



NOVOLIPETSK STEEL

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

**AS AT 30 JUNE 2016 AND 31 DECEMBER 2015
AND FOR THE THREE AND THE SIX MONTHS ENDED 30 JUNE 2016 AND 30 JUNE 2015
(UNAUDITED)**

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and Board of Directors of Novolipetsk Steel

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Novolipetsk Steel and its subsidiaries (the "Group") as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and changes in equity and of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

AO PricewaterhouseCoopers Audit

27 July 2016
Moscow, Russian Federation

Novolipetsk Steel
Interim condensed consolidated statement of financial position
as at 30 June 2016 (unaudited) and 31 December 2015
(millions of US dollars)



	Note	As at 30 June 2016	As at 31 December 2015
Assets			
Current assets			
Cash and cash equivalents	4	327.1	343.0
Short-term financial investments	5	1,309.1	1,242.6
Trade and other accounts receivable	6	991.5	920.9
Inventories	7	1,308.6	1,205.3
Other current assets		7.8	8.8
		3,944.1	3,720.6
Non-current assets			
Long-term financial investments	5	86.3	219.8
Investments in associates and other companies accounted for using the equity method of accounting	5	208.7	117.7
Property, plant and equipment	8	5,034.1	4,452.3
Goodwill	9	240.2	214.6
Other intangible assets	9	122.9	112.3
Deferred income tax assets		95.8	68.2
Other non-current assets		20.0	13.9
		5,808.0	5,198.8
Total assets		9,752.1	8,919.4
Liabilities and equity			
Current liabilities			
Accounts payable and other liabilities	10	747.7	726.4
Short-term borrowings	11	607.9	559.8
Current income tax liability		38.1	27.7
		1,393.7	1,313.9
Non-current liabilities			
Long-term borrowings	11	2,189.5	2,116.3
Deferred income tax liability		403.2	339.3
Other long-term liabilities		12.8	12.2
		2,605.5	2,467.8
Total liabilities		3,999.2	3,781.7
Equity attributable to NLMK shareholders			
Common stock		221.2	221.2
Additional paid-in capital		9.9	9.9
Accumulated other comprehensive loss		(6,297.4)	(6,988.4)
Retained earnings		11,805.7	11,883.4
		5,739.4	5,126.1
Non-controlling interests		13.5	11.6
Total equity		5,752.9	5,137.7
Total liabilities and equity		9,752.1	8,919.4

The interim condensed consolidated financial statements as set out on pages 4 to 20 were approved on 27 July 2016.



	Note	For the six months ended 30 June 2016	For the six months ended 30 June 2015	For the three months ended 30 June 2016	For the three months ended 30 June 2015
Revenue	15	3,446.3	4,355.7	1,869.4	2,140.0
Cost of sales		(2,400.0)	(2,929.5)	(1,232.8)	(1,499.1)
Gross profit		1,046.3	1,426.2	636.6	640.9
General and administrative expenses		(150.3)	(141.4)	(95.9)	(76.9)
Selling expenses		(330.8)	(428.0)	(184.0)	(225.3)
Other operating income		2.4	8.7	5.5	5.4
Taxes, other than income tax		(32.5)	(45.4)	(16.1)	(25.1)
Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets		535.1	820.1	346.1	319.0
Gain on disposals of property, plant and equipment		7.8	0.4	6.9	1.8
Impairment losses and write-off of assets		(6.0)	(0.6)	(3.9)	(0.5)
Share in net losses of associates and other companies accounted for using the equity method		(37.5)	(40.5)	(21.4)	(17.5)
(Losses) / gains on investments	5	(0.1)	52.8	(0.1)	(6.9)
Finance income		22.0	24.4	11.7	12.8
Finance costs		(64.1)	(48.7)	(43.8)	(22.0)
Foreign currency exchange loss, net	13	(93.7)	(149.7)	(27.9)	(40.6)
Other expenses, net		(28.4)	(17.0)	(9.4)	(0.8)
Profit before income tax		335.1	641.2	258.2	245.3
Income tax expense	14	(92.2)	(158.9)	(71.7)	(84.1)
Profit for the period		242.9	482.3	186.5	161.2
Profit / (loss) attributable to:					
NLMK shareholders		242.0	481.9	185.1	161.5
Non-controlling interests		0.9	0.4	1.4	(0.3)
Earnings per share – basic and diluted:					
Earnings attributable to NLMK shareholders per share (US dollars)		0.0404	0.0804	0.0309	0.0269
Weighted-average shares outstanding: basic and diluted (in thousands)	12	5,993,227	5,993,227	5,993,227	5,993,227



