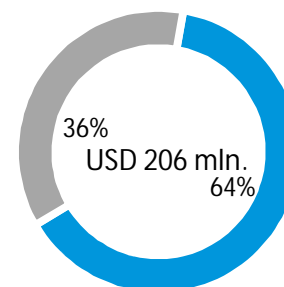


# INDEBTEDNESS

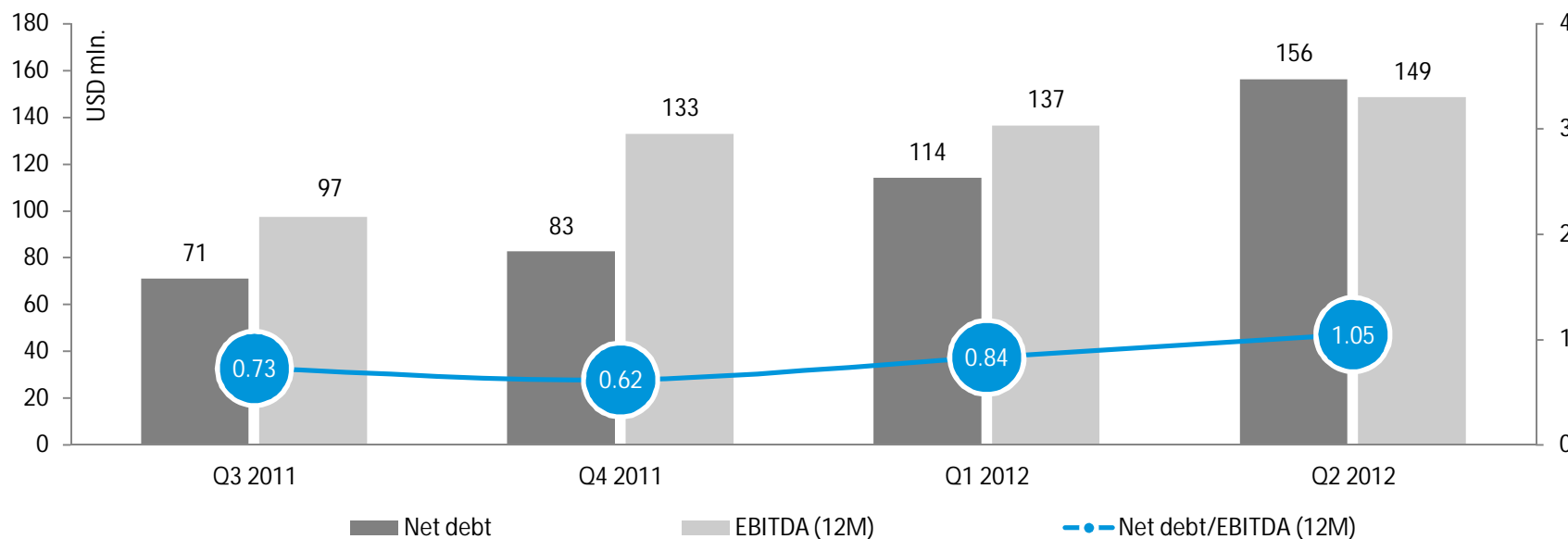


- During Q2 2012 the total net debt increased by 53% Q-o-Q compared to Q1 2011
- Net Debt to EBITDA ratio increased from 0.82 to 1.35

