

REGISTERED NUMBER: 08785187 (England and Wales)

Metinvest Capital UK Limited
Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2017



Haines Watts Exeter LLP, Statutory Auditors
3 Southernhay West
Exeter
Devon
EX1 1JG

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for the Year Ended 31 December 2017**

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Metinvest Capital UK Limited
Company Information
for the Year Ended 31 December 2017

DIRECTORS:	Accomplish Corporate Services Limited O Lyubarev
SECRETARY:	Accomplish Secretaries Limited
REGISTERED OFFICE:	3rd Floor 11-12 St James's Square London SW1Y 4LB
REGISTERED NUMBER:	08785187 (England and Wales)
AUDITORS:	Haines Watts Exeter LLP, Statutory Auditors 3 Southernhay West Exeter Devon EX1 1JG

**Strategic Report
for the Year Ended 31 December 2017**

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

The Company was set up to centralise the treasury function of the Metinvest Group and provide debt financing to other companies in the group, as well as with a view of a potential issue of Eurobonds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities expose it to the financial risks, credit risk and liquidity risk. The Metinvest Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Financial risk management is carried out jointly by the internal control and risk management department and the central treasury department of Metinvest Group. These departments identify, evaluate and mitigate financial risks in close co-operation with the Group's operating units.

DEVELOPMENT AND PERFORMANCE

The course of business of the Company has been as the management expected.

FINANCIAL KEY PERFORMANCE INDICATORS

Due to the nature of the Company the directors do not have any key performance indicators.

The directors do however, regularly review the finances of the Company and take decisions based on the facts available at the time.

ON BEHALF OF THE BOARD:



.....
O Lyubarev - Director

Date:

17/04/2018

**Report of the Directors
for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS

The directors voted final dividends for the year ended 31 December 2017 of \$25,000,000 (2016: \$25,500,000).

FUTURE DEVELOPMENTS

The management does not anticipate any major charges during the coming financial year and expects to continue with its holding and financial activities.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Accomplish Corporate Services Limited
O Lyubarev

FINANCIAL INSTRUMENTS

The Company has not entered into any complex financial instruments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

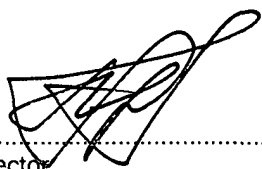
Metinvest Capital UK Limited (Registered number: 08785187)

**Report of the Directors
for the Year Ended 31 December 2017**

AUDITORS

The auditors, Haines Watts Exeter LLP, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
O Lyubarev - Director

Date: 17/04/2018

Report of the Independent Auditors to the Members of Metinvest Capital UK Limited

Opinion

We have audited the financial statements of Metinvest Capital UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter - Economic and political environment in the Ukraine

We draw your attention to Note 2 of the consolidated financial statements of Metinvest B.V. which states that the operations of the Group have been affected, and may continue to be affected for the foreseeable future, by the continuing political and economic uncertainties in Ukraine, including the loss of control over the Group's assets located in the non-controlled territory in March 2017.

Our opinion is not modified in respect of this matter.

Report of the Independent Auditors to the Members of Metinvest Capital UK Limited

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Metinvest Capital UK Limited**



Benjamin de Cruz (Senior Statutory Auditor)
for and on behalf of Haines Watts Exeter LLP, Statutory Auditors
3 Southernhay West
Exeter
Devon
EX1 1JG

Date:23/4/18.....

