OJSC Atomredmetzoloto

Consolidated Financial Statements for 2013 and Auditors' Report

Contents

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Auditors' Report

To the Shareholders and Board of Directors

Open Joint Stock Company "Atomredmetzoloto" (OJSC "ARMZ")

We have audited the accompanying consolidated financial statements of OJSC "Atomredmetzoloto" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the fair presentation of these consolidated financial statements based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of these consolidated financial statements.

Audited entity: OJSC "Atomredmetzoloto" (OJSC "ARMZ")

Registered by the Moscow Registration Chamber on 02 August 2002, Registration 77 No. 007893992.

Registered in the Unified State Register of Legal Entities on 02 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.48 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700043645.

22, Bolshoy Drovyanoy Pereulok, Moscow, Russia, 109004.

Independent auditor: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No 011 585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No 39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700126628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No 10301000804.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and its cash flows for 2013 in accordance with International Financial Reporting Standards.

Altukhov K.V.

Director, (power of attorney dated 1 October 2013 No. 65/13)

ZAO KPMG

30 May 2014

Moscow, Russian Federation

mln RUB	Note	2013	2012 (restated)	2011 (restated)
ASSETS				
Property, plant and equipment	13	35,833	39,373	33,759
Intangible assets	14	14,869	19,850	20,345
Goodwill	14	-	28,052	40,638
Exploration and evaluation assets	15	4,931	8,068	5,557
Investments in associates	16	30,127	1,207	1,253
Investments in joint ventures	17	-	55,922	61,846
Other non-current assets	19	7,677	3,171	2,424
NON-CURRENT ASSETS		**93,437**	**155,643**	**165,822**
Inventories	20	6,720	10,189	11,479
Income tax receivable		196	605	562
Receivables and advances issued	21	4,907	7,641	4,823
Cash and cash equivalents	23	1,166	16,713	21,189
Other current assets	22	3,364	1,851	2,145
CURRENT ASSETS		**16,353**	**36,999**	**40,198**
TOTAL ASSETS		**109,790**	**192,642**	**206,020**
EQUITY				
Share capital	24	22,430	22,430	20,257
Share premium		61,962	56,962	53,963
Merger reserve		7,201	7,201	7,201
Translation reserve		687	(502)	6,048
Retained earnings / (accumulated losses)		(20,162)	7,950	20,958
Equity attributable to shareholders of OJSC Atomredmetzoloto		**72,118**	**94,041**	**108,427**
Non-controlling interest		(2,086)	37,686	39,645
TOTAL EQUITY		**70,032**	**131,727**	**148,072**
LIABILITIES				
Loans and borrowings	25	18,583	30,581	36,811
Provisions	26	6,218	8,700	6,746
Deferred tax liabilities	18	4,943	5,520	4,206
Other payables	27	427	1	522
NON-CURRENT LIABILITIES		**30,171**	**44,802**	**48,285**
Loans and borrowings and current portion of non-current loans and borrowings	25	1,595	8,170	2,258
Payables and accruals	27	7,175	7,114	6,109
Income tax payable		34	14	470
Other taxes payable	27	783	815	826
CURRENT LIABILITIES		**9,587**	**16,113**	**9,663**
TOTAL LIABILITIES		**39,758**	**60,915**	**57,948**
TOTAL EQUITY AND LIABILITIES		**109,790**	**192,642**	**206,020**

Kovalevsky A.V.
First Deputy Director General for Economics and Finance

Sorokina V.B.
Chief Accountant

30 May 2014

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11-78.

mln RUB	Note	2013	2012 (restated)
Continuining operations			
Revenue	8	31,819	33,810
Cost of sales	9	(26,922)	(27,705)
Gross profit		**4,897**	**6,105**
Administrative and distribution expenses	10	(5,195)	(4,781)
Other expenses		(82)	(188)
Results from operating activities		**(380)**	**1,136**
Loss on impairment of property, plant and equipment	13	(4,820)	(49)
Loss on impairment of intangible assets	14	(3,403)	-
Loss on impairment of goodwill	14	(10,713)	(10,630)
Loss on impairment of exploration and evaluation assets	15	(3,938)	(260)
Finance income	11	1,534	378
Finance costs	11	(2,096)	(715)
Share of loss of equity accounted investees	16	(3)	(4)
Loss before income tax		**(23,819)**	**(10,144)**
Income tax expense	12	(346)	(938)
Loss from continuing operation		**(24,165)**	**(11,082)**
Discontinued operation			
Profit from discontinued operation, net of income tax	7	10,331	2,047
Loss for the year		**(13,834)**	**(9,035)**
Loss attributable to:			
Shareholders of OJSC Atomredmetzoloto		(11,309)	(9,071)
Non-controlling interest		(2,525)	36
Loss for the year		**(13,834)**	**(9,035)**

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11-78.

mln RUB	Note	2013	2012 (restated)
Loss for the year from continuing operation		**(24,165)**	**(11,082)**
Profit from discontinued operation		**10,331**	**2,047**
Loss for the year		**(13,834)**	**(9,035)**
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability		(55)	(211)
Total		**(55)**	**(211)**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		1,093	(1,818)
Hedging effect		(601)	185
Total		**492**	**(1,633)**
Other comprehensive income / (loss) from continuing operation		**437**	**(1,844)**
Other comprehensive income / (loss) from discontinued operation		**1,393**	**(7,027)**
Total other comprehensive income / (loss)		**1,830**	**(8,871)**
Total comprehensive loss from continuing operation		**(23,728)**	**(12,926)**
Total comprehensive income / (loss) from discontinued operation	7	**11,724**	**(4,980)**
Total comprehensive loss for the year		**(12,004)**	**(17,906)**
Total comprehensive loss for the year attributable to:			
Shareholders of OJSC Atomredmetzoloto		(10,776)	(15,647)
Non-controlling interest		(1,228)	(2,259)
Total comprehensive loss for the year		**(12,004)**	**(17,906)**

Kovalevsky A.V.
First Deputy Director General for Economics and Finance

Sorokina V.B.
Chief Accountant

30 May 2014

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11-78.

mln RUB	Note	Attributable to equity holders of OJSC Atomredmetzoloto						Non-controlling interest	Total equity
		Share capital	Share premium	Merger reserve	Translation reserve	Retained earnings	Total		
Balance at 1 January 2012, as previously reported		20,257	53,963	7,201	5,851	20,834	108,106	39,497	147,603
Impact of change in accounting policy		-	-	-	197	124	321	148	469
Balance at 1 January 2012 (restated)		20,257	53,963	7,201	6,048	20,958	108,427	39,645	148,072
Total comprehensive income for the year									
(Loss) for the year		-	-	-	-	(9,071)	(9,071)	36	(9,035)
Other comprehensive income									
Foreign currency translation differences		-	-	-	(6,550)	-	(6,550)	(2,295)	(8,845)
Hedging effect		-	-	-	-	185	185	-	185
Actuarial loss on employee benefit plans		-	-	-	-	(211)	(211)	-	(211)
Total other comprehensive loss		-	-	-	(6,550)	(26)	(6,576)	(2,295)	(8,871)
Total comprehensive loss for the year		-	-		(6,550)	(9,097)	(15,647)	(2,259)	(17,906)
Transactions with shareholders recorded directly in equity		-	-	-	-	(1,404)	(1,404)	(1,326)	(2,730)
Transactions with shareholders									
Dividends	24	-	-	-	-	(3)	(3)	-	(3)
Share issue	24	2,173	2,999	-	-	-	5,172	-	5,172
Total transactions with shareholders		2,173	2,999	-	-	(1,407)	3,765	(1,326)	2,439
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interest without a change in control	24	-	-	-	-	(356)	(356)	(709)	(1,065)
Disposal of non-controlling interests without a loss in control	24	-	-	-	-	(2,148)	(2,148)	2,148	-
Stock options expense	24	-	-	-	-	-	-	187	187
Total transactions with shareholders		-	-	-	-	(2,504)	(2,504)	1,626	(878)
Balance at 31 December 2012 (restated)		22,430	56,962	7,201	(502)	7,950	94,041	37,686	131,727

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11-78.