Debt structure<sup>(1)</sup> by currency as of Dec 2011



Net Debt to EBITDA<sup>(1)</sup>



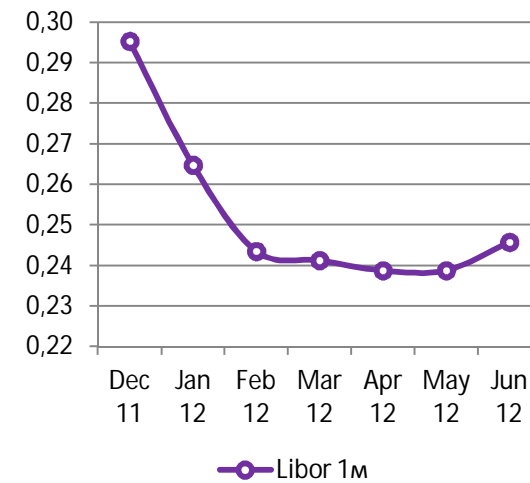
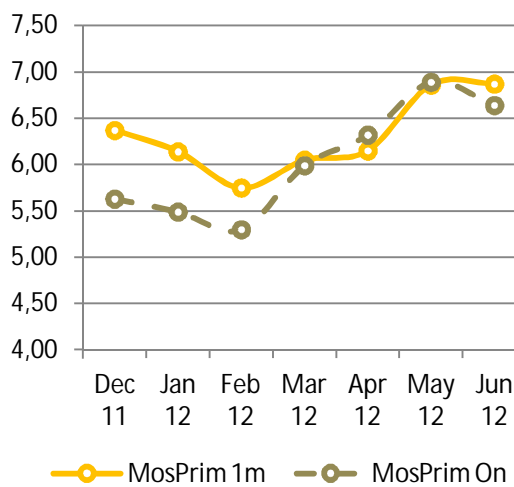
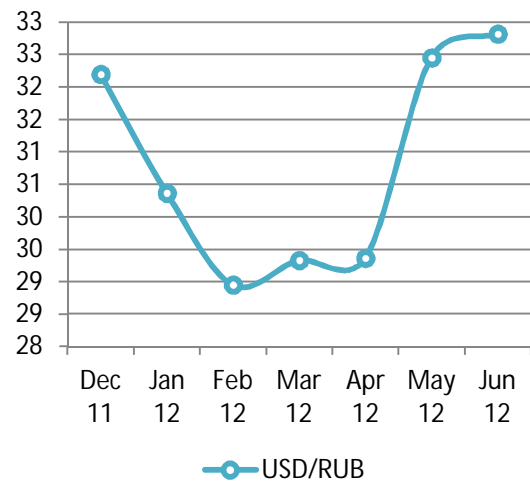
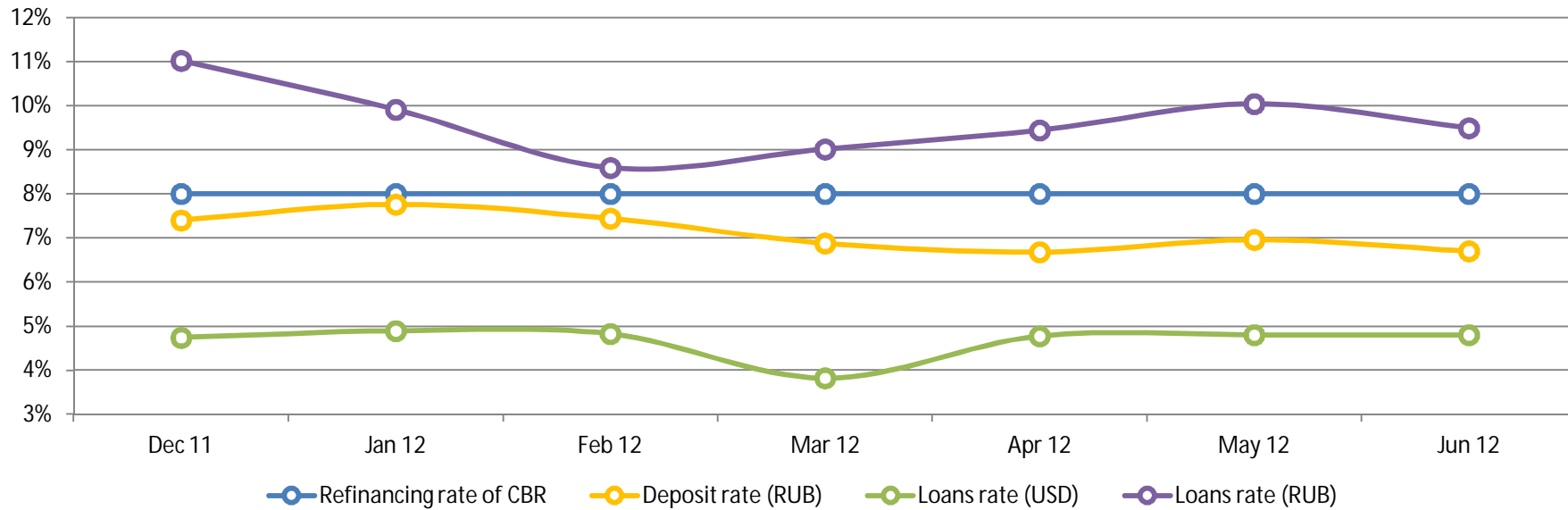
Source: unaudited Q1 2012 and Q1, Q4 2011 IFRS FS in which all amounts are presented in RUB

