GCM Global Energy Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2015

Company Registration No. 06382557

GCM Global Energy Plc
COMPANY INFORMATION

DIRECTORS

A Zhuchenko
R Dubrovskaya

SECRETARY

MW Law Services Limited

REGISTERED OFFICE

Second Floor
11 Pilgrim Street
London
EC4V 6RN

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

The Directors present their Strategic Report for the year ended 31 December 2015. In this report GCM Global Energy plc and its subsidiaries are referred to as "the Group" or "GCM".

PRINCIPAL ACTIVITIES

The Group's principal activities during the year were oil and gas exploration, production of crude oil and natural gas and development of the potash production. The Group's activities are carried out internationally with the focus being on Russia, Kazakhstan and Belarus.

REVIEW OF BUSINESS

The Group exited its investment in Trovidor Enterprises Limited on the 17 June 2015 and focused on raising finance for the construction of the potash production plant in Belarus.

POST BALANCE SHEET EVENT

On the 17 June 2016 the OAO ASB Belarusbank and China Development Bank (CDB) have signed an agreement for $1.4 billion loan facility to finance the construction of the potash production plant for the Group's subsidiary, Slavkaliy Belarus. The construction is planned to begin early 2017.

FUTURE DEVELOPMENTS

GCM Global Energy plc is currently in the final stage of a restructuring within a wider group of companies in the natural resources industry.

RISK MANAGEMENT

Risk management is central to how the Group runs its business and is fundamental to value creation and delivery of substantial returns to shareholders. It is an integral part of the business model and is a Board level responsibility. GCM approach to risk management aims to identify key risks as early as possible and to either reduce or remove those risks.

Following the restructuring explained above, the group's principal risks and uncertainties are currently those detailed below.

Macroeconomic environment	In 2015, the global economy was shaped by a number of events including a dramatic decline in oil prices, slowdown in China, fears of a Greek exit from the Eurozone and anticipation of a shift in the US Central Bank monetary policy. The US economy benefited from a stronger job market, which contributed to increased incomes and investment. After seven years of near zero rates, the Federal Reserve raised its interest rates by a quarter of a per cent in December 2015 and signalled that moderate adjustments will continue as economic activity continues to expand. In Europe, markets stabilised following initial fears of a possible Greek default, with consumers being the main driver of growth while exports continued to aid the recovery despite emerging market weakness. Elsewhere, emerging markets faced several challenges including the slowdown in Chinese economic growth, the ongoing Russia-Ukraine conflict and the emergence of Islamic State extremists in Iraq and Syria.
Commodity price risk	Brent crude continued its decline in 2015 and slipped heavily to $45/bbl by late-August. Oversupply concerns and demand uncertainty weighed on the oil price throughout the second half of the year and OPEC's 'non-decision' in December led to further declines. At year end, Brent crude was selling at $37/bbl, a fall of 35 per cent since the start of 2015. At the start of 2016, prices fell once again, slipping to under $30/bbl for a number of days in January. The World Bank's forecast for oil in 2016 is an average of $37/bbl, down from a projection of $51/bbl in October last year.

Interest rate and liquidity risk	GCM Global Energy has various creditors providing liquidity and financing to the group. Where possible, GCM endeavours to limit its exposure to interest rate risk through structuring credit facilities using a fixed interest rate, or using interest rate derivatives to hedge exposure and gain visibility on financing costs going forward.
Foreign Exchange risk	The GCM Group has ongoing operations in a number of geographic regions. As a result, the group is exposed to movements in various currencies which can impact the underlying costs and revenues. The Group seeks to mitigate these risks by monitoring the regional economic situation and maintaining currency reserves as necessary.
Political Risk	Business operations in Russia, Kazakhstan and Belarus carry certain elements of risk relating to unexpected changes in regulatory and legal climates which could significantly impact GCM's business. As a mitigating factor, GCM continues to nurture, develop and grow its relationships with senior government officials and business leaders in the regions where it conducts its operations.
Environmental risk	The Group understands its responsibility to maintain and manage its obligations to minimise environmental impact. GCM is committed to working with local governments and other agencies to ensure safe procedures and operations in order to remain in good standing in all communities in which the Group operates.

On behalf of the Board

R Dubrovskaya
Director

30 June 2016

The Directors present their report and the financial statements of the Company and the Group for the year ended 31 December 2015.

DIRECTORS

The following directors have held office since 1 January 2015:

A Zhuchenko
R Dubrovskaya
M Kalyuzhny (resigned 23 October 2015)

DIVIDENDS

The Directors distributed interim dividends of $2.42 per share: (2014 $5.92 per share) in the amount of $40,497,978 (2014: $99,146,808). The payment of these dividends was satisfied via set off against the shareholder loan receivable of $40,497,978 held in the balance sheet at 31 December 2014.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to Corporate Social Responsibility and has implemented a number of policies across the following areas:

- Equal opportunities across the Group;
- Health and Safety; and
- Environmental impact and recovery

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has agreed that it shall to the maximum extent permitted by law, but subject to any limitation imposed by law and in particular sections 232 and 234 of the Companies Act 2006, indemnify the directors against all liabilities, costs and expenses (including any legal and other reasonable professional costs and expenses) incurred by them directly arising from or in connection with the execution and discharge of their duties as directors of the Company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

GOING CONCERN

The directors have considered the appropriateness of the going concern basis in the preparation of these financial statements and are satisfied that the company and the group are going concerns. The statement headed "Going Concern" on page 15 sets out certain factors considered by the directors in making this assessment.

AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the Board

R Dubrovskaya
Director
30 June 2016

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare group and company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCM GLOBAL ENERGY PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 7 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 June 2016

GCM Global Energy Plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000 (restated)
Revenue			
Interest and other income	8	10,091	10,630
		10,091	10,630
Employee costs	7	(3,780)	(3,957)
Distribution and administration expenses		(4,297)	(4,852)
Depreciation and amortisation		(73)	16
Loss on foreign exchange		(166)	(70)
		(8,316)	(8,863)
Profit before finance costs and taxation		1,775	1,767
Finance costs	9	(69)	(233)
Profit before taxation		1,706	1,534
Taxation	10	-	(5)
Profit for the year from continuing operations		1,706	1,529
Profit for the year from discontinued operations	29	21,001	342,140
Total profit for the year		22,707	343,669
Other comprehensive income			
Currency translation differences		9,074	(32,823)
Disposal of subsidiary		-	24,071
Total comprehensive income for the year		31,781	334,917
Profit for the year attributable to:			
Owner of the parent		21,076	336,109
Non-controlling interest		1,631	7,560
		22,707	343,669
Total comprehensive income for the year attributable to:			
Owners of the parent		30,150	327,357
Non-controlling interest		1,631	7,560
		31,781	334,917
Total comprehensive income for the year arising from:			
Continuing operations		10,780	(12,545)
Discontinued operations		21,001	347,462
		31,781	334,917

The notes and accounting policies on pages 14 to 42 form an integral part of these consolidated financial statements.

GCM Global Energy Plc
STATEMENT OF FINANCIAL POSITION
as at 31 December 2015 Company registration number 06382557

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Intangible assets	11	3,184	8,248	-	-
Property, plant and equipment	12	72,361	56,133	133	129
Investment in subsidiaries	14	-	-	1,989	2,032
Available for sale financial assets		-	6	-	-
Loans and other receivables	13	159,861	152,751	235,498	225,119
Total non-current assets		235,406	217,138	237,620	227,280
Current assets					
Inventories	15	229	1	-	-
Trade and other receivables	16	1,178	42,716	1,178	42,479
Cash and cash equivalents	17	7,072	4,979	5,961	3,060
Total current assets		8,479	47,696	7,139	45,539
TOTAL ASSETS		243,885	264,834	244,759	272,819
LIABILITIES					
Current liabilities					
Trade and other payables	18	969	3,935	767	2,462
Borrowings	19	-	1	-	-
Total current liabilities		969	3,936	767	2,462
Non-current liabilities					
Borrowings	19	2,362	232	-	-
Total non-current liabilities		2,362	232	-	-
TOTAL LIABILITIES		3,331	4,168	767	2,462
NET ASSETS		240,554	260,666	243,992	270,357

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
EQUITY					
Equity attributable to owners of the parent					
Called up share capital	20	29,312	29,312	29,312	29,312
Translation reserve		(3,441)	(12,515)	-	-
Retained earnings		214,683	234,104	214,680	241,045
Total equity attributable to owners of the parent		240,554	250,901	243,992	270,357
Non-controlling interests		-	9,765	-	-
TOTAL EQUITY		240,554	260,666	243,992	270,357

The financial statements on pages 7 to 42 were approved by the board of directors and authorised for issue on 30 June 2016 and are signed on its behalf by:

R Dubrovskaya
Director

The notes and accounting policies on pages 14 to 42 form an integral part of these consolidated financial statements

GCM Global Energy Plc
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

GROUP	Attributable to the equity owners of the parent Share capital $'000	Contributed capital $'000	Translation reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling interest $'000	Total $'000
AT 1 JANUARY 2014	29,312	88,611	(3,763)	(91,469)	22,691	(75,657)	(52,966)
Profit for the year	-	-	-	336,109	336,109	7,560	343,669
Other comprehensive income for the year	-	-	(8,752)	-	(8,752)	-	(8,752)
Total comprehensive income for the year	-	-	(8,752)	336,109	327,357	7,560	334,917
Transactions with owners:							
Dividends	-	-	-	(99,147)	(99,147)	(10,090)	(109,237)
Disposal of subsidiaries	-	-	-	-	-	87,952	87,952
Capital contribution adjustment from discontinued operations	-	(88,611)	-	88,611	-	-	-
Total transactions with owners in their capacity as owners	-	(88,611)	-	(10,536)	(99,147)	77,862	(21,285)
AT 31 DECEMBER 2014	29,312	-	(12,515)	234,104	250,901	9,765	260,666
Profit for the year	-	-	-	21,076	21,076	1,631	22,707
Other comprehensive income for the year	-	-	9,074	-	9,074	-	9,074
Total comprehensive income for the year	-	-	9,074	21,076	30,150	1,631	31,781
Transactions with owners:							
Dividends	-	-	-	(40,497)	(40,497)	-	(40,497)
Disposal of subsidiaries	-	-	-	-	-	(11,396)	(11,396)
Total transactions with owners in their capacity as owners	-	-	-	(40,497)	(40,497)	(11,396)	(51,893)
AT 31 DECEMBER 2015	29,312	-	(3,441)	214,683	240,554	-	240,554

The notes and accounting policies on pages 14 to 42 form an integral part of these consolidated financial statements.

GCM Global Energy Plc
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

COMPANY	Share capital $'000	Contributed capital $'000	Retained earnings $'000	Total $'000
AT 1 JANUARY 2014	29,312	88,611	(6,303)	11,620
Profit for the financial year	-	-	257,884	257,884
Dividends to the owner	-	-	(99,147)	(99,147)
Capital contribution adjustment from discontinued operations	-	(88,611)	88,611	-
AT 31 DECEMBER 2014	29,312	-	241,045	270,357
Profit for the financial year	-	-	14,133	14,133
Dividends to the owner	-	-	(40,498)	(40,498)
AT 31 DECEMBER 2015	29,312	-	214,680	243,992

The notes and accounting policies on pages 14 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	22	(10,166)	22,305
Income taxes paid		(17)	(2,270)
Net cash (used in) / generated from operating activities		(10,183)	20,034
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds of subsidiary disposals, net of cash transferred		(229)	(30,870)
Purchase of property, plant and equipment		(412)	(15,042)
Purchase of intangible assets		(293)	(2,074)
Interest received		3,368	7,925
Dividends received from joint venture		9,703	90,806
Net cash inflow from investing activities		12,137	50,745
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds /(repayments) from borrowings		817	(87,814)
Interest paid		(1)	(8,252)
Dividends paid to non-controlling interest		(677)	(9,658)
Net cash inflow / (outflow) from financing activities		139	(105,724)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,093	(34,945)
OPENING CASH AND CASH EQUIVALENTS		4,979	39,924
Closing cash and cash equivalents of:			
continued operations		7,072	3,943
discontinued operations		-	1,036
CLOSING CASH AND CASH EQUIVALENTS	17	7,072	4,979

The notes and accounting policies on pages 14 to 42 form an integral part of these consolidated financial statements.