mln RUB	Note	Share capital	Share premium	Merger reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to equity holders of OJSC Atomredmetzoloto							
Balance at 1 January 2013 (restated)		22,430	56,962	7,201	(502)	7,950	94,041	37,686	131,727
Total comprehensive income for the year									
Loss for the year		-	-	-	-	(11,309)	(11,309)	(2,525)	(13,834)
Other comprehensive loss									
Foreign currency translation differences		-	-	-	5,587	-	5,587	1,297	6,884
Accumulated translation adjustment relating to disposed subsidiaries		-	-	-	(4,398)	-	(4,398)	-	(4,398)
Hedging effect		-	-	-	-	(601)	(601)	-	(601)
Actuarial loss on employee benefit plans		-	-	-	-	(55)	(55)	-	(55)
Total other comprehensive income / (loss)		-	-	-	1,189	(656)	533	1,297	1,830
Total comprehensive income / (loss) for the year		-	-	-	1,189	(11,965)	(10,776)	(1,228)	(12,004)
Transactions with shareholders recorded directly in equity		-	-	-	-	-	-	-	-
Transactions with shareholders									
Share issue	24	-	5,000	-	-	-	5,000	-	5,000
Total transactions with shareholders		-	5,000	-	-	-	5,000	-	5,000
Changes in ownership interests in subsidiaries									
Change in non-controlling interest without a change in control		-	-	-	-	(124)	(124)	(215)	(339)
Acquisition of non-controlling interest in Uranium One Inc.	7	-	-	-	-	(2,736)	(2,736)	(38,530)	(41,266)
Stock options expense	24	-	-	-	-	-	-	201	201
Disposal of discountinued operation under common control	7	-	-	-	-	(13,287)	(13,287)	-	(13,287)
Total transactions with shareholders		-	-	-	-	(16,147)	(16,147)	(38,544)	(54,691)
Balance at 31 December 2013		22,430	61,962	7,201	687	(20,162)	72,118	(2,086)	70,032

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11-78.

mln RUB	Note	2013	2012 (restated)
Cash flows from operating activities			
Loss before income tax:		(13,139)	(8,218)
Adjustments for:			
Depreciation of property, plant and equipment	13	2,029	1,564
Amortisation of intangible assets	14	104	79
Impairment losses on receivables	10	207	34
Effect of discounting, net	11	1,257	434
Interest income	11	(161)	(257)
Interest expense	11	458	229
Impairment losses	13-15	22,874	10,939
Revaluation to fair value amount	7	(9,485)	-
Loss from participation in equity accounted investees	16	3	4
Other		(6,308)	2,457
Cash flows from/(used in) operating activities before changes in working capital and provisions		**(2,164)**	**7,265**
Change in receivables and advances issued		279	(524)
Change in inventories		1,659	1,044
Change in employee benefits		(88)	(64)
Change in other non-current assets		240	73
Change in payables and accruals		(1,006)	(3,881)
Change in other taxes payable		(35)	415
Cash flows (used in) / from operations before income taxes and interest paid		**(1,115)**	**4,328**
Income tax paid		(783)	(1,462)
Interest paid		(3,448)	(643)
Net cash (used in) / from operating activities		**(5,346)**	**2,223**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(7,206)	(7,911)
Acquisition of exploration and evaluation assets		(697)	(2,424)
Interest income received		161	248
Loans issued		(15,864)	(50,552)
Repayment of loans issued		14,001	50,939
Disposal of Uranium One Holding N.V.	7	(22,612)	-
Dividends received		6,321	-
Acquisition of subsidiaries		-	(1,908)
Net cash used in investing activities		**(25,896)**	**(11,608)**
Cash flows from financing activities			
Proceeds from borrowings		80,226	11,751
Repayment of borrowings		(29,117)	(11,028)
Proceeds from issue of share capital	24	5,000	5,172
Financial lease payments		(194)	(217)
Increase in ownership Uranium One Inc.	7	(41,266)	-
Net cash from financing activities		**14,649**	**5,678**
Net decrease in cash and cash equivalents		**(16,593)**	**(3,707)**
Effect of exchange rate fluctuations		1,046	(769)
Change in restricted cash		**283**	**(26)**
Cash and cash equivalents at 1 January		**16,713**	**21,189**
Cash and cash equivalents at 31 December		**1,166**	**16,713**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11-78.

1. Background

(a) Organisation and operations

OJSC Atomredmetzoloto ("the Company") is a joint-stock company established in accordance with the laws of the Russian Federation (RF).

For the purposes of the present consolidated financial statements the Group consists of the Company and its subsidiaries.

As at 31 December 2013, 2012 and 2011 the Group's parent company was OJSC Company Atomic Energy Power Corporation (OJSC Atomenergoprom), which owned 81.37, 80.48 and 79.98 percent of the Company's shares at the respective dates. The increase in ownership interest during the year resulted from additional share issue (Note 24).

OJSC Atomenergoprom is controlled by the State-owned Corporation for Atomic Energy Rosatom (GK Rosatom), a special-form legal entity under Russian law, founded by the Government of the RF. The governing bodies of Rosatom and the ultimate controlling party are the President and the Government of the Russian Federation. GK Rosatom exercises shareholder's rights and is the ultimate beneficiary with regard to the joint-stock companies in which it has shares, in accordance with the legislation on joint-stock companies.

The Group's principle activities are uranium exploration and mining in the Russian Federation, Kazakhstan, the USA, Canada, Australia, Namibia and Tanzania.

The Company's registered office is: 22, Bolshoy Drovyanoy Pereulok, Moscow, Russian Federation, 109004.

(b) Establishment of the Group

The state-owned enterprise Atomredmetzoloto was founded in 1991 on the basis of the former First Main Directorate of the Ministry of Medium-Scale Machine Building of the USSR, and operated within the system of the Russian Atomic Energy Ministry. In 1995, GK Atomredmetzoloto was transformed into an AOOT (open-type joint-stock company), and in 1999, as a result of the re-registration of joint-stock companies, it became OJSC Atomredmetzoloto.

In 2007, as part of the establishment of the State-owned Corporation for Atomic Energy Rosatom and the state-owned atomic holding OJSC Atomenergoprom, combining all civil atomic industry enterprises, 100 percent of shares in the Company was transferred to OJSC Atomenergoprom. As part of the restructuring, the Federal Atomic Energy Agency (Rosatom) entrusted the Company with the function of supplying raw materials to the atomic industry, which required consolidating all the uranium mining assets with Russian participation into one company.

As a result, in 2007-2013 the Company acquired the following subsidiaries, associates and jointly controlled entities:

- acquired through common control transactions from OJSC TVEL, OJSC Tekhsnabexport and OJSC Atomenergoprom, including:
  - OJSC Priargunsky Industrial Mining and Chemical Union (OJSC PIMCU)
  - CJSC Dalur
  - OJSC Khiagda
  - OJSC Uranium Mining Co. (OJSC UMC)
  - CJSC Rusburmash
  - CJSC Lunnoye

- OJSC South Yakutia Development Corporation
- JSC Joint Venture Zarechnoye
- JSC Joint Venture Akbastau (25 percent + 1 share)
- CJSC TV-Tsentr (a subsidiary of OJSC PIMCU)
- LLC Joint Venture Rusburmash-Kazakhstan (a subsidiary of CJSC Rusburmash)
- LLC Dalur-Finance (a subsidiary of CJSC Dalur)
- LLC Shchekotovo
- OJSC VNIPIpromtekhnologii

- established by OJSC Atomredmetzoloto and its subsidiaries during 2007-2013:
  - CJSC Elkon Mining and Metallurgical Plant (CJSC Elkon MMP)
  - CJSC Gornoye Uranium Mining Company
  - CJSC Olovskoye Mining and Chemicals Company
  - LLC United Uranium Companies
  - LLC ARMZ Service
  - Runex Uranium PTY Ltd.
  - CJSC Armenian-Russian Mining Co.
  - LLC Dalur Service (a subsidiary of CJSC Dalur)
  - LLC Streltsovsky Construction and Repair Trust (a subsidiary of OJSC PIMCU)
  - LLC Public Catering and Retail Directorate (a subsidiary of OJSC PIMCU)
  - LLC Motor Transport (a subsidiary of OJSC PIMCU)
  - LLC Urtyskoye Auto Fleet (a subsidiary of OJSC PIMCU)
  - LLC Enterprise Telecommunications (a subsidiary of OJSC PIMCU)
  - LLC Repair and Engineering Works (a subsidiary of OJSC PIMCU)
  - Vostok Power Resourses Ltd.
  - Headspring Investments (PTY) Ltd.
  - ARMZ Namibia (Pty) Ltd.

- acquired from third parties:
  - LLC Agrofirma Itmanovo
  - LLC Firm Geostar (a subsidiary of LLC Agrofirma Itmanovo)
  - Uranium One Holding N.V. (previously – Effective Energy N.V.)
  - JSC Joint Venture Akbastau (25 percent - 1 share)
  - Uranium One Inc.
  - Mantra Resources PTY Ltd.
  - CJSC Pervaya Gornorudnaya Companiya

In 2013 the Company disposed of 57% of Uranium One Holding N.V. (previously – Effective Energy N.V.) and as a result lost control in Uranium One Inc., a subsidiary of Uranium One Holding N.V.