(1) Annualized EBITDA

(2) Figures were converted to USD using exchange rates of the Central Bank of the Russian Federation for each date (30.06.12: 32.82 RUB/USD; 31.03.12: 29.33 RUB/USD; 31.12.11: 32.20 RUB/USD; 30.09.11: 31.88 RUB/USD).

(3) Net debt/EBITDA is calculated in USD. Ratio for Q2 2012 in RUB is 1.35

# INTEREST RATES













# IV CAPEX 2012-2016

# INVESTMENT PROGRAM

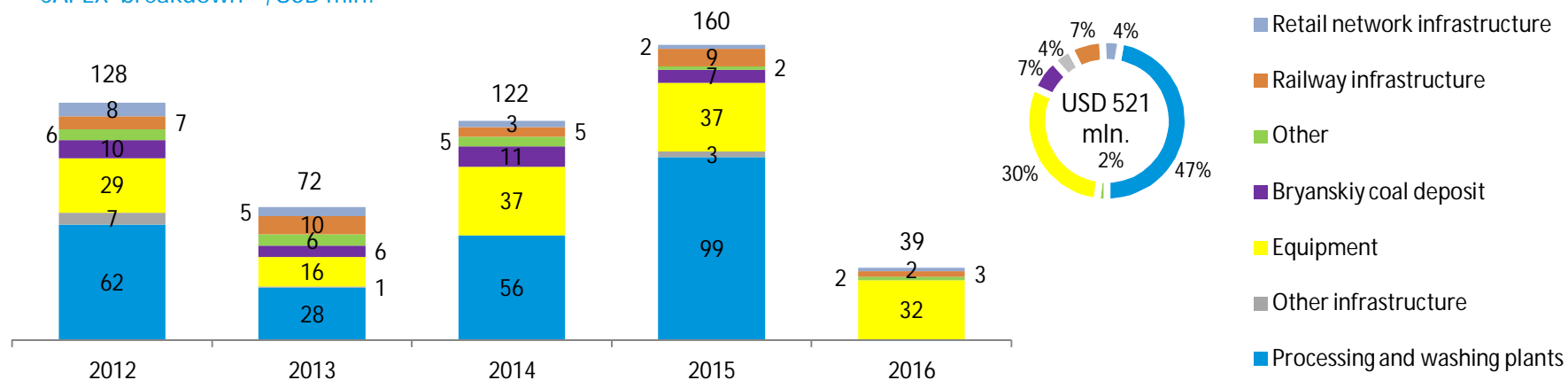


- ▶ Investment program<sup>(1)</sup> in 2011 composed USD 88 mln. net of VAT. The largest investment items included:
  - ▲ Acquisition of large mining and transport equipment
  - ▲ The construction of the second enrichment plant with 4 mln. tonnes annual capacity
  - ▲ The completion of construction fuel and lubricants dump
- ▶ In 2012-2016 there will be 5 major investment categories:
  - ▲ Development of Bryanskiy open-pit mine to start coal production in 2015
  - ▲ Construction of 3 new coal processing and enrichment facilities to improve coal quality and raise production efficiency
  - ▲ Continued procurement of mining equipment to increase production at the existing open-pit mines
  - ▲ Construction of own railway infrastructure to increase capacity from 12 to 16 tonnes per year
  - ▲ Development of company retail network

## Equipment procurement plan

	CAPEX 2011	Dec 31, 2011	CAPEX 2012-2016
 Shovels (P&H, Komatsu, EO)	2	22	15 (3 P&H)
 Trucks (BelAZ)	22	88	64
 Dozers (Komatsu)	6	20	9
 Loaders (Komatsu)	2	34	3
 Graders (Komatsu, CAT)	1	4	2
 Drill Rigs (Ingersoll Rand)	1	4	3

CAPEX breakdown<sup>(2)</sup>, USD mln.