	Note	For the six months ended 30 June 2016	For the six months ended 30 June 2015	For the three months ended 30 June 2016	For the three months ended 30 June 2015
Profit for the period		242.9	482.3	186.5	161.2
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Cumulative translation adjustment		692.0	178.7	253.5	330.0
Total comprehensive income for the period attributable to		934.9	661.0	440.0	491.2
NLMK shareholders		933.0	660.4	438.6	490.7
Non-controlling interests		1.9	0.6	1.4	0.5

Novolipetsk Steel
Interim condensed consolidated statement of changes in equity
for the six months ended 30 June 2016 and 30 June 2015 (unaudited)
(millions of US dollars)



	Note	NLMK shareholders					Total equity
		Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Non-controlling interest	
Balance at 31 December 2014		221.2	-	(5,491.9)	11,512.7	14.7	6,256.7
Profit for the period		-	-	-	481.9	0.4	482.3
Cumulative translation adjustment		-	-	178.5	-	0.2	178.7
Dividends to shareholders	12	-	-	-	(348.7)	-	(348.7)
Balance at 30 June 2015		221.2	-	(5,313.4)	11,645.9	15.3	6,569.0
Balance at 31 December 2015		221.2	9.9	(6,988.4)	11,883.4	11.6	5,137.7
Profit for the period		-	-	-	242.0	0.9	242.9
Cumulative translation adjustment		-	-	691.0	-	1.0	692.0
Dividends to shareholders	12	-	-	-	(319.7)	-	(319.7)
Balance at 30 June 2016		221.2	9.9	(6,297.4)	11,805.7	13.5	5,752.9

Novolipetsk Steel
Interim condensed consolidated statement of cash flows
for the six months ended 30 June 2016 and 30 June 2015 (unaudited)
(millions of US dollars)



	Note	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Cash flows from operating activities			
Profit for the period		242.9	482.3
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation and amortization		215.2	299.6
Gain on disposals of property, plant and equipment		(7.8)	(0.4)
Losses / (gains) on investments		0.1	(52.8)
Finance income		(22.0)	(24.4)
Finance costs		64.1	48.7
Equity in net losses of associates and other companies accounted for using the equity method		37.5	40.5
Deferred income tax (benefit) / expense		(1.3)	21.4
Impairment losses and write-off of assets		6.0	0.6
Unrealized losses on foreign currency exchange		97.1	76.3
Other adjustments		5.2	5.1
Changes in operating assets and liabilities			
Increase in trade and other accounts receivable		(21.0)	(87.8)
Decrease in inventories		0.6	85.2
Decrease / (increase) in other current assets		1.0	(4.6)
Increase / (decrease) in trade and other accounts payable		115.9	(12.0)
Increase / (decrease) in current income tax liability		6.7	(0.5)
Net cash provided by operating activities		740.2	877.2
Cash flows from investing activities			
Purchases and construction of property, plant and equipment		(280.2)	(295.5)
Proceeds from sale of property, plant and equipment		12.0	9.4
Purchases of investments and loans given, net		-	(58.1)
Placement of bank deposits, net		(54.7)	(9.6)
Interest received		12.3	17.2
Contribution to share capital of a company accounted for using the equity method		-	(22.0)
Change in advance VAT payments on imported equipment		2.2	(30.1)
Net cash used in investing activities		(308.4)	(388.7)
Cash flows from financing activities			
Proceeds from borrowings		737.1	86.0
Repayment of borrowings		(690.9)	(274.7)
Interest paid		(42.4)	(40.8)
Dividends to shareholders		(477.0)	(41.3)
Net cash used in financing activities		(473.2)	(270.8)
Net increase in cash and cash equivalents		(41.4)	217.7
Effect of exchange rate changes on cash and cash equivalents		25.5	(17.8)
Cash and cash equivalents at the beginning of the year	4	343.0	549.2
Cash and cash equivalents at the end of the period	4	327.1	749.1
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Income tax		(83.9)	(142.2)
Placements of bank deposits		(476.2)	(346.2)
Withdrawals of bank deposits		421.5	336.6
Non cash investing activities:			
Conversion of debt to equity	5	139.4	-

1 Background

Novolipetsk Steel (the “Parent Company”) and its subsidiaries (together – the “Group”) is one of the world’s leading steelmakers with facilities that allow it to operate an integrated steel production cycle. The Group is vertically integrated steel company and the largest steel producer in Russia. The Group also operates in the mining segment.