GCM Global Energy Plc
COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	22	(8,528)	(7,893)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of subsidiary		-	8,600
Purchase of property, plant and equipment		(54)	(19)
Proceeds from disposal of property, plant and equipment		-	4
Dividends from subsidiaries		9,703	90,806
Interest received		3,365	1,550
Net cash inflow from investing activities		13,014	100,941
CASH FLOWS FROM FINANCING ACTIVITIES			
Restructuring of finance		(1,404)	(95,182)
Net cash outflow used in financing activities		(1,404)	(95,182)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,082	2,134
OPENING CASH AND CASH EQUIVALENTS		3,060	1,213
Effect of foreign exchange rate changes		(181)	(287)
CLOSING CASH AND CASH EQUIVALENTS	17	5,961	3,060

The notes and accounting policies on pages 14 to 42 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

GCM Global Energy Plc. ("the Company"), its subsidiaries and share of the joint venture ("the Group") undertakes oil and gas exploration, production of crude oil and natural gas and development of the potash production. The Group's activities are carried out internationally with the focus being on Russia, Kazakhstan and Belarus. The Group's operations in Azerbaijan and Russia were sold during 2014 and were classified as discontinued in the year to 31 December 2014 (see note 29). The Group's share of joint venture in Kazakhstan was sold in June 2015. The results for the period relating to the joint venture have been classified as part of discontinued operations in the year to 31 December 2015 (see note 29).

The company is a privately owned public limited company, incorporated and domiciled in the UK. The company's registered office is 2nd Floor, 11 Pilgrim Street, London, EC4V 6RN.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

BASIS OF ACCOUNTING

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU"). The financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments.

GOING CONCERN

The directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. This has been determined by a review of forecast cash flows and expected trading performance for a period of at least 12 months from the date of approval of these financial statements and careful consideration of the contingent liabilities and commitments disclosed in note 24.

The group is primarily financed through bank and related party borrowings and there are a number of key measures in place that will allow the directors to manage the business and provide adequate liquidity. These are as follows:

- The ability to negotiate bank facilities with the existing third party providers of finance;
- The ability to borrow from other providers of funds, mainly private financial institutions or related parties; and
- Significant control and flexibility over the group's development plans and their timing that will allow it, if necessary, to conserve capital by delaying or eliminating capital expenditure.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit for the Group. Subsidiaries are fully consolidated from the effective date of acquisition up to the effective date of disposal.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. When the fair value of identifiable net assets acquired exceeds the cost of the business combination, the excess (negative goodwill) is recognised directly in the Statement of Comprehensive Income. However, where subsidiaries or interests in joint ventures are acquired from companies under common control, negative goodwill arising on such acquisitions (net of any goodwill on other such transactions) is credited directly to equity as contributed capital.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those of the Group.

All intra-Group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting for joint arrangements

A joint arrangement is a contractual arrangement which gives two or more parties joint control. A joint arrangement is either a joint venture or a joint operation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The group combines its share of assets, liabilities, revenue and expenses of joint arrangements with its own, after making appropriate adjustments to eliminate transactions between the group and the joint arrangement

Investments in joint ventures are recognised in the financial statements using the equity method of accounting unless they fall to be classified as held for sale. They are initially carried at cost. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income are recognised directly in other comprehensive income. The carrying value of the investment (including goodwill) is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those joint ventures are not recognised unless the Group has incurred obligations or made payments on behalf of the joint ventures.

Where a group company transacts with a joint venture of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the Group.

FOREIGN CURRENCY TRANSLATION

The presentational currency is the US$ as this is the currency which mainly influences the sales price of the goods and services being delivered and the costs incurred in delivering them. The exchange rate between Sterling and the US$ at 31 December 2015 was 1.4802 (2014: 1.5532), the official exchange rate between the Kazakhstan Tenge and the US$ at 31 December 2015 was 339.47 (2014: 180.323), the exchange rate between Belarusian Ruble and the US$ as at 31 December 2015 was 18,618.4 (2014: 12,605.3)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions are recorded in the functional currency of each reporting entity. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, where the changes in fair value are recognised in other comprehensive income. Other non-monetary assets and liabilities are kept at the rate of exchange prevailing on the date the transaction was recorded.

On consolidation, the assets and liabilities reported in functional currencies other than the US$ are retranslated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognised as other comprehensive income and in the Group's translation reserve.

Such translation differences are recognised as income or expenses in the period in which the operation is disposed.

EXPLORATION AND EVALUATION EXPENDITURE

The Group adopts the successful efforts method of accounting for exploration and evaluation expenditure.

(a) PRE-LICENCE EXPENDITURE

Any expenditure incurred relating to exploration and evaluation or similar activities prior to obtaining a development licence (or similar rights) are expensed as incurred.

(b) LICENCE COSTS

The cost of acquiring an exploration/development licence (or similar rights) are capitalised and classified as an intangible asset. Incidental costs relating to the acquisition of the licence are capitalised as part of the cost of acquisition.

(c) OTHER EXPENDITURE

Geological and geophysical costs and similar costs are capitalised as intangible assets. All capitalised costs are subject to a commercial, technological and management review each year to confirm the continued intention to develop and extract value from the discovery. When this is no longer the case, the capitalised costs are written off to profit or loss.

Intangible exploration and evaluation assets are not subject to amortisation.