Metinvest Capital UK Limited (Registered number: 08785187)

**Income Statement
for the Year Ended 31 December 2017**

	Notes	2017 \$	2016 \$
TURNOVER	3	19,573,918	29,541,550
Administrative expenses		<u>(49,256)</u>	<u>(67,941)</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION		19,524,662	29,473,609
Tax on profit	6	<u>(60,576)</u>	<u>(63,964)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>19,464,086</u></u>	<u><u>29,409,645</u></u>

The notes form part of these financial statements

Metinvest Capital UK Limited (Registered number: 08785187)

**Other Comprehensive Income
for the Year Ended 31 December 2017**

	Notes	2017 \$	2016 \$
PROFIT FOR THE YEAR		19,464,086	29,409,645
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>19,464,086</u>	<u>29,409,645</u>

The notes form part of these financial statements

Metinvest Capital UK Limited (Registered number: 08785187)

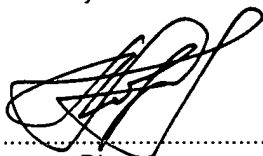
Balance Sheet
31 December 2017

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Debtors	8	275,655,696	206,516,783
Cash at bank		<u>4,726,451</u>	<u>1,832,918</u>
		280,382,147	208,349,701
CREDITORS			
Amounts falling due within one year	9	<u>(79,538,229)</u>	<u>(102,231,669)</u>
NET CURRENT ASSETS		<u>200,843,918</u>	<u>106,118,032</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>200,843,918</u>	<u>106,118,032</u>
CAPITAL AND RESERVES			
Called up share capital	10	21,800	20,000
Share premium	11	198,260,000	98,000,000
Retained earnings	11	<u>2,562,118</u>	<u>8,098,032</u>
SHAREHOLDERS' FUNDS		<u>200,843,918</u>	<u>106,118,032</u>

The financial statements were approved by the Board of Directors on
on its behalf by:

17/04/2018

and were signed



O Lyubarev - Director

The notes form part of these financial statements

Metinvest Capital UK Limited (Registered number: 08785187)

**Statement of Changes in Equity
for the Year Ended 31 December 2017**

	Called up share capital \$	Retained earnings \$	Share premium \$	Total equity \$
Balance at 1 January 2016	20,000	4,188,387	98,000,000	102,208,387
Changes in equity				
Dividends	-	(25,500,000)	-	(25,500,000)
Total comprehensive income	-	29,409,645	-	29,409,645
Balance at 31 December 2016	<u>20,000</u>	<u>8,098,032</u>	<u>98,000,000</u>	<u>106,118,032</u>
Changes in equity				
Issue of share capital	1,800	-	100,260,000	100,261,800
Dividends	-	(25,000,000)	-	(25,000,000)
Total comprehensive income	-	19,464,086	-	19,464,086
Balance at 31 December 2017	<u>21,800</u>	<u>2,562,118</u>	<u>198,260,000</u>	<u>200,843,918</u>

The notes form part of these financial statements

Metinvest Capital UK Limited (Registered number: 08785187)

**Cash Flow Statement
for the Year Ended 31 December 2017**

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Cash generated from operations	1	(42,695)	(41,141)
Tax paid		<u>(27,608)</u>	<u>(144,330)</u>
Net cash from operating activities		<u>(70,303)</u>	<u>(185,471)</u>
Cash flows from investing activities			
Loan repayments received		30,700,000	122,082,000
Interest received		<u>19,963,836</u>	<u>63,507,902</u>
Net cash from investing activities		<u>50,663,836</u>	<u>185,589,902</u>
Cash flows from financing activities			
Loan repaid to group company		(28,700,000)	(122,072,000)
Equity dividends paid		<u>(19,000,000)</u>	<u>(61,532,880)</u>
Net cash from financing activities		<u>(47,700,000)</u>	<u>(183,604,880)</u>
Increase in cash and cash equivalents		<u>2,893,533</u>	<u>1,799,551</u>
Cash and cash equivalents at beginning of year	2	<u>1,832,918</u>	<u>33,367</u>
Cash and cash equivalents at end of year	2	<u><u>4,726,451</u></u>	<u><u>1,832,918</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2017

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2017	2016
	\$	\$
Profit for the financial year	19,464,086	29,473,609
Interest income	(19,573,918)	(29,541,550)
Taxation	60,576	-
Foreign exchange (gains)/losses	(1,075)	9,548
	(50,331)	(58,393)
Decrease/(increase) in trade and other debtors	-	(54,300)
Increase in trade and other creditors	7,636	71,552
Cash generated from operations	(42,695)	(41,141)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	\$	\$
Cash and cash equivalents	4,726,451	1,832,918

Year ended 31 December 2016

	31.12.16	1.1.16
	\$	\$
Cash and cash equivalents	1,832,918	33,367

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2017**

1. COMPANY INFORMATION

The company is a limited company incorporated in England and Wales.