(1) - Figures were converted to USD using the average exchange rate of the Central Bank of the Russian Federation (2011: 29.39 RUB/USD)

(2) - Net of VAT, USD figures were converted from RUB using 30.00 RUB/USD exchange rate

# PLAN OF PROGRAM IMPLEMENTATION



**Bryanskiy open-pit mine**  
Reserves: 250 mln. tonnes  
Launch: 2015

USD 10 mln.

USD 6 mln.

USD 11 mln.

USD 7 mln.

Structural capacity  
3 – 5 mln. tonnes

Investment in infrastructure

Coal production

0.5 mln.  
tonnes

1 mln.  
tonnes

**Washing plant  
«Kaskad»**

Launch: Q3 2010  
Capacity: 2 mln. tonnes  
Caloric output: 5,300 - 5,750  
Cost: USD 27 mln.  
Technology: steeply-inclined separation

**Washing plant  
«Kaskad-2»**

Launch: Q4 2012  
Capacity: 4 mln. tonnes  
Caloric output: 5,500 - 5,750  
Cost: USD 81 mln.  
Technology: steeply-inclined separation;  
dense medium separation

**Washing plant  
for oxidized coal**

Launch: 2014  
Capacity: 1 mln. tonnes  
Caloric output: 5,500  
Cost: USD 28 mln.  
Technology: reduction of moisture

**Washing plant  
«Vinogradskaya»**

Launch: 2016  
Capacity: 7 - 8 mln. tonnes  
Caloric output: 5,500 – 6,000  
Cost: USD 155 mln.  
Technology: steeply-inclined separation;  
dense medium separation

2010

2011

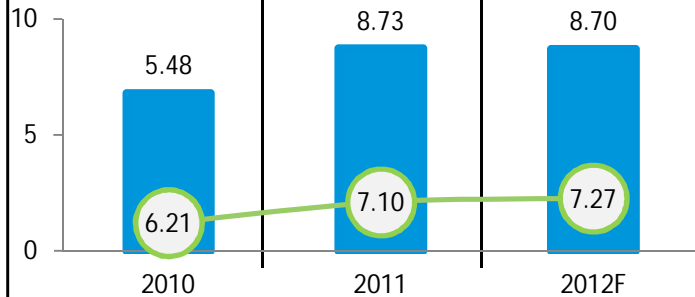
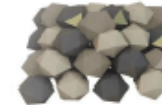
2012

2013

2014

2015

2016



• Technology for washing plant for oxidized coal is not completely ready, so project can be moved and changed

■ Production    ○ Average stripping ratio

mln. tonnes



## COUNTRY AND REGIONAL RISKS

### LEGAL RISKS

- Changes in currency regulation
- Changes in tax legislation
- Changes in customs regulations and duties
- Changes in requirements for licensing
- Changes in antimonopoly legislation

### SECTOR RISKS

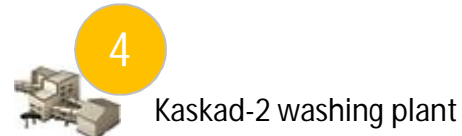
- Decline in coal prices on world and domestic markets
- Government constraints on prices of products of coal consumers
- Decrease in prices for natural gas as an alternative fuel for power generation
- Slowdown of economic growth in China and other Asian countries
- Steep increase in the transport component of costs
- Lack of transport infrastructure capacity used in shipping coal to customers
- Dramatic increase in competition

### FINANCIAL RISKS

- Changes in interest rates
- Changes in the exchange rate
- Inflation risks



# WASHING PLANTS



III 2010 2011 IV 2012

**KASKAD**  
Washing plant

2 min. tonnes



Q3 2010

USD 27 mln.