Property, plant and equipment that are consumed in developing an intangible exploration and evaluation asset are subject to depreciation over their useful economic lives. The depreciation amount reflecting that consumption will be capitalised as part of the cost of developing the intangible exploration and evaluation asset.

Property, plant and equipment also includes land and buildings, plant, equipment, vehicles and office equipment. Property, plant and equipment is recorded at cost which includes expenditure that is directly attributable to the acquisition of the items and depreciated over its useful economic life.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DEPRECIATION

Mining assets will be depreciated over the estimated life of the reserves once production commences. For those assets whose useful life is shorter than the lifetime of the related field a straight-line method is applied.

Land is not depreciated. Buildings and operating base facilities are depreciated on a straight-line basis over their estimated useful lives ranging from five to fifty-five years.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of four to twenty years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds (if any) and the carrying amount of the asset and is recognised in profit or loss.

MAJOR MAINTENANCE AND REPAIRS

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred.

OTHER INTANGIBLE ASSETS

Other intangible assets include software and licences other than exploratory and development licences. Other intangibles are measured initially at purchase cost and amortised on a straight-line basis over their estimated useful lives, being between 5-7 years.

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

INVENTORIES

Inventories, consisting primarily of spare parts, are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis and includes expenditures incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Bank overdrafts are presented within current liabilities.

Investments

Investments held by the parent company in subsidiaries are recorded at cost at the reporting date. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the period they occur.

Available for sale financial assets

Available for sale financial assets are held at fair value with gains and losses recognised in other comprehensive income, except for impairment losses which are recognised in profit and loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank and other borrowings

Interest-bearing bank and other loans and bank overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the instrument at the effective rate of interest.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

LEASES

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance charges are allocated to each period so as to achieve a constant rate of interest.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discount, custom duties and sale taxes.

Revenue derived from the provision of services is recognised in the period during which such services were provided. Where a contract is not fully completed at the year end, revenue is recognised according to the percentage of the project completed during the year.

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CURRENT AND DEFERRED INCOME TAX

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit that is reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is provided on temporary differences arising on acquisition that are categorised as Business Combinations.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS'S ISSUED BUT NOT YET EFFECTIVE

The following relevant standards and interpretations were in issue at the reporting date but are not yet effective. Management do not anticipate that these will have a significant impact on the financial statements.

IFRS 9* Financial Instruments (amended July 2015) (effective for annual periods beginning on or after 1 January 2018). Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.

IFRS 11* Investment Entities: Applying the Consolidation Exception (amended May 2015) (effective for annual periods beginning on or after 1 January 2016). Introduces guidance as to how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined by IFRS 3 Business Combinations. Also proposes that a joint operator should apply the relevant principles for business combinations accounting in IFRS 3 and other relevant IFRSs when accounting for these acquisitions.

IFRS 15* Revenue from Contracts with Customers (amended May 2015) (effective for annual periods beginning on or after 1 January 2018). Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple element arrangements.

IFRS 16* Leases (effective for annual periods beginning on or after 1 January 2019). The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.

* Not yet endorsed by the EU.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

COMMITMENTS AND CONTINGENCIES

The Directors review the facts and circumstances associated with all material potential known liabilities as at the balance sheet date to assess the likelihood of an actual liability arising on the group and to quantify any potential liability. Details of commitments and contingent liabilities are in note 24.

RECOGNITION OF LOANS AND OTHER RECEIVABLES

There are related party loans and other receivables recognised as at 31 December 2015. These loans have been included in the financial statements at book value on the basis that management believe this to be most representative of their fair value. Furthermore management consider these balances to be recoverable. Details of these loans and other receivables are included in note 13.

4 FINANCIAL RISK FACTORS

The Group's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group has in place risk management policies that seek to limit the adverse effects of commodity price risk and interest rate risk.

LIQUIDITY RISK

In order to manage liquidity risk it is the Group's policy to maintain committed facilities to ensure sufficient available surplus cash resources. The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis through the use of cash flow forecasts to ensure that it has sufficient funds to meet the obligations of the Group as they fall due.

4 FINANCIAL RISK FACTORS (continued)

Maturity Analysis

The table below analyses the Group's financial liabilities into maturity groupings based on amounts outstanding at the balance sheet date up to the contractual maturity date.

Group 2015	Less than 6 months $'000	Between 6 months and 1 year $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	710	-	-	-	710
Borrowings	-	-	-	2,362	2,362
Total	710	-	-	2,362	3,072

Group 2014	Less than 6 months $'000	Between 6 months and 1 year $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	3,570	-	-	-	3,570
Borrowings	1	-	-	232	233
Total	3,571	-	-	232	3,803

Company 2015	Less than 6 months $'000	Between 6 months and 1 year $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	514	-	-	-	514
Total	514	-	-	-	514

Company 2014	Less than 6 months $'000	Between 6 months and 1 year $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	2,179	-	-	-	2,179
Total	2,179	-	-	-	2,179

4 FINANCIAL RISK FACTORS (continued)

FOREIGN CURRENCY RISK

The Group operates in several markets across the world and is exposed to foreign exchange risk arising from currency exposures; in particular with respect the Belarusian Rouble ('BYR').

CREDIT RISK

Credit risk predominantly arises from loans and other receivables, trade receivables and cash and cash equivalents.

The Group's credit risk exposure as at 31 December 2015 is mainly in relation to the related party promissory notes of $154.3m (2014: £150.1m). Management believe the amounts to be fully recoverable. The promissory notes settlement date is 31 March 2024. As stated in note 25 the loan notes have been converted into preference shares subsequent to the year end.

The Group's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is not materially different from their carrying value.

Maximum exposure to credit risk	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current loan receivable	159,443	152,745	159,443	152,745
Trade and other receivables	487	42,716	1,178	42,477
Loans and receivables from subsidiaries	-	-	76,054	72,376
Cash and cash equivalents	7,072	4,979	5,961	3,060
	167,002	200,440	242,636	270,658

The Group or the Company does not have any trade and other receivables that are past due at the reporting date but have not been provided for impairment.