A description of business combination and disposal transactions is provided in Note 7.

(c) Business environment

Russian and Kazakhstan business environment

During the reporting period the Group's operations were primarily located in the Russian Federation and Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation and Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation and Kazakhstan. The consolidated financial statements reflect management's assessment of the impact of the Russian and Kazakh business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(d) Group structure

A list of the Group's subsidiaries, associates and jointly controlled entities is provided below:

		Percentage of voting shares (ownership interest)			
Name	**Line of business**	**31 December 2013**	**31 December 2012**	**1 January 2012**	**Country of registration**
Subsidiaries and associates and jointly controlled entities:					
OJSC Priargunsky Industrial Mining and Chemical Union	Uranium mining	89.85%	89.85%	79.63%	Russia
CJSC Dalur	Uranium mining	98.89%	98.89%	98.89%	Russia
OJSC Khiagda	Uranium mining	100.00%	100.00%	100.00%	Russia
CJSC Elkon Mining and Metallurgical Plant	Uranium exploration	100.00%	100.00%	100.00%	Russia
CJSC Gornoye Uranium Mining Company	Uranium exploration	100.00%	100.00%	100.00%	Russia
CJSC Olovskoye Mining and Chemicals Company	Uranium exploration	100.00%	100.00%	100.00%	Russia
CJSC Lunnoye	Uranium and gold exploration and mining	50.03%	50.03%	50.03%	Russia
OJSC Uranium Mining Co.	Management company	100.00%	100.00%	100.00%	Russia
CJSC Rusburmash	Service company	100.00%	100.00%	100.00%	Russia
LLC Joint Venture RBM-Kazakhstan	Service company	51.00%	51.00%	51.00%	Kazakhstan
LLC Unified Service Company ARMZ	Service company	99.46%	99.46%	99.21%	Russia
Uranium One Holding N.V. (previously - Effective Energy N.V. (EENV))	Management company	43.00%	100.00%	100.00%	Netherlands
Uranium One Inc.	Management company	49.23%	51.42%	51.42%	Canada
Uranium One Americas, Inc. *	Uranium mining	49.23%	51.42%	51.42%	USA
Uranium One USA Inc. *	Uranium mining	49.23%	51.42%	51.42%	USA
Uranium One Australia *	Uranium exploration	49.23%	51.42%	51.42%	Australia
Mantra Resources PTY ltd.	Management company	92.93%	93.25%	100%	Australia
Mantra Tanzania ltd.	Uranium exploration	92.93%	93.25%	100%	Tanzania
OJSC VNIPIpromtekhnologii	Process design, R&D	100.00%	100.00%	100.00%	Russia
CJSC Pervaya Gornorudnaya Companiya	Research and evaluation of lead and zinc deposits	99.62%	99.50%	-	Russia

Name	Line of business	Percentage of voting shares (ownership interest) 31 December 2013	31 December 2012	1 January 2012	Country of registration
Subsidiaries, associates and jointly controlled entities:					
JSC Joint Venture Zarechnoye *	Uranium mining	24.45%	25.54%	25.54%	Kazakhstan
JSC Joint Venture Akbastau *	Uranium exploration and mining	24.62%	25.71%	25.71%	Kazakhstan
LLC Joint Venture Betpak Dala *	Uranium mining	34.46%	35.99%	35.99%	Kazakhstan
LLC Karatau *	Uranium mining	24.62%	25.71%	25.71%	Kazakhstan
LLC Kyzylkum *	Uranium exploration and mining	14.77%	15.43%	15.43%	Kazakhstan
LLC SKZ-U	Construction of sulphuric acid plant	9.38%	9.80%	9.80%	Kazakhstan
OJSC South Yakutia Development Corporation	Service company	25.10%	25.10%	25.10%	Russia
CJSC Armenian-Russian Mining Co.	Uranium and gold exploration	50.00%	50.00%	50.00%	Armenia
LLC Pyrite SKZ	Construction of sulphuric acid plant	17.20%	40.00%	40.00%	Kazakhstan
Gladstone PTE Ltd.	Management company	17.20%	40.00%	40.00%	Singapore

** Subsidiaries and joint ventures of Uranium One Inc.*

The transactions involving changes in the ownership of subsidiaries, joint ventures and associates are described in Notes 7 and 24.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

These consolidated financial statements are prepared on the historical cost basis except that derivative financial instruments, financial instruments at fair value through profit or loss and financial investments classified as available-for-sale are stated at fair value.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Ruble ("RUB"), which is the functional currency of the Company and its subsidiaries, which operate in Russian Federation. The functional currency of subsidiaries that operate abroad is determined on an individual basis for each of the Group companies.

These consolidated financial statements are presented in RUB. All financial information presented in RUB has been rounded to the nearest million. Assets and liabilities of foreign operations, including goodwill and the amount of fair value adjustments arising on acquisition, are translated into RUB at the exchange rates at the reporting date. Items of income and expense are translated to RUB at the average exchange rates for the reporting period.

Exchange differences arising on translation are recognized in other comprehensive income as "Foreign currency translation differences for foreign operations".

When an entity disposes of an interest in a foreign operation, the cumulative exchange differences recognised in other comprehensive income are reclassified to profit or loss as a part of the gain or loss on disposal of this foreign operation.

(d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 13 – Property, plant and equipment;
- Note 14 – Intangible assets;
- Note 17 – Investments in jointly controlled entities;
- Note 18 – Deferred tax assets and liabilities.

Provisions for impairment of items of property, plant and equipment and construction in progress. At each reporting date, the Group's management assesses whether there is any indication that the carrying amount of the Group's property, plant and equipment and construction in progress may exceed their recoverable amount. The recoverable amount of property, plant and equipment and construction in progress is the greater of two values: the fair value of the asset less selling expenses, and its value in use. On discovery of evidence of impairment, the carrying amount is reduced to the recoverable amount. The amount of impairment is recognised in the statement of profit or loss and other comprehensive income in the period in which the fact of the impairment has been established. If circumstances change and the Group's management concludes that the value of the property, plant and equipment and construction in progress has increased, the provisions for impairment will be fully or partially restored.

Useful lives of items of property, plant and equipment. The estimate of the useful life of an item of property, plant and equipment is down to the judgment of the Group's management, which takes account of experience in making such judgments on other similar assets. In determining the useful life of an asset, management takes account of the intended use, estimated technical obsolescence, physical deterioration and actual conditions of use of the asset. A change in any of these conditions or estimates may lead to an adjustment of the depreciation rates in future periods.

Goodwill. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the business combination.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash generating unit which is retained.

3. Changes in accounting policies and other restatements

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. IFRS 10 Consolidated financial statements (2011);

b. IFRS 11 Joint arrangements;

c. Presentation of items of other comprehensive income (amendments to IAS 1);

d. IAS 19 Employee benefits (2011).

The nature and effects of the changes are explained below.

(a) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

The Group reassessed the control conclusion for its investees at 1 January 2013. None of the control conclusions changed as a result of this reassessment.

(b) Joint arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as joint ventures and recognised the investments in these joint ventures by applying the equity method. When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the Group classified its interest in joint arrangements as joint operations and applied proportionate method of consolidation. The quantitative impact of the change is set out in (c) below.

(c) Presentation of items of OCI

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

(d) Post-employment defined benefit plans

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

(e) Discontinued operations restatement

On 5 December 2013 the Company disposed of 57% of Uranium One Holding N.V., which had 89.07% of shares of Uranium One Inc as of the date of disposal. Uranium One Holding N.V and Uranium One Inc. together with their subsidiaries represent a segment of foreign operaions of the Group. The segment of foreign operations was not previously classified as held-for-sale or as a discontinued operation (see Note 7).

The quantitative impact of the changes is set out in (i) below.

(i) Summary of quantitative impacts

The following tables summarize the adjustments made to the Group's statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows as a result of the adoption on new standard and restatement in relation to discontinued operations.