The Group’s main operations are in the Russian Federation, the European Union and the USA and are subject to the legislative requirements of the subsidiaries’ state and regional authorities. The Parent Company’s registered office is located at 2, Metallurgov sq., 398040, Lipetsk, Russian Federation.

2 Basis of preparation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2015, which have been prepared in accordance with IFRSs.

The functional currency of all of the Group’s Russian entities is considered to be the Russian ruble. The functional currency of the majority of the foreign subsidiaries is their local currency. The Group uses US dollars as presentation currency for users’ convenience.

Starting January 2016 the Group translates income and expenses into the presentation currency using weighted average exchange rates for each month. The Central Bank of the Russian Federation’s Russian ruble to US dollar closing rates of exchange as at the reporting dates and the period weighted average exchange rates for corresponding quarters of reporting periods are indicated below.

	2016	2015
For the 1 st quarter	74.6283	62.1919
As at 31 March	67.6076	58.4643
For the 2 nd quarter	65.8883	52.6543
As at 30 June	64.2575	55.5240
As at 31 December		72.8827

3 Significant accounting policies

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2015. Amendments to IFRSs effective for the year ending 31 December 2016 are not expected to have a material impact on the Group.

4 Cash and cash equivalents

	As at 30 June 2016	As at 31 December 2015
Cash		
Russian rubles	19.2	20.4
US dollars	98.0	99.0
Euros	42.2	41.2
Other currencies	2.5	1.7
Deposits		
Russian rubles	31.3	29.6
US dollars	113.4	140.3
Euros	19.9	-
Other currencies	0.2	10.7
Other cash equivalents	0.4	0.1
	327.1	343.0

5 Investments

Classification of investments in the interim condensed consolidated statement of financial position:

	As at 30 June 2016	As at 31 December 2015
Short-term financial investments		
Loans to related parties (Note 16(c))	66.8	65.4
Bank deposits, including:	1,226.8	1,171.7
- Russian rubles	-	14.8
- US dollars	1,137.5	1,090.7
- Euros	89.3	66.2
- other currencies	-	-
Other short-term financial investments	15.5	5.5
	1,309.1	1,242.6
Long-term financial investments		
Loans to related parties (Note 16(c))	86.2	219.7
Bank deposits and other long-term financial investments	0.1	0.1
	86.3	219.8
Total investments	1,395.4	1,462.4



5 Investments (continued)

Investments in associates and other companies accounted for using the equity method of accounting

	As at 30 June 2016 Ownership	As at 31 December 2015 Ownership	As at 30 June 2016	As at 31 December 2015
NLMK Belgium Holdings S.A.	51.0%	51.0%	199.2	108.8
TBEA & NLMK (Shenyang) Metal Product Co., Ltd.	50.0%	50.0%	9.5	8.9
			208.7	117.7

In March 2015, the Group and SOGEPA signed an agreement providing for the increase of SOGEPA's stake in NBH from 20.5% to 49% and on further joint management of NBH's businesses. The Group reflected a disposal of its 28.5% stake in NBH (loss on the disposal amounting to \$21.1) and derecognition of the options previously included in other long-term liabilities (gain amounting to \$76.0) in "(Losses) / gains on investments" line of the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2015 in the total amount of \$54.9. In accordance with the agreement the Group and SOGEPA made additional pro-rata contributions to the share capital of NBH (EUR 20.4 million and EUR 19.6 million, respectively). The Group and SOGEPA also agreed to support NBH in obtaining financing of its working capital.

In June 2016, the Group converted existing loans to NBH into share capital in the amount of EUR 123 million. These investments are also a part of the agreement signed in March 2015. These contributions did not change the Group's share in NBH.