The provision for credit losses of balances receivable is based on a review of balances determined to be impaired at the reporting date.

4 FINANCIAL RISK FACTORS (continued)

INTEREST RATE RISK

The Group's interest rate exposure arises mainly from its interest bearing borrowings. As at 31 December 2015 the Group had only fixed rate loans payable to eliminate exposure to interest rate cash flow risk.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Group's non-derivative financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

ASSETS

Group

2015	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
Other loans receivable from related parties	154,321	-	5,122	159,443
Trade and other receivables	-	-	487	487
Cash and cash equivalents	-	-	7,072	7,072
	154,321	-	12,681	167,002

2014	Fixed rate $'000	Floating rate $'000	Non-interest Bearing $'000	Total $'000
Trade and other receivables	-	-	2,218	2,218
Other loans receivable from related parties	150,044	-	42,341	192,385
Cash and cash equivalents	-	-	4,979	4,979
	150,044	-	49,538	199,582

4 FINANCIAL RISK FACTORS (continued)

Company

2015	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
Trade and other receivables	-	-	488	488
Other loans receivable from related parties	154,321	-	5,123	159,444
Loan and receivable from subsidiaries	-	-	76,055	76,055
Cash and cash equivalents	-	-	5,961	5,961
	154,321	-	87,627	241,948

2014	Fixed rate $'000	Floating rate $'000	Non-interest Bearing $'000	Total $'000
Trade and other receivables	-	-	1,979	1,979
Other loans receivable from related parties	150,044	-	42,541	192,585
Loan and receivable from subsidiaries	-	-	72,376	72,376
Cash and cash equivalents	-	-	3,060	3,060
	150,044	-	119,956	270,000

LIABILITIES

Group

2015	Fixed rate $'000	Floating rate $'000	Non-interest Bearing $'000	Total $'000
Trade and other payables	-	-	710	710
Borrowings	2,222	-	140	2,362
	2,222	-	850	3,072

2014	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
Trade and other payables	-	-	3,570	3,570
Borrowings	-	-	233	233
	-	-	3,803	3,803

No interest was charged on trade and other payables during 2015 or 2014.

In 2015, the Company's trade and other payables were $320,000 (2014: $2,179,000) and were non-interest bearing.

4 FINANCIAL RISK FACTORS (continued)

CAPITAL MANAGEMENT

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis.

The Group considers its capital to include share capital, contributed capital, translation reserve, retained earnings and net debt as noted below.

Net debt includes short and long-term borrowings net of cash and cash equivalents.

	2015 $'000	2014 $'000
Total debt	2,362	233
Less cash and cash equivalents	(7,072)	(4,979)
Net (funds) / debt	(4,710)	(4,746)
Total equity	240,554	254,624

The Group does not have any externally imposed capital requirements.

COMMODITY PRICE RISK

Commodity price risk is the risk that market prices for commodities will move adversely thereby potentially reducing expected margins.

The group's commodity risk relates to the future potash operations of the group. The potash operations have not yet started production.

5 DIVIDENDS

The Directors recommended and distributed interim dividends of $2.42 per share: (2014 $5.92 per share) in the amount of $40,497,978 (2014: $99,146,808). The payment of these dividends was satisfied via set off against the shareholder loan receivable of $40,497,978 held in the balance sheet at 31 December 2014.

6 PROFIT BEFORE TAXATION

	2015 $'000	2014 $'000
The following items have been charged in arriving at profit before taxation:		
Amounts payable to RSM UK Audit LLP and their associates in respect of both audit and non-audit services:		
Audit services		
- Statutory audit of parent and consolidated accounts	141	231
- Auditing of the accounts of subsidiaries of the Group pursuant to legislation (including that of countries and territories outside Great Britain)	11	-
Other Services	15	-
Taxation services	168	213
Operating lease rentals - land and buildings	1,365	1,583

Operating lease rentals includes $nil (2014: $146k) that relates to discontinued operations. In addition, $nil (2014: $45k) of audit and other services fees relate to discontinued operations.

7 EMPLOYEE COSTS

The table below sets out details of the Group's employment costs, including key management and Directors.

	Group (Continuing operations) 2015 $'000	Group (Discontinued operations) 2015 $'000	Total 2015 $'000	Group (Continuing operations) 2014 $'000	Group (Discontinued operations) 2014 $'000	Total 2014 $'000
Wages and salaries	3,196	73	3,269	3,137	11,963	15,099
Social security costs	390	24	414	603	1,098	1,701
Pension costs - defined contribution plans	194	-	194	217	2,751	2,968
	3,780	97	3,877	3,956	15,812	19,768

The average monthly number of employees during the year was made up as follows:

	Group (Continuing operations) 2015 No.	Group (Discontinued operations) 2015 No.	Total 2015 No.	Group (Continuing operations) 2014 No.	Group (Discontinued operations) 2014 No.	Total 2014 No.
Technical and operations	31	-	31	40	1,168	1,208
Sales and marketing	-	-	-	-	9	9
Management and administration	27	3	30	27	65	92
	58	3	61	67	1,242	1,309

7 EMPLOYEE COSTS (continued)

KEY MANAGEMENT

The table below sets out details of the emoluments of the Group's key management including Directors.

	Group (Continuing operations) 2015 $'000	Group (Discontinued operations) 2015 $'000	Total 2015 $'000	Group (Continuing operations) 2014 $'000	Group (Discontinued operations) 2014 $'000	Total 2014 $'000
Short term benefits	1,066	-	1,066	1,162	478	1,640
Company contributions to personal pension schemes	65	-	65	77	59	136
	1,131	-	1,131	1,239	537	1,776

DIRECTORS' EMOLUMENTS

The table below sets out details of the emoluments of the Company's Directors.

	2015 $'000	2014 $'000
Directors' emoluments in respect of qualifying services	1,066	1,162
Company contributions to personal pension schemes	65	77
	1,131	1,239
The emoluments of the highest paid Director were as follows:		
Emoluments in respect of qualifying services	394	449
Company contributions to personal pension schemes	25	26
	419	475

There are 2 directors in defined contribution personal pension schemes (2014: 3).