Consolidated statement of profit or loss and other comprehensive income reconciliation for the year ended 31 December 2012:

mln RUB	As previously reported	IFRS 11	IAS 19	Discontinued operation	As restated
Revenue	47,795	(12,448)	-	(1,537)	33,810
Cost of sales	(35,819)	7,087	277	750	(27,705)
Gross profit	**11,976**	**(5,361)**	**277**	**(787)**	**6,105**
Administrative and distribution expenses	(6,412)	(32)	-	1,663	(4,781)
Other expenses	(417)	525	-	(296)	(188)
Results from operating activities	**5,147**	**(4,868)**	**277**	**580**	**1,136**
Impairment losses	(10,987)	48	-	-	(10,939)
Finance income	561	20	-	(203)	378
Finance costs	(3,052)	150	(50)	2,237	(715)
Gain on acquisition of subsidiary	534	(534)	-	-	-
Share of loss of equity accounted investees	(4)	4,539	-	(4,539)	(4)
(Loss)/profit before income tax	**(7,801)**	**(645)**	**227**	**(1,925)**	**(10,144)**
Income tax (expense)/benefit	(1,429)	648	(35)	(122)	(938)
(Loss)/profit for the year	**(9,230)**	**3**	**192**	**(2,047)**	**(11,082)**
Profit from discontinued operation	-	-	-	**2,047**	**2,047**
Loss for the year	**(9,230)**	**3**	**192**	-	**(9,035)**

Consolidated statement of financial position reconciliation as at 1 January 2012:

mln RUB	As previously reported	IFRS 11	IAS 19	As restated
ASSETS				
Property, plant and equipment	47,805	(14,046)	-	33,759
Intangible assets	77,395	(57,050)	-	20,345
Goodwill	40,638	-	-	40,638
Exploration and evaluation assets	5,735	(178)	-	5,557
Investments in associates and jointly controlled entities	1,253	61,846	-	63,099
Other non-current assets	3,834	(1,410)	-	2,424
NON-CURRENT ASSETS	**176,660**	**(10,838)**	**-**	**165,822**
Inventories	14,398	(2,919)	-	11,479
Income tax receivable	770	(208)	-	562
Receivables and advances issued	8,154	(3,331)	-	4,823
Cash and cash equivalents	22,694	(1,505)	-	21,189
Other current assets	2,149	(4)	-	2,145
CURRENT ASSETS	**48,165**	**(7,967)**	**-**	**40,198**
TOTAL ASSETS	**224,825**	**(18,805)**	**-**	**206,020**
EQUITY				
Share capital	20,257	-	-	20,257
Share premium	53,963	-	-	53,963
Merger reserve	7,201	-	-	7,201
Translation reserve	5,851	197	-	6,048
Retained earnings	20,834	39	85	20,958
Equity attributable to shareholders of OJSC Atomredmetzoloto	**108,106**	**236**	**85**	**108,427**
Non-controlling interest	39,497	148	-	39,645
TOTAL EQUITY	**147,603**	**384**	**85**	**148,072**
LIABILITIES				
Loans and borrowings	39,595	(2,784)	-	36,811
Provisions	8,461	(1,609)	(106)	6,746
Deferred tax liabilities	15,038	(10,853)	21	4,206
Other payables	881	(359)	-	522
NON-CURRENT LIABILITIES	**63,975**	**(15,605)**	**(85)**	**48,285**
Loans and borrowings and current portion of non-current loans and borrowings	3,550	(1,292)	-	2,258
Payables and accruals	7,679	(1,570)	-	6,109
Income tax payable	470	-	-	470
Other taxes payable	1,548	(722)	-	826
CURRENT LIABILITIES	**13,247**	**(3,584)**	**-**	**9,663**
TOTAL LIABILITIES	**77,222**	**(19,189)**	**(85)**	**57,948**
TOTAL EQUITY AND LIABILITIES	**224,825**	**(18,805)**	**-**	**206,020**

Consolidated statement of financial position reconciliation as at 31 December 2012:

mln RUB	As previously reported	IFRS 11	IAS 19	As restated
ASSETS				
Property, plant and equipment	54,879	(15,506)	-	39,373
Intangible assets	68,709	(48,859)	-	19,850
Goodwill	28,052	-	-	28,052
Exploration and evaluation assets	8,069	(1)	-	8,068
Investments in associates and jointly controlled entities	1,207	55,922	-	57,129
Other non-current assets	2,092	1,079	-	3,171
NON-CURRENT ASSETS	**163,008**	**(7,365)**	-	**155,643**
Inventories	13,130	(2,941)		10,189
Income tax receivable	937	(332)	-	605
Receivables and advances issued	11,529	(3,888)	-	7,641
Cash and cash equivalents	17,104	(391)	-	16,713
Other current assets	1,987	(136)	-	1,851
CURRENT ASSETS	**44,687**	**(7,688)**	-	**36,999**
TOTAL ASSETS	**207,695**	**(15,053)**	-	**192,642**
EQUITY				
Share capital	22,430	-	-	22,430
Share premium	56,962	-	-	56,962
Merger reserve	7,201	-	-	7,201
Translation reserve	(503)	1	-	(502)
Retained earnings	7,897	(116)	169	7,950
Equity attributable to shareholders of OJSC Atomredmetzoloto	**93,987**	**(115)**	**169**	**94,041**
Non-controlling interest	37,669	17	-	37,686
TOTAL EQUITY	**131,656**	**(98)**	**169**	**131,727**
LIABILITIES				
Loans and borrowings	32,947	(2,366)	-	30,581
Provisions	10,497	(1,586)	(211)	8,700
Deferred tax liabilities	14,447	(8,969)	42	5,520
Other payables	9	(8)	-	1
NON-CURRENT LIABILITIES	**57,900**	**(12,929)**	**(169)**	**44,802**
Loans and borrowings and current portion of non-current loans and borrowings	9,630	(1,460)	-	8,170
Payables and accruals	7,281	(167)	-	7,114
Income tax payable	52	(38)	-	14
Other taxes payable	1,176	(361)	-	815
CURRENT LIABILITIES	**18,139**	**(2,026)**	-	**16,113**
TOTAL LIABILITIES	**76,039**	**(14,955)**	**(169)**	**60,915**
TOTAL EQUITY AND LIABILITIES	**207,695**	**(15,053)**	-	**192,642**

Consolidated statement of cash flows reconciliation for the year ended 31 December 2012:

mln RUB	As previously reported	IFRS 11	IAS 19	Discontinued operation	As restated
Cash flows from operating activities					
Loss before income tax:	(7,801)	(312)	(227)	122	(8,218)
Adjustments for:					
Depreciation of property, plant and equipment	4,584	(3,020)	-	-	1,564
Amortisation of intangible assets	4,419	(4,340)	-	-	79
Impairment losses on receivables	32	2	-	-	34
Interest (income) expense	(504)	247	-	-	(257)
Interest expense (income)	2,065	-	-	(1,836)	229
Impairment losses	10,987	(48)	-	-	10,939
(Gain)/loss on acquisition of subsidiary	(534)	534	-	-	-
Effect of discounting, net	-	434	-	-	434
Other	(433)	2,894	-	-	2,461
Cash from/(used in) operating activities before changes in working capital and provisions	**12,815**	**(3,609)**	**(227)**	**(1,714)**	**7,265**
Change in receivables and advances issued	(3,594)	3,070	-	-	(524)
Change in inventories	876	168	-	-	1,044
Change in employee benefits	(64)	-	-	-	(64)
Change in other non-current assets	1,053	(980)	-	-	73
Change in payables and accruals	(3,403)	(478)	-	-	(3,881)
Change in other taxes payable	230	185	-	-	415
Cash flows from/(used in) operations before income taxes and interest paid	**7,913**	**(1,644)**	**(227)**	**(1,714)**	**4,328**
Income tax paid	(3,358)	1,896	-	-	(1,462)
Interest paid	(2,853)	2,210	-	-	(643)
Net cash from/(used in) operating activities	**1,702**	**2,462**	**(227)**	**(1,714)**	**2,223**
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	(10,802)	2,891	-	-	(7,911)
Interest income received	514	(266)	-	-	248
Loans issued	(49,819)	(733)	-	-	(50,552)
Repayment of loans issued	50,749	190	-	-	50,939
Acquisition of exploration and evaluation assets	(2,280)	(144)	-	-	(2,424)
Acquisition of subsidiaries	(1,908)	-	-	-	(1,908)
Net cash used in investing activities	**(13,546)**	**1,938**	-	-	**(11,608)**
Cash flows from financing activities					
Proceeds from borrowings	11,733	18	-	-	11,751
Repayment of borrowings	(9,617)	(1,411)	-	-	(11,028)
Proceeds from issue of share capital	5,172	-	-	-	5,172
Financial lease payments	(217)	-	-	-	(217)
Net cash from/(used in) financing activities	**7,071**	**(1,393)**	-	-	**5,678**

mln RUB	As previously reported	IFRS 11	IAS 19	Discontinued operation	As restated
Net decrease in cash and cash equivalents	(4,773)	3,007	(227)	(1,714)	(3,707)
Effect of exchange rate fluctuations	(817)	48	-	-	(769)
Change in restricted cash	(26)	-	-	-	(26)
Cash and cash equivalents at 1 January	22,694	(1,505)	-	-	21,189
Cash and cash equivalents at 31 December	17,104	1,550	(227)	(1,714)	16,713

4. Significant accounting policies

The accounting policies set out below in paragraphs 4 (a) to 4 (p) have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in Note 3 (c), which addresses changes in accounting policies.