5,300 - 5,750 kcal/kg

**KASKAD-2**  
Washing plant

4 min. tonnes



Q4 2012

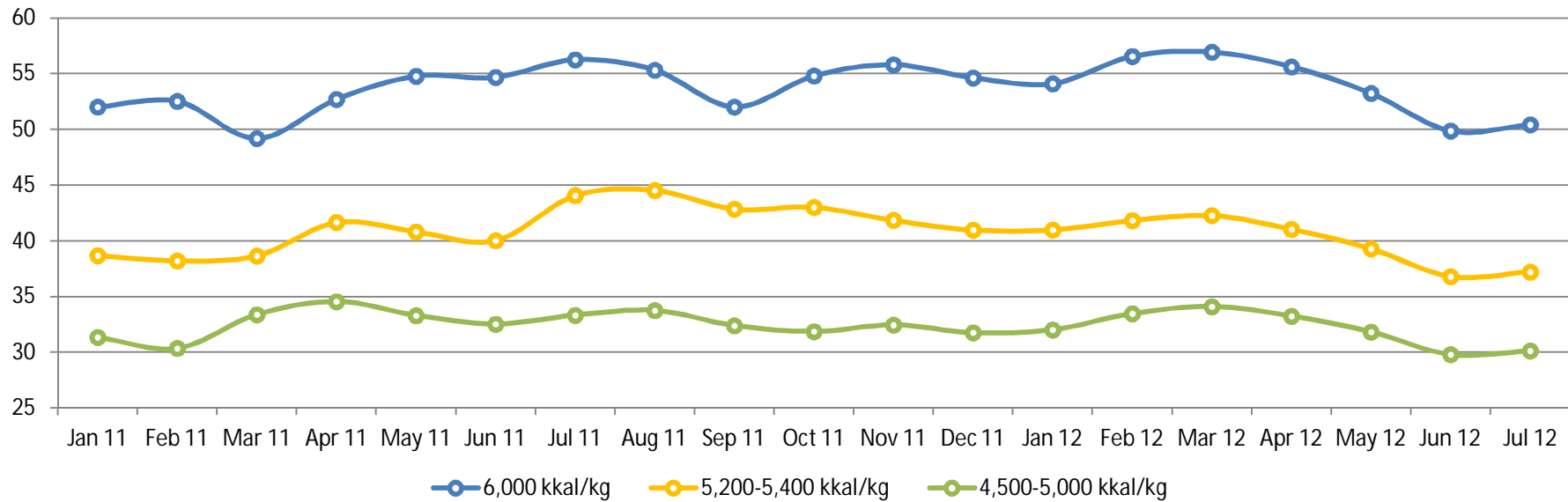
USD 81 mln.

5,500 - 5,700 kcal/kg

# ADDED VALUE



Price of coal EXW in Russia<sup>1</sup>, USD



## Key benefits:

- ✓ Higher cost of coal
- ✓ New export markets
- ✓ Lower transportation costs
- ✓ Stable quality of coal

# ENVIRONMENT



- ✓ Increasing caloric value of coal  
*The decline in mining for a similar heating value of produced fuel, efficiency subsoil  
Reducing energy costs for shipping and handling of coal*
- ✓ Reduction of ash content of coal  
*Reducing the volume of waste material in commodity coal, reduce emissions and ash disposal from coal combustion at power plant*
- ✓ Closed loop water use and recharge of washing plants from sewage treatment plants  
*KTK is one of the few companies with a closed-cycle water use in mining. The company operates on modern world class treatment plants. Washing plants carry recharge by recycling water*
- ✓ Use of coal loading bunkers  
*Excludes using diesel loaders (reducing the use of diesel fuel and emissions CO2) and significantly reduces the dustiness of works*
- ✓ Use of larger mining equipment  
*Increases the efficiency of mining, reduces expenses for diesel fuel*