8 INTEREST AND OTHER INCOME

	2015 $'000	2014 $'000
Loan interest from related parties	9,298	8,027
Rental income	785	615
Other income	8	1,988
	10,091	10,630

9 FINANCE COSTS

	2015 $'000	2014 $'000
Interest on other loans	69	233
	69	233

10 TAXATION

	2015	2014
	$'000	$'000
Analysis of charge for the year:		
Current tax – overseas	-	5
Tax charge for the year	-	5

	2015	2014
The tax for the year is less than the statutory rate of corporation tax in the UK. The differences are explained below:	$'000	$'000
Profit before tax	1,706	1,534
Profit before tax multiplied by the standard UK Corporation tax rate of 20% (2014: 21.5%)	341	330
Effects of:		
Expenses not deductible for tax purposes	119	47
Non-taxable transfer pricing adjustment	(46)	(556)
Use of losses not in deferred tax	(549)	(251)
Overseas losses unrelieved and other differences	135	435
Total taxation charge	-	5

At the year end, the Company and the Group has unused UK tax losses of $26m (2014: $29m) available for offset against future UK taxable profits. A deferred tax asset has not been recognised in respect of such losses where the timing of the realisation of the related tax benefit through future taxable profits is uncertain.

11 INTANGIBLE ASSETS

Group	Exploration and evaluation assets $'000	Software $'000	Total $'000
COST			
At 1 January 2014	17,269	-	17,269
Additions	1,297	777	2,074
On sale of subsidiary	(5,212)	(331)	(5,543)
Exchange differences	(5,106)	(446)	(5,552)
At 1 January 2015	8,248	-	8,248
Additions	293	-	293
Transfers to fixed assets (note12)	(6,785)	-	(6,785)
Exchange differences	1,428	-	1,428
At 31 December 2015	3,184	-	3,184
NET BOOK VALUE			
At 31 December 2015	3,184	-	3,184
At 31 December 2014	8,248	-	8,248
At 1 January 2014	17,269	-	17,269

12 PROPERTY, PLANT AND EQUIPMENT

Group	Potash mining assets $'000	Coal mining assets $'000	Land and buildings $'000	Plant, machinery and vehicles $'000	Assets under construction $'000	Total $'000
COST						
At 1 January 2014	55,458	72,216	19,519	50,630	15,121	212,944
Additions	1,592	-	2,691	8,854	1,905	15,042
Transfers	-	-	1,892	6,323	(8,215)	-
Disposals	-	(21,655)	(10)	(1,855)	765	(22,755)
On sale of subsidiary	-	(32,280)	(14,137)	(36,152)	(963)	(83,532)
Currency translation differences	(1,573)	(18,281)	(9,955)	(26,269)	(8,169)	(64,247)
At 1 January 2015	55,477	-	-	1,531	444	57,452
Additions	-	-	-	412	-	412
Transfers	7,229	-	-	-	(444)	6,785
Disposals	(160)	-	-	-	-	(160)
On disposal of subsidiary	-	-	-	(25)	-	(25)
Currency translation differences	9,353	-	-	(112)	-	9,241
At 31 December 2015	71,899	-	-	1,806	-	73,705
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2014	-	23,236	5,888	12,200	-	41,324
Charge for the year	-	-	-	110	-	110
Charge for the year related to discontinued operations	-	669	4,195	10,119	-	14,983
Disposals	-	(18,913)	(4)	(1,411)	-	(20,328)
Impairment loss	-	14,948	1,957	34	659	17,598
On sale of subsidiary	-	(19,494)	(7,911)	(10,945)	(659)	(39,009)
Currency translation differences	-	(446)	(4,125)	(8,788)	-	(13,359)
At 1 January 2015	-	-	-	1,319	-	1,319
Charge for the year	-	-	-	73	-	73
On disposal of subsidiary	-	-	-	(10)	-	(10)
Currency translation differences	-	-	-	(38)	-	(38)
At 31 December 2015	-	-	-	1,344	-	1,344
NET BOOK VALUE						
At 31 December 2015	71,899	-	-	462	-	72,361
At 31 December 2014	55,477	-	-	212	444	56,133
At 1 January 2014	55,458	48,980	13,631	38,430	15,121	171,620

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold property $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
COST				
At 1 January 2014	11	474	840	1,325
Additions	-	19	-	19
At 1 January 2015	11	493	840	1,344
Additions	-	45	-	45
At 31 December 2015	11	538	840	1,389
DEPRECIATION				
At 1 January 2014	1	421	736	1,158
Charge for the year	1	30	26	57
At 1 January 2015	2	451	762	1,215
Charge for the year	1	20	20	41
At 31 December 2015	3	471	782	1,256
NET BOOK VALUE				
At 31 December 2015	8	67	58	133
At 31 December 2014	9	42	78	129
At 1 January 2014	10	53	104	167

13 NON-CURRENT LOANS AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Group		
Related party loan receivable and long-term interest (see note 25)	159,443	152,745
Advances for property, plant and equipment	418	6
	159,861	152,751
Company		
Related party loan receivable and long-term interest (see note 25)	159,443	152,745
Loan to subsidiary	76,055	72,374
	235,498	225,119

14 SUBSIDIARY UNDERTAKINGS

Company	$'000
Cost	
At 1 January 2014	90,645
Disposals	(88,613)
At 31 December 2014	2,032
Disposals	(43)
At 31 December 2015	1,989

All subsidiary undertakings have been consolidated in the Group financial statements. The proportion of voting rights in the subsidiary undertakings held directly by the Group does not differ from the proportion of ordinary shares held.

The Group's subsidiary undertakings at 31 December 2015 are listed below:

	Country of incorporation	Class of share capital held	Proportion held by Group	Nature of business
Continuing operations:				
GCM Global Energy Slavkali Limited	United Kingdom	Ordinary	100%	Intermediate holding company
GCM Global Energy Slavkali (Cyprus) Limited *	Cyprus	Ordinary	75%**	Intermediate holding company
Slavkali FLLC *	Belarus	Ordinary	75%	Potash company

* These subsidiaries are indirectly held by GCM Global Energy Slavkali Limited.