Certain comparative amounts have been reclassified either as a result of a change in accounting policies regarding the presentation of joint arrangements (see Note 17) and post employment benefits or other restatements (see Note 3 (c)).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(iii) Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(iv) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Any cash paid for the acquisition is recognised directly in equity.

(v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vi) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign subsidiaries with the local currency different from the presentation currency are translated to the presentation currency at the exchange rates at the reporting date. Foreign currency differences are recognised in the statement of comprehensive income in the other comprehensive income (loss) for the period.

The official exchange rates of the Russian ruble to the US dollar, Canadian dollar, Australian dollar, Euro and Kazakhstani tenge as at 31 December 2013, 31 December 2012 and 1 January 2012 are shown below:

	31 December 2013	31 December 2012	1 January 2012
US dollar	32.73	30.37	32.19
Canadian dollar	30.55	30.54	31.57
Australian dollar	28.96	31.55	32.72
Euro	44.97	40.23	41.67
Kazakh tenge	0.21	0.20	0.22

(d) Employee benefits

Payroll compensation, contributions to the Pensions Fund of the Russian Federation and the Social Insurance Fund of the Russian Federation, paid annual leave and sick leave, bonuses and non-monetary benefits are paid in the reporting period in which the services determining the different types of remuneration were rendered by employees of the Group.

Under collective agreements of OJSC PIMCU, CJSC Dalur and OJSC VNIPIpromtekhnologii, their employees are paid additional compensation on retirement. In addition, OJSC PIMCU and CJSC Dalur provide personal supplements to their ex-workers who are non-working pensioners and also pay the cost of travel to the place of vacation. The liabilities associated with these benefits are recognised in the Group's financial statements represent the discounted value of these payments.

(e) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss -category if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. The loans and receivables category comprises the following classes of financial assets: loans as presented in Note 19, trade and other receivables as presented in Note 21, and cash and cash equivalents as presented in Note 23.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss for the period. Unquoted equity instruments whose fair value cannot reliably be measured are carried at cost.

Available-for-sale financial assets include equity securities as well as assets related to defined-benefit plans.

(ii) Non-derivative financial liabilities - measurement

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings as well as trade and other payables.

(iii) Derivative financial instruments

The Group holds derivative financial instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations to hedges foreign exchange risk on firm commitments. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(iv) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(f) Share capital

Common shares and non-redeemable preferred shares with the right to receive fixed annual dividends at the Company's discretion are classified as equity.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Repairs and maintenance costs are included in expenses of the current period. The cost of replacing a major part or component of an item of property, plant and equipment is capitalised at the same time as the part replaced is retired.

The items of property, plant and equipment transferred to the Group by the predecessor were recognised at the predecessor's carrying amount, determined in accordance with IFRS at their date of transfer. In preparing consolidated financial statements in accordance with IFRS, the predecessor determined the deemed cost as the historical cost of the items of property, plant and equipment and adjusted it to account for the effect of inflation in the period to 31 December 2002. Certain adjustments were made to additions, disposals and depreciation.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Borrowing costs

Prior to 1 January 2009, the Group recognised all borrowing costs as an expense in the period in which they were incurred.

Starting from 1 January 2009 the Group adopted revised IAS 23 Borrowing Costs. The main change was the removal of the option of immediately recognising as an expense borrowing costs related to assets that take a substantial period of time to get ready for use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset form part of the cost of that asset, if the commencement date for capitalisation is on or after 1 January 2009. Other borrowing costs are recognised as an expense using the effective interest method.

The Group capitalises borrowing costs that would have been avoided when: (i) the Group incurs expenditures for the qualifying asset; (ii) it incurs borrowing costs; and (iii) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Interest or other investment income is not deducted in arriving at the amount of borrowing costs available for capitalisation, except where the Group obtains specific borrowings for the purpose of acquiring a qualifying asset and has investment income on the temporary investment of funds obtained through such specific borrowings.

(iii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Plots of land owned by the Group are not depreciated. Depreciation of items of property, plant and equipment used in the mining and initial processing of uranium is recognised in the statement of comprehensive income using the units of production method for property, plant and equipment where this method is the best to reflect the useful life (an estimate of the benefit-cost ratio of the accounting).

Depreciation of other items of property, plant and equipment is calculated on a straight-line basis, through the writing off of their historical value in equal amounts to their liquidation value over the period of their useful life.

- Buildings and facilities: 7-55 years;
- Machinery and equipment: 4-20 years;
- Vehicles: 4-10 years;
- Auxiliary property, plant and equipment: 20-50 years;
- Other property, plant and equipment: 2-12 years.

The liquidation value of an asset represents an assessment of the amount which the Group could currently receive from the sale of the asset minus selling costs, based on the assumption that the age of the asset and its technical condition already meet expectations at the end of its period of useful life. If the Group plans to use the asset until the end of its physical service life, the liquidation value of the asset is normalised to zero. The liquidation value and periods of useful life of assets are reconsidered and adjusted, if necessary, at each reporting date.

(h) Exploration and evaluation assets

Exploration and evaluation assets are recognised by the Group upon receipt of the licenses for the development of mineral resources (licenses for geological exploration and / or licenses for mining, and / or a combined license for the exploration and production). Recognition of exploration and evaluation assets continues until the confirmation of the technical feasibility and commercial viability of extracting.

The technical feasibility and commercial viability of extracting a mineral resource are considered confirmed when the existence of proved reserves of mineral resources is confirmed and the decision on the involvement of fields into production is made.

The activities of exploration and evaluation include prospecting, exploration and evaluation of work fields.

The license and related costs are recognised as intangible assets.

Costs of fixed assets used in the stages of prospecting and exploration works are capitalised as tangible exploration and evaluation assets.

Other expenses incurred at the stage of prospecting works are expensed on ordinary activities in the period in which they arise.

Other costs incurred in the stages of exploration and evaluation work are capitalised in tangible or intangible exploration and evaluation assets.

Costs incurred prior to the acquisition by the Group of subsoil use rights are expensed as incurred.

All general overhead expenses not directly related to the exploration and evaluation are included in the statement of comprehensive income as incurred.

Exploration and evaluation assets are disclosed separately in the consolidated statement of financial position.

(i) Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Subsequent measurement

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Mining and exploration licences

All mining and exploration licences are included in intangible assets (Note 14).

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure , including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation expenses on intangible assets other than goodwill and mining and exploration licences are accrued as soon as they are available for use and recognised in profit or loss using the straight-line method over the period of their useful life. The expected useful lives of intangible assets in the reporting and comparative periods were as follows:

Licences other than mining and exploration licences:	2-3 years;
Other intangible assets:	3-5 years.

Amortisation of mining and exploration licences commences as soon as commercial exploration of uranium and other minerals starts. Amortisation of mining and exploration licences is calculated using the units of production method.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories is defined using average weighted cost and in some cases cost per unit. Cost of finished products and work in progress includes cost of raw and other materials, direct labour and other direct costs and the corresponding portion of overheads and excludes cost of borrowings. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers in the Group;
- economic conditions that correlate with defaults;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Share-based payments

Employees of the Group's subsidiary Uranium One Inc. participated in a stock option plan entitling them to purchase shares in the subsidiary in previous periods. For equity-settled awards, the fair value was charged to the consolidated profit or loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that were expected to vest. The fair value of the equity-settled awards was determined at the date of the grant. In calculating fair value, no account was taken of any vesting conditions, other than conditions linked to the price of the shares of the subsidiary. The fair value was determined by using the Black-Scholes option pricing model. At previous balance sheet dates, the cumulative expense representing the extent to which the vesting period had expired and management's best estimate of the awards that were ultimately expected to vest was computed. The movement in cumulative expense was recognized in profit or loss with a corresponding entry against the related reserve. No expense was recognized for awards that did not ultimately vest.

Under Uranium One's Inc. Stock Option Plan, options granted were non-assignable and might be granted for a term not exceeding ten years. The plan was administered by the Board of Directors of Uranium One's Inc., which determined individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 5% of issued and outstanding shares to any insider and not exceeding 1% of the issued and outstanding shares to any non-employee director on a non-diluted basis) and any vesting period which, pursuant to the stock option plan was one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and the remainder on the third anniversary of the grant date. The maximum number of shares of Uranium One that were issuable pursuant to the plan was limited to 7.2% of issued and outstanding shares.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlements is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of the outflow with respect to any one item included in the same class of obligations may be small.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for site restoration and territory rehabilitation

Environmental obligations include decommissioning and land remediation costs, as well as the costs of retiring property, plant and equipment involved in the mining of raw uranium.