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# INCOME STATEMENT IH 2012



USD <sup>1</sup> mln.	IH 2012	IH 2011
Revenue	376	357
Cost of sales	(321)	(295)
Gross profit	55	62
Distribution expenses	(11)	(10)
Administrative expenses	(18)	(17)
Operating profit	27	35
Finance income	2	5
Finance costs	(8)	(4)
Profit / (loss) before income tax	22	36
Income tax expense	(5)	(8)
Profit / (loss) for the period	17	28
<i>Profit / (loss) for the period margin</i>	4.4%	7.8%
EBITDA <sup>2</sup>	45	52
<i>EBITDA margin</i>	12.0%	14.5%

Source: unaudited IH 2012 and IH 2011 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (IH 2012: 30.59 RUB/USD; IH 2011: 28.56 RUB/USD).

(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

# BALANCE SHEET AS AT 30 JUNE 2012



USD <sup>1</sup> mln.	30.06.12	31.03.12	30.06.11
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	365	376	328
Goodwill and intangible assets	1	1	
Investments in equity accounted investees	1	1	1
Deferred tax assets	1	1	1
<b>Total non-current assets</b>	<b>368</b>	<b>379</b>	<b>331</b>
Current assets			
Inventories	49	48	36
Other investments	15	12	1
Trade and other receivables	53	81	42
Prepayments and deferred expenses	17	15	19
Cash and cash equivalents	35	54	8
<b>Total current assets</b>	<b>173</b>	<b>211</b>	<b>106</b>
<b>TOTAL ASSETS</b>	<b>541</b>	<b>590</b>	<b>437</b>

USD <sup>1</sup> mln.	30.06.12	31.03.12	30.06.11
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	1	1	1
Retained earnings	171	224	160
Additional paid-in capital	86	96	101
<b>Total attributable to equity holders of the company</b>	<b>257</b>	<b>321</b>	<b>262</b>
<b>Total equity</b>	<b>258</b>	<b>321</b>	<b>262</b>
Non-current liabilities			
Loans and borrowings	165	136	67
Deferred income	7	8	
Net assets attributable to minority participants in LLC entities	2	3	2
Provisions	8	9	10
Retirement benefit liability	1	1	1
Deferred tax liabilities	15	16	17
<b>Total non-current liabilities</b>	<b>198</b>	<b>173</b>	<b>97</b>
Current liabilities			
Loans and borrowings	41	42	12
Trade and other payables	45	53	66
<b>Total current liabilities</b>	<b>86</b>	<b>96</b>	<b>78</b>
<b>Total liabilities</b>	<b>284</b>	<b>269</b>	<b>175</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>541</b>	<b>590</b>	<b>437</b>

Source: unaudited HI, Q1 2012 and HI 2011 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using exchange rates of the Central Bank of the Russian Federation for each date (30.06.12: 32.82 RUB/USD; 31.03.12: 29.33 RUB/USD; 30.06.11: 28.08 RUB/USD).

# CASH FLOW STATEMENT IH 2012



USD <sup>1</sup> mln.	IH 2012	IH 2011
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the period	17	28
<i>Adjustments for:</i>		
Depreciation and amortization	18	17
Net finance expense	6	(1)
Income tax expense	5	8
Operating result before change in working capital	45	52
Change in inventories	(11)	(9)
Change in trade and other receivables	(4)	(4)
Change in prepayments for current assets	11	(3)
Change in trade and other payables	(13)	(1)
Cash flow from operations before income tax and interest	27	35
Income taxes and penalties paid	(8)	(8)
Interest paid	(5)	(3)
Cash flows from operating activities	14	25

USD <sup>1</sup> mln.	IH 2012	IH 2011
<b>INVESTING ACTIVITIES</b>		
Loans issued	(16)	(25)
Acquisition of property, plant and equipment	(73)	(31)
Cash flow used in investing activities	(88)	(31)
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	186	149
Repayment of borrowings	(117)	(142)
Cash flow from financing activities	49	(1)
Net increase / (decrease) in cash and cash equivalents		

Source: unaudited Q1 2012 and Q1 2011 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (IH 2012: 30.59 RUB/USD; IH 2011: 28.56 RUB/USD).

# KASKAD WASHING PLANT





# KASKAD 2 WASHING PLANT