Management has analysed the performance of NBH in the first half of 2016 and assessed the recoverable amount of the company accounted for using the equity method of accounting as of 30 June 2016 by analyzing and assessing changes in major assumptions used in the impairment models as of 31 December 2015 and believes that there is no need for any adjustment to the recorded recoverable amount.

6 Trade and other accounts receivable

	As at 30 June 2016	As at 31 December 2015
Financial assets		
Trade accounts receivable	692.4	613.6
Allowance for impairment of trade accounts receivable	(19.7)	(16.3)
Other accounts receivable	28.3	40.3
Allowance for impairment of other accounts receivable	(21.0)	(15.3)
	680.0	622.3
Non-financial assets		
Advances given to suppliers	55.0	54.0
Allowance for impairment of advances given to suppliers	(2.0)	(4.2)
VAT and other taxes receivable	256.4	247.3
Accounts receivable from employees	2.1	1.5
	311.5	298.6
	991.5	920.9

6 Trade and other accounts receivable (continued)

The carrying amounts of trade and other accounts receivable approximate their fair values.

As at 30 June 2016 and 31 December 2015, accounts receivable of \$139.2 and \$74.0, respectively, served as collateral for certain borrowings (Note 11).

7 Inventories

	As at 30 June 2016	As at 31 December 2015
Raw materials	581.2	522.0
Work in process	406.1	400.3
Finished goods and goods for resale	367.0	340.7
	1,354.3	1,263.0
Valuation to net realizable value	(45.7)	(57.7)
	1,308.6	1,205.3

As at 30 June 2016 and 31 December 2015, inventories of \$289.1 and \$303.5, respectively, served as collateral for certain borrowings (Note 11).

8 Property, plant and equipment

	As at 30 June 2016	As at 31 December 2015
Land	114.1	101.0
Buildings	1,428.3	1,263.3
Land and buildings improvements	1,813.6	1,633.0
Machinery and equipment	5,121.9	4,482.9
Vehicles	207.9	174.5
Construction in progress	1,233.9	950.3
Other	67.1	77.4
	9,986.8	8,682.4
Accumulated depreciation	(4,952.7)	(4,230.1)
	5,034.1	4,452.3

As at 30 June 2016 the Group clarified classification of fixed assets between "Land and buildings improvements" and "Machinery and equipment". Comparative amounts as at 31 December 2015 also were corrected.

The amount of borrowing costs capitalized was \$19.2 and \$24.5 for the six months ended 30 June 2016 and 30 June 2015, respectively.

The amount of borrowing costs capitalized was \$9.9 and \$9.7 for the three months ended 30 June 2016 and 30 June 2015, respectively.

8 Property, plant and equipment (continued)

Management has analysed the performance of key cash generating units in the first half of 2016 and believes that no changes to the estimates made as at 31 December 2015 regarding impairment of fixed assets and goodwill are required.

Management estimates the outstanding agreements in connection with equipment supply and construction works amounted to \$485.2 and \$564.7 as at 30 June 2016 and 31 December 2015, respectively.

9 Intangible assets

	As at 30 June 2016	As at 31 December 2015
Goodwill	240.2	214.6
Mineral rights	271.1	239.0
Beneficial lease interest	8.7	8.7
	520.0	462.3
Accumulated amortization	(156.9)	(135.4)
	363.1	326.9

10 Trade and other accounts payable

	As at 30 June 2016	As at 31 December 2015
Financial liabilities		
Trade accounts payable	420.4	342.3
Dividends payable	3.0	161.2
Other accounts payable	13.9	16.0
	437.3	519.5
Non-financial liabilities		
Advances received	87.8	62.9
Taxes payable other than income tax	75.1	39.2
Accounts payable and accrued liabilities to employees	147.5	104.8
	310.4	206.9
	747.7	726.4

The estimated fair value of the trade and other accounts payable approximates their carrying value.