Future decommissioning and land remediation costs, discounted to their present value, are capitalised together with the related decommissioning liabilities. The amount of expenses capitalised is depreciated together with the related property, plant and equipment. The discount accrued on such obligations is included in interest expenses. Decommissioning obligations are periodically reviewed in line with applicable laws and regulations, and adjusted as necessary. Ongoing rehabilitation costs are expensed when incurred.

(m) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

At inception or upon reassessment of an arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's consolidated statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in profit or loss as incurred.

(n) Revenue

(i) Goods sold

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Interest income is accrued proportionally in accordance with the terms of financing using the effective rate.

(o) Finance income and costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(p) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with amendments to Part I of the Tax Code of RF, as amended by Federal Law of RF № 321-FZ, dated 16 November 2011, starting from 1 January 2013 the Company and some of its subsidiaries (OJSC Priargunsky Industrial Mining and Chemical Union, CJSC Dalur, OJSC Khiagda and CJSC Rusburmash) became part of the Consolidated Taxpayers' Group (CTG), consisting of 34 members. OJSC Atomenergoprom is CTG's is responsible member.

5. New standards and interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2013, and have not been applied in preparing these consolidated financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)* will be effective for annual periods beginning on or after 1 January 2014. The amendments introduce a mandatory consolidation exception for certain qualifying investment entities. A qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. The consolidation exception will not apply to subsidiaries that are considered an extension of the investment entity's investing activities. The amendments are to be applied retrospectively unless impracticable.

- Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* specify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments are effective for annual periods beginning on or after 1 January 2014, and are to be applied retrospectively. The amendments are likely to increase the Group's trade and other receivables from and trade and other payables to certain counterparties because it is unlikely that the Group will meet the criteria for offsetting. In particular, the current bankruptcy legislation in Russia does not allow offsetting if this has impact on the succession of settlements determined by the law. However, the impact has not yet been quantified.

- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*. The IASB has issued amendments to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the disclosure of information about the recoverable amount of impaired assets will be required only when the recoverable amount is based on fair value less costs of disposal. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014.

- Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are effective for annual periods beginning on or after 1 January 2014. Early application is permitted. It is expected that the new standard will not have a significant impact on Group's consolidated financial statements.

- IFRIC 21 *Levies* provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. Levies do not arise from executory contracts or other contractual arrangements. However, outflows within the scope of IAS 12 *Income taxes*, fines and penalties, and liabilities arising from emission trading schemes are explicitly excluded from the scope. The interpretation confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs. An entity does not recognise a liability at an earlier date, even if it has no realistic opportunity to avoid the triggering event. The interpretation is effective for annual periods commencing on or after 1 January 2014. The interpretation is applied on a retrospective basis. Early adoption is permitted.

- IFRS 9 *Financial Instruments* is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The third phase was issued in November 2013 and relates to general hedge accounting. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Group's consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Group does not intend to adopt this standard early.

Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments that result in accounting changes for presentation, recognition or measurement purposes will come into effect for annual periods beginning after 1 January 2014.

The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

6. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on market approach and cost approaches using quoted market prices for similar items when available.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence.

(b) Intangible assets

Fair value of mineral interest acquired through business combinations is determined based on the independent valuation using discounted cash flows approach.

Mineral interest costs include the purchase price of mineral properties. The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired.

(c) Equity and debt securities

The fair value of held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(d) Inventories

The fair value of inventories acquired in a business combination is determined based on their estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(e) Trade and other receivables

The fair value of long-term trade and other receivables is determined as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Management considers the fair value of short-term trade and other receivables to be approximately equal to their carrying amount. The fair value is determined for disclosure purposes only.

(f) Derivatives

The fair value of forward exchange contracts is based on their quoted market price, if available. If a quoted market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(g) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of issued bonds is determined by reference to their quoted closing bid price at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(h) Contingent consideration

The fair value of a contingent consideration is determined using the income approach based on the expected payments and their associated probabilities. Since the contingent consideration is long-term in nature, it is discounted to present value.

7. Acquisitions and disposals

Acquisition of CJSC Pervaya Gornorudnaya Companiya. In November 2012 the Group acquired 99.50 percent of shares of CJSC Pervaya Gornorudnaya Companiya for total consideration of RUB 950 million. CSJC Pervaya Gornorudnaya Companiya owns rights to develop Pavloskoye lead-cinc ore field (located in the archipelago of Novaya Zemlya), with polymetallic ore reserves approved by the State Deposits Commission totalling 37 million tonnes.

For the purpose of these consolidated financial statements this transaction is accounted for as an acquisition of an asset.

Acquisition of Honeymoon Uranium Project. In February 2012, Mitsui & Co., Ltd ("Mitsui"), the owner of 49 percent shares in Honeymoon Uranium Project (joint venture with Uranium One Inc.), notified Uranium One Inc. about its decision to withdraw from the project. The parties agreed on the terms of Mitsui's withdrawal as a result of which Uranium One Inc. acquired 49% in Honeymoon Uranium Project. The transaction closed after the receipt of applicable Australian regulatory approval during September 2012.

On completion of the transaction Mitsui paid Uranium One Inc. RUB 28 million. As a result of the transaction Uranium One Inc. owns 100% share in Honeymoon Uranium Project.

Acquisition of NCI in Uranium One Inc. In January 2013 the Company Uranium One Holding N.V. и Uranium One Inc. entered into a tripartite agreement on acquisition of 48.58% of Uranium One Inc. shares to consolidate 100% shares of Uranium One Inc. by the Group. Under the terms of the agreement, the Uranium One Holding N.V. in addition to previously acquired shares acquired all of the remaining minority shareholders' shares in amount of 471,935,307 for cash consideration of Canadian dollar 2.86 per share. This price represented a 32% premium to the 20-day volume weighted average price of the common shares for the period ending 11 January 2013 (the last trading day prior to transaction announcement).

On 7 March 2013 the majority of the shareholders of Uranium One Inc. approved the plan of arrangement to acquire a 48.58% stake in the company. On 18 October 2013 the Company completed the transaction for RUB 41,266 million (1 350 mln. Canadian dollars). As a result of the transaction the Company increased its ownership in Uranium One Inc. to 100% and correspondent non-controlling interest decreased by RUB 38,530 million to zero.

Discontinued operation. On 5 December 2013 the Company disposed of 57% of Uranium One Holding N.V., which had 89.07% of shares of Uranium One Inc as of the date of disposal. Uranium One Holding N.V and Uranium One Inc. together with their subsidiaries represent a segment of foreign operaions of the Group. Management committed to a plan to sell this segment in April 2013 following a strategic decision of the State Atomic Energy Corporation Rosatom to place a greater focus on the Group's activities in the Russian Federation. On 5 December 2013, following the loss of control, the Group discontinued consolidation of subsidiaries and applied equity method of accounting. For the purposes of these financial statements this transation was reflected as a transaction under common control as the 57% of Uranium One Holding N.V. were sold to the subsidiary of the State Atomic Energy Corporation Rosatom.

The proceeds from the disposal amounted to RUB 8,470 million payable within 15 months after completion of the transaction, at amortised cost of RUB 7,498 million, with the difference of RUB 972 million presented as effect on discounting in finance costs.

The segment of foreign operations was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of other profit or loss and comprehensive income has been restated to show the discontinued operation separately from continuing operations (see Note 3).

mln RUB	2013	2012
Results of discontinued operation		
Revenue	3,178	1,537
Cost of sales	(1,665)	(750)
Profit for the year	**1,513**	**787**
Distribution costs	-	(172)
Administrative expenses	(4,265)	(1,490)
Other income	2,862	538
Other expenses	(1,211)	(243)
Results from operating activities	**(1,101)**	**(580)**
Finance income	4,220	203
Finance costs	(7,180)	(2,237)
Share of result of equity accounted investees	860	4,539
(Loss)/profit before income tax	**(3,201)**	**1,925**
Income tax (expense)/benefit	(349)	122
(Loss) / profit for the year – discontinued operation	**(3,550)**	**2,047**
Adjustments for:		
Revaluation to fair value (see below)	9,485	-
Disposal of foreign currency translation reserve	4,396	-
Profit from discontinued operation reflected in consolidated statement of profit or loss and other comprehencive income	**10,331**	-
Other comprehensive income		
Foreign currency translation differences for foreign operations	1,393	(7,027)
Other comprehensive income / (loss), net of income tax	**1,393**	**(7,027)**
Total comprehensive income / (loss) for the year	**11,724**	**(4,980)**

mln RUB	2013	2012
Cash flows from/(used in) discontinued operation		
Net cash used in operating activities	(4,011)	(1,023)
Net cash from/(used in) investing activities	2,686	(2,051)
Net cash (used in)/from financing activities	(4,543)	921
Net cash flows for the year	**(5,868)**	**(2,153)**

Effect of disposal on the financial position of the Group

mln RUB	2013
Property, plant and equipment	5,446
Intangible assets	3,151
Investments	55,938
Deferred tax assets	293
Other non-current assets	7
Inventories	1,523
Trade and other receivables	6,380
Cash and cash equivalents	22,612
Loans and borrowings	(68,059)
Trade and other payables	(3,428)
Provisions	(1,662)
Net assets and liabilities	**22,201**
Consideration receivable	8,470
Cash and cash equivalents disposed of	(22,612)
Net cash outflow	**(14,142)**

Disposal of discontinued operation is recorded as transaction under common control. The effect of the transaction is calculated as follows:

mln RUB	2013
Consideration receivable	8,470
Effect of discounting *	(972)
Net assets disposal	(22,201)
Book value of remaining share	20,721
Disposal of goodwill	(19,304)
Revaluation to fair value amount **	9,485
Effect on disposal	**(3,801)**

* Effect of discounting of long term account receivable of selling shares.