The company's registered office is:
3rd Floor
11-12 St James's Square
London
SW1Y 4LB

OPERATING ENVIRONMENT OF THE GROUP

The Ukrainian economy suffered a deep slump in 2014-2016 due to the political instability, the escalation of the conflict in the Donetsk and Luhansk regions and unfavourable global markets for key export oriented sectors. Since 2017 the Ukrainian economy has demonstrated slight recovery amid overall macroeconomics stabilisation supported by a rise in domestic investment, revival in household consumption, increase in agricultural and industrial production, construction activity and improved environment on external markets. Ukraine returned to international debt capital markets, having issued a record USD 3 billion 15-year Eurobond at 7.375% in September 2017, which has smoothed external debt maturity profile of Ukraine.

In addition there was further progress in monetary policy. The National Bank of Ukraine ("NBU") conducts interest rate policy consistent with inflation targets and keeps the Hryvnia floating.

In 2016 and 2017, the National Bank of Ukraine ("NBU") has made certain steps to ease the currency control restrictions introduced in 2014-2015. In particular, the required share of foreign currency proceeds subject to mandatory sale on the interbank market was decreased from 75% to 65% starting from 9 June 2016 and further to 50% starting from 5 April 2017. The current restriction is effective until 13 June 2018. Additionally, the settlement period for export-import transactions in foreign currency was increased from 90 days to 120 days starting from 28 July 2016 and further to 180 days starting from 26 May 2017. Also starting from 13 June 2016, the NBU allowed Ukrainian companies to pay dividends to non-residents with a limit of USD 5 million per month. As of 31 December, the amount of undistributed retained earnings of the Group's Ukrainian subsidiaries was approximately USD 1,918 million.

The IMF continued to support the Ukrainian government under the four-year Extended Fund Facility ("EFF") programme, which was approved in March 2015, providing the third and the fourth tranches of approximately USD 1 billion in September 2016 and April 2017, respectively. Further disbursements of IMF tranches depend on the continued implementation of Ukrainian government reforms, and other economic, legal and political factors. The banking system remains fragile due to its: weak level of capital; its weakening asset quality caused by the economic situation; currency depreciation; and other factors.

On 1 January 2016 the agreement on the free trade area between Ukraine and the EU came into force. Just after that the Russian government implemented a trading embargo on many key Ukrainian export products. In response, the Ukrainian government implemented similar measures against Russian products. This had some but not a significant impact on the Group's trading. On 1 September 2017, the Association Agreement between the European Union and Ukraine finally came fully into force that will enhance liberalisation of trade, improvement of quality standards and integration of Ukrainian economy with the European Union.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

The conflict in Eastern Ukraine had impacted the Group's steel, coke and coal operations since 2014. Two of the Group's largest steel plants, PrJSC Ilyich Iron and Steel Works and PrJSC Azovstal Iron and Steel Works, are located near the conflict area in the Donetsk region. Iron ore production assets are located in the central part of Ukraine and have not been effected by the conflict. The conflict started in spring of 2014 and has not been resolved to date.

In February-March 2017, there was an escalation of the military confrontation near Avdiivka (where PrJSC Avdiivka Coke Plant is located), which led to temporary suspension of the production amid power supplied cuts. Since May 2017, Avdiivka Coke Plant has resumed operations using all coke batteries following the installation of a new electricity transmission line on the controlled territory. Production on PrJSC Yenakiieve Iron and Steel Works (Which includes two facilities located in Yenakiieve and Makiivka) and PrJSC Krasnodon Coal Company was disrupted in February 2017 by a blockade of railway transportation between Ukraine and the temporarily non controlled Territory.