** During the year GCM Global Energy Slavkali (Cyprus) Limited issued an additional 20 Ordinary shares to GCM Global Energy Slavkali Limited and 320 shares to a third party. This has diluted the proportion of shares held by the company to 75% of the issued share capital.

15 INVENTORIES

Group	2015 $'000	2014 $'000
Spare parts and other materials	229	1
	229	1

16 TRADE AND OTHER RECEIVABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade receivables	44	159	44	122
Other receivables	12	1,201	7	1,199
Prepayments	586	571	586	571
Other tax prepayments	104	287	104	87
Amounts owed by group companies	-	-	5	2
Amounts owed by related parties	432	-	432	-
Amounts owed by shareholders	-	40,498	-	40,498
	1,178	42,716	1,178	42,479

17 CASH AND CASH EQUIVALENTS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Cash at bank and in hand	7,072	4,979	5,961	3,060

The above cash and cash equivalents were denominated as follows:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
US dollar	2,746	3,780	1,646	2,071
Sterling	4,315	987	4,315	987
Euro	-	8	-	2
Belarus Roubles	11	204	-	-
	7,072	4,979	5,961	3,060

18 TRADE AND OTHER PAYABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade payables	85	29	-	-
Accruals and deferred income	615	1,136	514	775
Other payables	10	163	-	-
Social security and other taxation	259	365	253	283
Amounts owed to related parties	-	2,242	-	1,404
	969	3,935	767	2,462

19 BORROWINGS

Group	Current 2015 $'000	Non-current 2015 $'000	Current 2014 $'000	Non-current 2014 $'000
Non-bank borrowings	-	2,362	1	232
	-	2,362	1	232

The non-bank borrowings from a connected party are denominated in US$. The total amount includes $0.14m (2014: $0.2m of accrued interest payable at a fixed interest rate of 8% pa. The non-bank borrowings have a repayment date of 27 January 2025.

20 SHARE CAPITAL

	Number	£'000	$'000
Authorised at 31 December 2014 and 31 December 2015			
Ordinary share of £1 each	18,500,000	18,500	28,817
Allotted, issued and fully paid			
Total issued at 31 December 2014 and 31 December 2015	16,748,812	16,749	29,312

21 RESERVES

Translation reserve
The translation reserve represents the exchange gains and losses that have arisen on the retranslation of overseas operations.

Retained earnings
The retained earnings represents the cumulative profit and loss.

Non-controlling interest
This represents the share of net assets attributable to minority shareholders in Trovidor Enterprises Limited which was disposed of during the year.

22 CASH GENERATED FROM/(ABSORBED BY) OPERATIONS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Profit before taxation including result of discontinued operations	22,707	343,669	14,133	257,884
Adjustments for:				
Depreciation and amortisation charge	73	(11)	41	57
Profit on sale/(loss) of subsidiaries and foreign exchange differences	(23,995)	(260,710)	43	(70,032)
Finance cost – net	69	(10,397)	(18,865)	(195,292)
Income from joint venture	(4,812)	(81,782)	-	-
Operating cash flows before movements in working capital	(5,958)	(9,231)	(4,648)	(7,383)
Changes in working capital:				
Inventories	(228)	(1,945)	-	-
Trade and other receivables	(3,396)	50,575	(3,598)	(1,919)
Trade and other payables	(584)	(16,061)	(282)	1,409
Provisions	-	(1,033)	-	-
Cash (outflow)/ inflow from operations	(10,166)	22,305	(8,528)	(7,893)

23 OPERATING LEASE COMMITMENTS

Group as lessee:
The minimum lease payments under non-cancellable operating leases are in aggregate as follows:

	2015 $'000	2014 $'000
Less than 1 year	1,385	1,474
1 to 2 years	1,385	1,474
2 to 5 years	4,154	4,422
Over 5 years	349	1,846
	7,273	9,216

Operating lease commitments relate to rental payments on the Group's and Company's offices.

Group as lessor:
Property rental income earned during the year was $675k (2014: $615k). At the year end, the Group had contracted with tenants, under non-cancellable leases, for the following aggregate future minimum lease payments:

	2015 $'000	2014 $'000
Less than one year	481	548
Between one and five years	942	917
	1,423	1,465

24 COMMITMENTS AND CONTINGENCIES

Investment agreement

On 5 October 2012, the Company entered into an investment agreement with the Republic of Belarus to build a mining and processing complex for Potash in Belarus. The Company's total commitment under this investment agreement is $1,522m over the period to 31 December 2020. On 10 May 2015, the group signed a non-binding Memorandum of Understanding in connection with a proposed loan agreement to provide substantial finance for the project and post year end the OAO ASB Belarusbank and China Development Bank (CDB) have signed an agreement for $1.4 billion loan facility to finance the construction of the potash production plant.

Pledge

During the year the related party loan receivable in note 13 of $150.1m was pledged as security in connection with a bank loan facility of $2.35bn advanced to the related party group. Subsequent to the year end, the loan receivable has been converted into preference shares in the related party and therefore the pledge no longer exists.

Guarantee

On 11 May 2012, the Company entered into an equity support guarantee agreement in connection with a $70m loan facility to a related party company ("the borrower"). The guarantee provided by the Company is capped at $30m and can be released when the borrower's average daily oil production reaches 13,000 barrels per day for a three month period. The Company was released from its obligations under this guarantee on 10 March 2016.

25 RELATED PARTY TRANSACTIONS

The group disposed of a subsidiary operation in 2014 to a related party under common control. As consideration for the sale, the group received $8.6m of cash and was issued with a promissory loan note with principal value of $150.1m. On 6 May 2015 the group signed an amendment agreement regarding the promissory note whereby accrued long term interest receivable of $4.3m at that date was converted into an additional promissory loan note to the same value.