**Amounts are reflected in the results of discontinued operation.

8. Revenue

mln RUB	2013	2012
Sales of uranium	26,948	29,132
Sales of electricity and heat	1,851	1,857
Sales of R&D services	602	364
Sales of coal	146	1,121
Other sales	2,272	1,336
Total	**31,819**	**33,810**

9. Cost of sales

mln RUB	2013	2012
Raw and other materials and goods	13,293	15,322
Personnel costs	6,392	5,552
Depreciation of property, plant and equipment	1,931	1,450
Utilities	1,029	984
Change in work in progress and finished products	1,024	1,369
Taxes other than income tax	872	655
Planning and surveying work	497	441
Transport expenses	282	510
Repairs and maintenance	224	327
Security	86	100
Amortisation of intangible assets	33	20
Exploration and evaluation costs	33	193
Other expenses	1,226	782
Total	**26,922**	**27,705**

Personnel costs include compulsory social and pensions contributions totalling RUB 1,304 million (RUB 969 million in 2012).

10. Administrative and distribution expenses

mln RUB	2013	2012
Personnel costs	2,805	2,738
Consulting and information expenses	777	607
Taxes other than income taxes	248	141
Lease expenses	220	197
Accrual of loss from impairment of receivables	207	34
Materials	187	180
Electricity expenses	155	162
Transport expenses	137	89
Business trip expenses	112	130
Insurance expenses	107	106
Depreciation of property, plant and equipment	98	114
Amortization of intangible assets	71	59
Security	29	32
Repairs and maintenance	17	22
Bank services	9	8
Other administrative and distribution expenses	16	162
Total	**5,195**	**4,781**

Personnel costs include compulsory social and pensions contributions totalling RUB 372 million (RUB 348 million in 2012).

11. Finance income and costs

mln RUB	Note	2013	2012
Dividend income		1,367	-
Interest income		161	257
Income from participation in other entities, net		6	-
Gain on foreign currency translation differences, net		-	117
Revaluation of derivatives, net		-	4
Finance income		**1,534**	**378**
Effect of discounting, net		(1,257)	(434)
Interest expense		(458)	(229)
Revaluation of derivatives, net		(108)	-
Loss on foreign currency translation differences, net		(212)	-
Interest expense on defined benefit obligations		(61)	(50)
Loss from participation in other entities, net		-	(2)
Finance costs		**(2,096)**	**(715)**
Net finance costs		**(562)**	**(337)**

12. Income tax

The Group applies a 20 percent tax rate for the Russian companies of the Group.

mln RUB	Note	2013	2012
Current income tax charge		741	808
Deferred income tax charge	18	(46)	9
Total income tax charge		**695**	**817**

Reconciliation of effective income tax rate

	2013		2012	
mln RUB		%		%
Loss for the year	(13,834)	-	(9,035)	-
Income tax	695	-	817	-
Loss excluding tax	**(13,139)**	**(5)**	**(8,218)**	**(10)**
Estimated amount of income tax at the statutory rate	(2,628)	20	(1,644)	20
Non tax-deductible expenses	4,089	(31)	2,615	(32)
Non tax-deductible income	(766)	6	(558)	7
Effect of income tax at rates of other jurisdictions	-	-	(208)	3
Changes in unrecognized temporary differences	-	-	612	(7)
	695	**(5)**	**817**	**(10)**

13. Property, plant and equipment

mln RUB	Land, buildings and facilities	Machinery and equipment	Other property, plant and equipment	Under construction	Total
Cost					
Balance at 31 December 2011	**30,951**	**11,630**	**2,991**	**11,726**	**57,298**
Balance at 1 January 2012	30,951	11,630	2,991	11,726	57,298
Additions	21	107	32	9,119	9,279
Disposals	(1,244)	(48)	(522)	(381)	(2,195)
Transfer	5,211	978	418	(6,607)	-
Reclassification	-	10	(10)	-	-
Site restoration	664	191	-	-	855
Effect of movements in exchange rates	(67)	(17)	(34)	(5)	(123)
Balance at 31 December 2012	**35,536**	**12,851**	**2,875**	**13,852**	**65,114**
Balance at 1 January 2013	**35,536**	**12,851**	**2,875**	**13,852**	**65,114**
Additions	25	792	290	8,807	9,914
Disposals	(3,194)	(502)	(345)	(2,124)	(6,165)
Transfer	949	1,387	496	(2,832)	-
Reclassification	2	1	(3)	-	-
Site restoration	(347)	(130)	-	-	(477)
Reclassification to intangible assets	-	-	-	(874)	(874)
Effect of movements in exchange rates	85	3	4	-	92
Balance at 31 December 2013	**33,056**	**14,402**	**3,317**	**16,829**	**67,604**
Depreciation					
Balance at 31 December 2011	**(13,691)**	**(8,171)**	**(1,677)**	**-**	**(23,539)**
Balance at 1 January 2012	(13,691)	(8,171)	(1,677)	-	(23,539)
Depreciation in the year	(1,406)	(631)	166	-	(1,871)
Disposals	1	35	(331)	-	(295)
Reclassification	9	-	(9)	-	-
Effect of impairment	(49)	-	-	-	(49)
Effect of movements in exchange rates	2	7	4	-	13
Balance at 31 December 2012	**(15,134)**	**(8,760)**	**(1,847)**	**-**	**(25,741)**
Balance at 1 January 2013	(15,134)	(8,760)	(1,847)	-	(25,741)
Depreciation in the year	(885)	(926)	(309)	-	(2,120)
Disposals	682	47	186	-	915
Reclassification	1	(4)	3	-	-
Effect of impairment	(999)	(40)	-	(3,781)	(4,820)
Effect of movements in exchange rates	-	(2)	(3)	-	(5)
Balance at 31 December 2013	**(16,335)**	**(9,685)**	**(1,970)**	**(3,781)**	**(31,771)**
Carrying amounts					
Balance at 1 January 2012	**17,260**	**3,459**	**1,314**	**11,726**	**33,759**
Balance at 31 December 2012	**20,402**	**4,091**	**1,028**	**13,852**	**39,373**
Balance at 31 December 2013	**16,721**	**4,717**	**1,347**	**13,048**	**35,833**

As at 31 December 2013, 31 December 2012 and 31 December 2011 property, plant and equipment included prepayments for property, plant and equipment, recognised in category "Under construction", in the amount of RUB 496 million, RUB 1,023 million and RUB 54 million respectively.

The Group capitalized borrowing costs attributable to property, plant and equipment in the amount of RUB 286 million (2012: RUB 619 million, 2011: RUB 517 million), applying a capitalisation rate of 6.8 percent (2012 and 2011: 7.4 percent, 31 December 2011: RUB 7.4 percent).

During the year ended 31 December 2013 part of depreciation charge for the period in the amount of RUB 91 million was capitalised (31 December 2012: RUB 307 million, 31 December 2011: RUB 0 million).

Impairment as at 31 December 2013. At the end of the reporting period the Group assesses whether there are any indications of impairment of property, plant and equipment. For those CGUs where such indications exist, the Group performs impairment testing in order to estimate the recoverable amount of the CGU.