In March of 2017, the Group determined that it had lost control over the operations of entities located on the temporarily non controlled territory. The effect of loss of control on the Group financial statements is disclosed in Note 7 of the Group accounts.

Since March 2017, all of Metinvest Group's assets are operating without physical disruption. The Metinvest Group does not operate any assets on the temporarily non-controlled territory.

During 2017, crude steel production at the Group's Mariupol steelmakers increased. As compared to 2016 PrJSC Azovstal Iron and Steel Works output increased by 15%, and output at PrJSC Ilyich Iron and Steel Works increased by 13%. Although, in total for the Group total crude steel output declined by 9% as compared to 2016 due to loss of control described in note 7 of the Group accounts.

During 2017 (as compared to 2016), iron ore concentrate production decreased by 7%, while coking coal concentrate output declined by 15%.

The prices of steel, coking coal and iron ore experienced both volatility and an overall decline during 2014-2015 and reached the decade lowest levels in the fourth quarter of 2015 and Jan-February 2016. Since March 2016, there was notable increase in price levels. During 2017, the prices for steel continued to grow amid strong demand in all regions, supply reforms in China and other factors. Despite persisting oversupply, growth in steel production kept iron ore price at relatively high levels. The benchmark price for hot rolled coil (Metal expert HRC CIS export FOB Black Sea) increased to USD 508 in 2017 which is 31% higher compared to 2016 when the average price was USD 387. Benchmark iron ore price (Bloomberg 62% Fe CFR China) increased from USD 58 per dry tonne in 2016 to USD 71 per dry tonne in 2017. Average contract coking coal prices (HCC LV, FOB Australia) increased from USD 114 per tonne in 2016 to USD 210 per tonne in 2017. These price dynamics had a positive impact on the Group's gross margins and overall financial results in 2017 as compared to 2016.

As of 31 December 2017, the Group had significant balances receivable from and prepayments made to the State of Ukraine mainly including VAT recoverable. Significant progress was made towards recovering the corporate tax prepayments of Ukrainian subsidiaries with the prospects of their full utilisation except for subsidiaries operations of which are on the temporarily non controlled territory. During 2017 and January 2018 the Group's Ukrainian subsidiaries have timely received regular VAT refunds due from the State amounting to USD 601 million. VAT assets of USD 46 million for subsidiaries whose operations are located on the temporarily non-controlled territory experience certain delays with the refund - the Group is enforcing its legal right to refund through the courts.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in US dollars (\$).

Going concern

The company's operations are significantly linked to the performance of other companies within the MetInvest Group (Referred to as the "Group").

Group management has assessed the validity of the going concern assumption for the Group. The Group has restructured the Bonds and the PXF loan in 2017, which are now reported as non-current liabilities. This supports the ability of Metinvest Group to continue as a going concern. There are no material uncertainties.

The directors of Metinvest Capital Limited therefore believe that it is appropriate for these financial statements to be prepared on a going concern basis.

Significant judgements and estimates

The financial statements do not include any significant judgements or estimates.

Turnover

Turnover represents interest receivable in respect of loans provided to other companies. Turnover is recognised on the accruals basis.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the prior period.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into USD's at rates of exchange applicable at the balance sheet dates. Transactions in foreign currencies are translated at the rates in effect at the dates of transactions. Any currency exchange difference as a consequence thereof is accounted for in the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Loans payable are measured initially at fair value and are subsequently at amortised cost using effective interest method.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

3. **TURNOVER**

Revenue includes the following streams

	2017	2016
	\$	\$
Interest from group companies	<u>19,573,918</u>	<u>29,541,550</u>
	<u>19,573,918</u>	<u>29,541,550</u>

4. **EMPLOYEES AND DIRECTORS**

	2017	2016
	\$	\$
Wages and salaries	<u>1,337</u>	<u>1,265</u>

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

	2017	2016
Management	<u>1</u>	<u>1</u>

	2017	2016
	\$	\$
Directors' remuneration	<u>1,337</u>	<u>1,265</u>

5. **OPERATING PROFIT**

The operating profit is stated after (crediting)/charging:

	2017	2016
	\$	\$
Foreign exchange differences	<u>(1,075)</u>	<u>9,549</u>

The accounts include auditor's remuneration of \$6,378 (2016: \$5,547).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

6. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017	2016
	\$	\$
Current tax:		
UK corporation tax	<u>60,576</u>	<u>63,964</u>
Tax on profit	<u>60,576</u>	<u>63,964</u>

UK corporation tax has been charged at 19.25% (2016 - 20%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	\$	\$
Profit before tax	<u>19,524,662</u>	<u>29,473,609</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	3,758,497	5,894,722
Effects of:		
Group relief	(3,696,980)	(5,830,441)
Prior year adjustments	<u>(941)</u>	<u>(317)</u>
Total tax charge	<u>60,576</u>	<u>63,964</u>

7. **DIVIDENDS**

During the year the total interim dividends where voted:

\$25,000,000 (2016: \$25,500,000) of which \$6,000,000 (2016: \$Nil) remain unpaid at the balance sheet date.

8. **DEBTORS**

	31.12.2017	31.12.2016
	\$	\$
Amounts falling due within one year:		
Amounts owed by group undertakings	275,634,365	101,999,999
Taxation	<u>21,331</u>	<u>54,300</u>
	<u>275,655,696</u>	<u>102,054,299</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

8. **DEBTORS - continued**

	31.12.2017	31.12.2016
	\$	\$
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	104,462,484
	<u>275,655,696</u>	<u>206,516,783</u>
Aggregate amounts		

Due to the economic environment in which the group operates (see note 1) there is some uncertainty over the repayment of the loan and interest amounts due to the company. The directors have considered the recoverability of these balances and believe that ultimately the balances will be repaid. Consequently no provision against these balances has been made in the accounts for this.

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.2017	31.12.2016
	\$	\$
Trade creditors	35,229	28,669
Other creditors	79,503,000	102,203,000
	<u>79,538,229</u>	<u>102,231,669</u>

10. **CALLED UP SHARE CAPITAL**

Allotted and issued:			31.12.2017	31.12.2016
Number:	Class:	Nominal value:	\$	\$
21.800	Share capital 1	\$1	<u>21,800</u>	<u>20,000</u>

Particulars of Ordinary shares

1,800 Ordinary shares of £1 each were allotted at a premium of \$55,700 per share during the year.

The shares rank equally for voting purposes. On a show of hand every shareholder present in person shall have one vote and on a poll every shareholder shall have one vote for each share of which he is the holder.

All shares have equal rights to participate in a distribution (including on a winding up).

Called up share capital represents the nominal value of shares that have been issued.

No shares carry any rights of redemption.

Metinvest Capital UK Limited (Registered number: 08785187)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

11. RESERVES

	Retained earnings \$	Share premium \$	Totals \$
At 1 January 2017	8,098,032	98,000,000	106,098,032
Profit for the year	19,464,086		19,464,086
Dividends	(25,000,000)		(25,000,000)
Cash share issue	-	100,260,000	100,260,000
At 31 December 2017	<u>2,562,118</u>	<u>198,260,000</u>	<u>200,822,118</u>

Share premium account includes any premiums received on issue of share capital.

Retained earnings includes all current and prior period retained profit and losses.

12. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Vistra (UK) Limited

A related party of Accomplish Corporate Services Limited.

During the year Vistra (UK) Limited provided services to the company totalling \$10,260 (2016: \$26,596). At the balance sheet date there was no balance due to Vistra (UK) Limited.

13. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Metinvest Investments Limited, England.

The company's accounts are consolidated into the accounts of Metinvest B.V. which is the parent of Metinvest Investments Limited. The accounts can be found at www.metinvestholding.com/en/

The ultimate parent company is JSC System Capital Management, Ukraine.

Mr R.L Ahmetov has control over JSC System Capital Management.