11 Short-term and long-term borrowings

Rates	Currency	Maturity	As at 30 June 2016	As at 31 December 2015
Bonds				
8% to 11.5%	RUR	2016-2017	401.3	350.4
4.45% to 4.95%	USD	2018-2023	1,314.1	1,195.9
Loans				
LIBOR +1.875% to LIBOR +3% and PRIME +0.875%	USD	2016-2019	576.2	583.4
EURIBOR +0.9% to EURIBOR +2%	EUR	2016-2022	505.8	546.4
			2,797.4	2,676.1
Less: short-term loans and current maturities of long-term loans and bonds			(607.9)	(559.8)
Long-term borrowings			2,189.5	2,116.3

The carrying amounts and fair value of long-term bonds are as follows:

	As at 30 June 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	1,459.1	1,486.9	1,315.5	1,300.8

The fair value of short-term borrowings equals their carrying amount. The fair values of long-term borrowings approximate their carrying amount. The fair values of bonds are based on cash flows discounted using an applicable rate and are within level 2 of the fair value hierarchy.

In June 2016 the Group issued Eurobonds of \$700.0 with an annual coupon rate of 4.5% mature in 2023 for the general corporate purposes and refinancing of its current debt. This issue did not changed major terms of loan agreements of the Group.

Collateral

As at 30 June 2016 and 31 December 2015, the total amount of the Group companies' collateral was \$428.3 and \$377.5, respectively.

12 Earnings per share

	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Profit for the period attributable to NLMK shareholders (millions of US dollars)	242.0	481.9
Weighted average number of shares	5,993,227,240	5,993,227,240
Basic and diluted earnings per share (US dollars)	0.0404	0.0804

**12 Earnings per share (continued)**

	For the three months ended 30 June 2016	For the three months ended 30 June 2015
Profit for the period attributable to NLMK shareholders (millions of US dollars)	185.1	161.5
Weighted average number of shares	5,993,227,240	5,993,227,240
Basic and diluted earnings per share (US dollars)	0.0309	0.0269

Basic earnings per share of common stock is calculated by dividing profit for the period attributable to NLMK shareholders by the weighted average number of shares of common stock outstanding during the reporting period. The Parent Company does not have potentially dilutive financial instruments outstanding.

In June 2015, the Parent Company declared dividends for the year ended 31 December 2014 of 2.44 Russian rubles per share for the total of \$265.9 (including interim dividends for the six months ended 30 June 2014 of 0.88 Russian ruble per share for the total of \$133.9) translated at the historical rate as of the announcement date and for the three months ended 31 March 2015 of 1.64 Russian rubles per share for the total of \$178.7 (at the historical rate as of the announcement date).

In June 2016, the Parent Company declared dividends for the fourth quarter of 2015 of 2.43 Russian rubles per share in the total amount of Russian rubles of \$218.2 and for the three months ended 31 March 2016 of 1.13 Russian rubles per share in the total amount of \$101.5 (at the historical rate as of the announcement date).

13 Foreign currency exchange

	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Foreign exchange loss on cash and cash equivalents	(58.2)	(34.0)
Foreign exchange loss on financial instruments	-	(0.3)
Foreign exchange loss on financial investments	(302.7)	(100.7)
Foreign exchange gain on debt financing	263.8	58.7
Foreign exchange gain / (loss) on other assets and liabilities	3.4	(73.4)
	(93.7)	(149.7)
	For the three months ended 30 June 2016	For the three months ended 30 June 2015
Foreign exchange loss on cash and cash equivalents	(23.6)	(5.0)
Foreign exchange loss on financial instruments	-	(0.2)
Foreign exchange loss on financial investments	(116.9)	(101.7)
Foreign exchange gain on debt financing	118.8	78.7
Foreign exchange loss on other assets and liabilities	(6.2)	(12.4)
	(27.9)	(40.6)

14 Income tax

Income tax expense for the six months ended 30 June 2016 is recognized based on management's estimate of the expected annual income tax rate. Tax effect of certain items was not considered in the calculation of income tax expense for the six months ended 30 June 2016 and 30 June 2015. The higher effective tax rate for the six months ended 30 June 2016 was mainly the result of the increased share of losses, for which no deferred taxes were recognised, in the total amount of profit before income tax. The lower effective tax rate for the three months ended 30 June 2016 was mainly the result of utilization of previously unrecognized tax-losses carryforward.

15 Segment information

The Group has five reportable business segments: Russian flat products, Foreign rolled products, Russian long products, Mining and Investments in associate entity NBH. These segments are combinations of subsidiaries and companies accounted for using equity method of accounting, have separate management teams and offer different products and services. The above five segments meet the criteria for reportable segments. Subsidiaries are consolidated by the segment to which they belong based on their products and management.