At 31 December 2015 total principal of $154.3m (2014: $150.1m) and accrued interest of $5.5m (2014: $3.9m) remains outstanding, of which $5.1m (2014: $2.7m) is included in the non-current receivable in note 13. The remaining interest of $0.4m (2014: $1.2m) is included in other receivables in note 16. Interest accrues on the outstanding amount at a rate of 6% (2014: 6%) per annum.

Subsequent to the year end, the group has entered into an agreement post year end to convert the promissory note into preference shares in the related undertaking.

On 17 June 2015 the group disposed of its interests in Trovidor Enterprises Limited and its share of the joint venture to a related party under common control. The disposal was for nominal consideration and the investment in joint venture and share of results to the date of disposal are included within the profit on discontinued operations for the year ended 31 December 2015. See note 29 for further details.

The Group's key management personnel comprised 2 people as at 31 December 2015 (2014: 3 people). Total compensation to key management personnel approximated $1.13m (2014: $1.8m) See note 7 for further details.

COMPANY

During 2015, the Company charged no consulting fees to its subsidiaries (2014: $0.3m) and received dividend income from subsidiaries of $9.74m (2014: $187.6m).

The Company's key management personnel consists of 2 directors as at 31 December 2015 (2014: 3 directors). Total compensation to key management personnel approximated $1.1m (2014: $1.2m). See note 7 for further details.

During 2014 the Company entered into a "set off and termination agreement" with a related party as part of a group debt restructuring. Total loans owed by the Company to the related party of $85.9m were set off against total loans owed by the related party to the Company of $84.2m leaving a net amount payable by the Company to the related party of $1.7m. A further payment of $0.3m was made by the Company during 2014. At 31 December 2015 $nil (2014:$1.4m) remained outstanding as the amount owed to the related party was fully paid during the reporting period. No interest was charged on the remaining balance in 2015 (2014: $nil).

As part of the above debt restructuring, the related party transferred total debt owed by the shareholders of $40.5m to the Company. No interest was accrued on this debt during 2014 or 2015 and the full amount remained in trade and other receivables at 31 December 2014. On 19 May 2015, the outstanding loan receivable balance has been distributed as a dividend to the Shareholders (see note 5).

26 POST BALANCE SHEET EVENTS

On the 17 June 2016 the OAO ASB Belarusbank and China Development Bank (CDB) have signed an agreement for $1.4 billion loan facility to finance the construction of the potash production plant for the Group's subsidiary, Slavkaliy Belarus. The construction is planned to begin early 2017.

27 PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own statement of comprehensive income for the year. The Company reported a profit for the financial year ended 31 December 2015 of $14.133m (2014: $257.884m).

28 ULTIMATE PARENT AND ULTIMATE CONTROLLING PARTY

As at 31 December 2015 the Company was controlled by Lambency Holdings Limited, a company incorporated in Cyprus. The company's ultimate controlling party is considered to be members of the Gutseriev family.

29 DISCONTINUED OPERATIONS

Profit for the year from discontinued operations relating to:

	2015 $'000	2014 $'000
Subsidiaries disposed of in 2015	21,001	81,430
Subsidiaries disposed of in 2014	-	260,710
Total profit for the year from discontinued operations	21,001	342,140

2015 Disposals

Trovidor Enterprises Limited and its share of the joint venture CaspiyNeft were disposed of on 17 June 2015. The companies have been classed as a discontinued operation in the year to 31 December 2015. Results from Trovidor to the date of disposal and the share of results of the joint venture to the date of disposal have been included in the results from discontinued operations as at 31 December 2015.

As required by IFRS 5 – Discontinued Operations, the 2014 comparative figures for the income statement and cash flow statement have been restated below to include the results of each disposed subsidiary and the group's share of results of the joint venture as a discontinued operation in 2014.

Results of discontinued operations:

	2015 $'000	2014 $'000
Share of results of joint venture	4,812	81,782
Net operating expenses	(131)	(352)
Profit for the year from discontinued operations	4,681	81,430
Gain arising on disposal of discontinued operations	16,320	-
Total profit for the year from discontinued operations	21,001	81,430

29 DISCONTINUED OPERATIONS (continued)

Gain on disposal of discontinued operations

The 2014 gain arising on disposal of discontinued operations is as calculated below.

	2015 $'000
Fair value of consideration received	9,738
Net assets at date of disposal	(4,812)
Non-controlling interest at date of disposal	11,394
Gain on disposal	16,320

2014 Disposals

Global Energy Cyprus Limited and all of its subsidiaries were disposed of in February 2014 and Barlen Holdings Limited and all of its subsidiaries were disposed of in December 2014.

Results of these discontinued operations up until the date of disposals are set out below:

	2015 $'000	2014 $'000
Revenue	-	161,975
Net operating expenses	-	(166,729)
Operating loss	-	(4,754)
Finance costs	-	(9,813)
Loss before taxation		(14,567)
Taxation credit	-	3,368
Loss for the year from discontinued operations	-	(11,199)
Gain arising on disposal of discontinued operations	-	271,909
Total profit for the year from discontinued operations	-	260,710

Gain on disposal of discontinued operations

The 2014 gain arising on disposal of discontinued operations of is calculated below.

	2014 $'000
Fair value of consideration received	158,644
Net liabilities at date of disposal	137,336
Translation reserve recycled to profit and loss	(24,071)
Gain on disposal	271,909

29 DISCONTINUED OPERATIONS (continued)

The assets and liabilities of the subsidiaries at the point of disposal in 2014 were as below:

	2014 $'000
Assets:	
Intangible assets	6,936
Property and equipment	645,198
Prepayments	4,302
Inventory	40,969
Trade and other receivables	103,694
Loans and other receivables	202
Cash and cash equivalents	33,606
	834,907
Liabilities:	
Trade and other payables	105,162
Loans and borrowing	936,878
Provisions	17,297
Employee benefit obligations	858
	1,060,195
Non-controlling interest	87,952
Net liabilities	137,336