Revenue from segments that does not exceed the quantitative thresholds is primarily attributable to two operating segments of the Group. Those segments include insurance and other services. None of these segments has met any of the quantitative thresholds to be reported separately.

The Group's management determines intersegmental sales and transfers, as if the sales or transfers were to third parties. The Group's management evaluates performance of the segments based on segment revenues, gross profit, operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, and profit for the year.

Intersegmental operations and balances include elimination of intercompany dividends paid to Russian flat products segment by other segments and presented within line "Profit / (loss) for the period" together with other intercompany elimination adjustments, including elimination of NBH liabilities to the Group companies. NBH deconsolidation adjustments include full elimination of sales of NBH with further recognition of the Group's sales to NBH and elimination of unrealised profits, recognition of investment in associate, recognition of impairment and share of loss arising for NBH and other consolidation adjustments.

15 Segment information (continued)

Information on segments' profit or loss for the six months ended 30 June 2016 and their assets and liabilities on this date is as follows:

	Mining	Russian flat products	Russian long products	Foreign rolled products	Investments in associate entity NBH	All other	Inter-segmental operations and balances	NBH deconsolidation adjustments	Total
Revenue from external customers	63.4	1,919.6	415.2	716.7	595.5	4.0	-	(268.1)	3,446.3
Intersegment revenue	189.2	609.6	103.5	-	20.0	-	(902.3)	(20.0)	-
Gross profit / (loss)	156.5	791.5	97.4	83.0	32.4	0.7	(82.8)	(32.4)	1,046.3
Operating profit / (loss)*	112.1	404.3	28.4	31.1	(38.4)	0.3	(41.1)	38.4	535.1
Profit / (loss) for the period	80.5	222.9	30.0	18.5	(73.7)	0.3	(71.7)	36.1	242.9
Segment assets	1,791.9	7,175.4	1,051.1	1,082.2	1,471.3	12.4	(1,597.8)	(1,234.4)	9,752.1
Segment liabilities	(390.2)	(3,782.7)	(558.3)	(773.8)	(1,201.7)	(0.8)	1,897.3	811.0	(3,999.2)
Depreciation and amortization	(19.6)	(137.5)	(22.2)	(35.8)	(37.3)	(0.1)	-	37.3	(215.2)

Information on segments' profit or loss for the six months ended 30 June 2015 and their assets and liabilities as at 31 December 2015 is as follows:

	Mining	Russian flat products	Russian long products	Foreign rolled products	Investments in associate entity NBH	All other	Inter-segmental operations and balances	NBH deconsolidation adjustments	Total
Revenue from external customers	101.7	2,471.1	497.9	801.6	694.1	6.7	-	(217.4)	4,355.7
Intersegment revenue	199.4	750.4	137.4	-	35.5	-	(1,087.2)	(35.5)	-
Gross profit / (loss)	181.9	1,155.9	71.2	(39.4)	116.2	5.3	51.3	(116.2)	1,426.2
Operating profit / (loss)*	117.8	698.4	0.6	(88.7)	(57.2)	5.0	87.0	57.2	820.1
Profit / (loss) for the period	75.6	484.7	(20.2)	(79.0)	(68.3)	5.0	56.9	27.6	482.3
Segment assets	1,476.6	7,509.6	953.4	1,036.6	1,485.4	11.6	(2,195.6)	(1,358.2)	8,919.4
Segment liabilities	(326.0)	(3,603.2)	(565.6)	(1,458.9)	(1,281.7)	(1.0)	2,679.0	775.7	(3,781.7)
Depreciation and amortization	(20.1)	(207.2)	(38.2)	(34.1)	(39.7)	-	-	39.7	(299.6)

* Operating profit / (loss) before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

15 Segment information (continued)

Information on segments' profit or loss for the three months ended 30 June 2016 is as follows:

	Mining	Russian flat products	Russian long products	Foreign rolled products	Investments in associate entity NBH	All other	Inter-segmental operations and balances	NBH deconsolidation adjustments	Total
Revenue from external customers	38.4	992.0	250.1	400.2	321.2	2.8	-	(135.3)	1,869.4
Intersegment revenue	107.0	400.0	79.3	-	11.6	-	(586.3)	(11.6)	-
Gross profit / (loss)	93.2	455.6	84.8	65.8	13.5	0.5	(63.3)	(13.5)	636.6
Operating profit / (loss)*	63.2	235.6	43.0	38.1	(13.0)	0.2	(34.0)	13.0	346.1
Profit / (loss) for the period	45.0	140.6	37.8	34.9	(42.1)	0.2	(50.5)	20.6	186.5
Depreciation and amortization	(10.5)	(73.2)	(12.1)	(18.2)	(19.0)	-	-	19.0	(114.0)

Information on segments' profit or loss for the three months ended 30 June 2015 is as follows:

	Mining	Russian flat products	Russian long products	Foreign rolled products	Investments in associate entity NBH	All other	Inter-segmental operations and balances	NBH deconsolidation adjustments	Total
Revenue from external customers	55.6	1,201.3	266.8	382.0	362.3	6.7	-	(134.7)	2,140.0
Intersegment revenue	110.4	408.7	94.5	-	12.3	-	(613.6)	(12.3)	-
Gross profit / (loss)	95.4	495.7	26.8	(33.4)	67.8	5.3	51.1	(67.8)	640.9
Operating profit / (loss)*	61.2	251.5	(9.0)	(59.1)	(22.3)	5.4	69.0	22.3	319.0
Profit / (loss) for the period	21.7	187.0	(25.1)	(58.6)	(34.5)	4.2	49.6	16.9	161.2
Depreciation and amortization	(12.7)	(113.7)	(16.4)	(17.0)	(19.6)	-	-	19.6	(159.8)

* Operating profit / (loss) before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

16 Related party transactions

Parties are considered to be related if one party has the ability to control the other party, is under common control or can exercise significant influence, or joint control over the other party in making financial or operational decisions as defined by IAS 24, "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group carries out operations with related parties on arm's length.

(a) Sales to and purchases from related parties

	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Sales		
NBH group companies	332.4	447.9
Other related parties	0.9	2.1
Purchases		
Universal Cargo Logistics Holding group companies (companies under the common control of beneficial owner)	155.3	155.2
Other related parties	23.1	39.4
	For the three months ended 30 June 2016	For the three months ended 30 June 2015
Sales		
NBH group companies	208.9	264.9
Other related parties	0.6	1.4
Purchases		
Universal Cargo Logistics Holding group companies (companies under the common control of beneficial owner)	94.5	92.2
Other related parties	13.8	15.4

(b) Accounts receivable from and accounts payable to related parties

	As at 30 June 2016	As at 31 December 2015
Accounts receivable and advances given		
NBH group companies	237.6	220.8
Other related parties	54.6	27.3
Accounts payable		
Universal Cargo Logistics Holding group companies (companies under the common control of beneficial owner)	8.8	5.8
Other related parties	18.1	18.9

(c) Financial transactions

	As at 30 June 2016	As at 31 December 2015
Loans, issued to NBH group companies	153.0	285.1
Deposits and current accounts in PJSC Bank ZENIT and PJSC Lipetskombank (companies under the significant influence of the Group's controlling shareholder)	13.6	24.2

16 Related party transactions (continued)

(d) Financial guarantees issued

As at 30 June 2016 and 31 December 2015 guarantees issued by the Group for borrowings of NBH group companies' amounted to \$281.0 and \$273.2, respectively, which is the maximum potential amount of future payments, to be paid on demand of the guarantee. No amount has been accrued in these interim condensed consolidated financial statements for the Group's obligation under these guarantees as the Group assesses probability of cash outflows, related to these guarantees, as low.

The maturity of the guaranteed obligations is as follows:

	As at 30 June 2016	As at 31 December 2015
Less than 1 year	80.4	82.0
From 1 to 2 years	11.2	14.3
Over 2 years	189.4	176.9
	281.0	273.2

17 Subsequent events

In July 2016 the Parent Company made an early redemption of its Russian ruble denominated bonds for a total amount of 5 billion Russian rubles (\$77.4 as of the redemption date) as a part of its debt portfolio optimization.

The Group's management has performed an evaluation of subsequent events and did not find any, except mentioned above, through the period from 1 July 2016 to 27 July 2016, which is the date when these interim condensed consolidated financial statements were available to be issued.