As at 31 December 2013 the Management analysed the current economic conditions and assessed that indications of impairment property, plant and equipment existed (decrease in the expected prices of uranium (U3O8)). The majority of the Group's property, plant and equipment is specialised in nature and is rarely sold. The market for similar property, plant and equipment is not active in the Russian Federation and does not provide a sufficient number of sales transactions for use of a market-based approach for determination of the fair value. Therefore the value in use for property, plant and equipment as at 31 December 2013 was determined using projected cash flows. This method considers the future net cash flows expected to be generated through the use of property, plant and equipment in the business to its ultimate disposal to determine the recoverable amount of the assets. The Group's subsidiaries were considered to be separate cash-generating units.

As a result of the testing as at 31 December 2013 the Group recognized an impairment loss of RUB 4,820 million (2012: RUB 49 million, 2011: 0) with respect to property, plant and equipment, RUB 14,116 million (2012: RUB 10,630 million, 2011: 0) with respect to intangible assets (Note 14) and of RUB 3,938 million (2012: RUB 260 million) with respect to exploration and evaluation assets (Note 15). Primarily the impairment loss refers to the following CGUs: CGU EGMK, Hiagda CGU and CGU Mantra Resources Limited.

Hiagda CGU includes the JSC Hiagda. For the year ended 31 December 2013, in connection with the decrease in the expected prices of uranium (U3O8) an impairment loss of RUB 3,394 million was recognized, including RUB 2,941 million with respect to property, plant and equipment, RUB 2 million with respect to intangible assets and RUB 451 million with respect to exploration and evaluation assets.

EGMK CGU includes the JSC Elkonsky Gorno-Metallurgicheskiy Combinat. For the year ended 31 December 2013, in connection with the decrease in the expected prices of uranium (U3O8) an impairment loss of RUB 2,736 million was recognized, including RUB 146 million with respect to intangible assets and RUB 2,590 million with respect to exploration and evaluation assets.

The following key assumptions were used in determining the recoverable amounts of each of the CGUs:

- Cash flows were projected based on actual operating results and the Company's business plan for 2014;
- Cash flows forecast was preformed for 2014-2050 for Hiagda CGU and 2014-2058 years for EGMK CGU. Forecast period was determined by the Management based on the expected period of production at the respective CGU level;
- The cash flow forecasts were discounted to their present value at a nominal after-tax cost of capital of 13% in RUB;
- Forecast of uranium prices was calculated on the basis of the spot prices, provided by UX Consulting Company, and the adjustments reflecting excess of the prices in long-term contracts over the spot and domestic market prices. The uranium prices annual growth equaled 9.7% for the period 2014-2020 years, 3.2% for the period 2020-2025 years and 1.9% after 2025 year;

- Sales volume growth was projected to be 8,86% in the 2014-2043 period, followed by a period of a gradual decrease in production to zero level by 2050 for Hiagda CGU. Sales volume growth was projected to be 3.6% in the 2027-2047 period, followed by a period of a gradual decrease in production to zero level in 2058 for EGMK CGU.

The calculation of the recoverable amounts of CGU's is sensitive to the level of future uranium prices and forecasted weighted average cost of capital (WACC).

If the uranium prices were 10 percent lower in the forecasted period, there would be an impairment loss of RUB 15,424 million recognised as at 31 December 2013.

If the uranium prices were 10 percent higher in the forecasted period, there would be an impairment loss of RUB 88 million recognised as at 31 December 2013.

If the discount rate (WACC) was 1 percent higher in the forecasted period, there would be an impairment loss of RUB 5,554 million recognised as at 31 December 2013.

If the discount rate (WACC) was 1 percent lower in the forecasted period, there would be an impairment loss of RUB 1,729 million recognised as at 31 December 2013.

Operating lease liabilities. The Group leases the sites on which its main mining, exploration and other assets are located. The leases run for an initial period of 5-49 years with an option to renew the lease after that date. Lease payments are reviewed regularly to reflect market rentals. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

mln RUB	31 December 2013	31 December 2012	31 December 2011
Less than 1 year	548	3,461	263
From 1 to 5 years	1,103	4,530	220
More than 5 years	62	30	20
Total	**1,713**	**8,021**	**503**

14. Intangible assets

mln RUB	Note	Goodwill	Mining and exploration licenses	Other	Total
Historical cost					
Balance at 31 December 2011		**40,638**	**19,727**	**788**	**61,153**
Balance at 1 January 2012		40,638	19,727	788	61,153
Acquisitions through business combinations	7	-	950	-	950
Additions		-	108	199	307
Disposals		-	(111)	(322)	(433)
Foreign currency translation differences		(1,956)	(1,055)	2	(3,009)
Balance at 31 December 2012		**38,682**	**19,619**	**667**	**58,968**
Balance at 1 January 2013		38,682	19,619	667	58,968
Reclassification from property, plant and equipment	13	-	-	874	874
Additions		-	(67)	103	36
Disposals		(19,522)	(3,600)	(66)	(23,188)
Foreign currency translation differences		2,183	1,146	-	3,329
Balance at 31 December 2013		**21,343**	**17,098**	**1,578**	**40,019**

Accumulated amortisation				
Balance at 31 December 2011	**-**	**(40)**	**(130)**	**(170)**
Balance at 1 January 2012	-	(40)	(130)	(170)
Amortisation in the year	-	(150)	(78)	(228)
Impairment	(10,630)	-	-	(10,630)
Disposals	-	2	-	2
Foreign currency translation differences	-	(40)	-	(40)
Balance at 31 December 2012	**(10,630)**	**(228)**	**(208)**	**(11,066)**
Balance at 1 January 2013	(10,630)	(228)	(208)	(11,066)
Amortisation in the year	-	(20)	(139)	(159)
Impairment	(10,713)	(3,172)	(231)	(14,116)
Disposals	-	141	50	191
Balance at 31 December 2013	**(21,343)**	**(3,279)**	**(528)**	**(25,150)**
Carrying amounts				
Balance at 1 January 2012	**40,638**	**19,687**	**658**	**60,983**
Balance at 31 December 2012	**28,052**	**19,391**	**459**	**47,902**
Balance at 31 December 2013	**-**	**13,819**	**1,050**	**14,869**

Impairment analysis

Mining and exploration licenses and other intangible assets. As at 31 December 2013 the Group recognised an impairment loss of RUB 3,403 million related to mining and exploration licenses and other intangible assets. Management's considerations about the reasons of impairment are described in Note 13.

During the year ended 31 December 2013 part of depreciation charge for the period in the amount of RUB 55 million was capitalised (31 December 2012: RUB 149 million).

Goodwill. For the purposes of impairment testing, goodwill is allocated to cash generating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill (after impairment charge) is allocated to the cash-generating units as follows:

mln RUB	2013	2012
Uranium One Inc.	-	18,111
Mantra Resources PTY Ltd.	-	9,941
Total	**-**	**28,052**

(a) Impairment testing of cash-generating units containing goodwill of Uranium One Inc. (Before its disposal).

For goodwill impairment testing purposes of Uranium One Inc. uranium production mines in Kazakhstan, Australia and US were defined as the cash-generating units.

The recoverable amount of the CGU's has been calculated on the basis of value in use. Value in use was determined by discounting the future cash flows to be derived from the development and production of the corresponding mines. Cash flow predictions based on finance budgets approved by management have been used for these computations. The following assumptions were used:

- Cash flows were projected based on actual operating results and the company's business plan for 2014.

- Discounted cash flow forecast was drawn up for the period from 2014 to 2038. Forecast period was determined by the Management based on the expected period of production at the respective CGU level.
- In 2013 for the purpose of impairment test the discount after-tax rate of 13.5% in US dollars was used.
- The price forecast for uranium was prepared on the basis of the spot prices for international markets, provided by UX Consulting Company, and the adjustments reflecting excess of the prices in long-term contracts over spot prices. The uranium prices annual growth equaled 12%-14% for the period 2014-2017 years, 2-5% for the period 2017-2025 years and zero growth after 2025 year.
- Production volume forecast was based on the Uranium One Inc. mining plan prepared using data from reputable industrial technical specialists on mineral reserves and production capacity.

Based on the impairment test performed, management concluded that there is no goodwill impairment related to Uranium One Inc.

The fair value less costs to sell of Uranium One Inc. as at 31 December 2012 was determined using two methods: based on the Uranium One Inc. stock price, traded on the Toronto Stock Exchange, and based on the calculation of the fair value of the shares as a result of independent valuation within the Group purchases 100% of Uranium One Inc. in early 2013 (Note 7). There is no impairment of Uranium One Inc. as at 31 December 2012.

(b) Impairment testing of cash-generating units containing goodwill of Mantra Resources Limited PTY Ltd.

For goodwill impairment testing purposes of Mantra Resources Limited, Mkuju River project in Tanzania was defined as the cash-generating unit.

The recoverable amount of Mkuju River Project has been calculated on the basis of value in use. Value in use was determined by discounting the future cash flows to be derived from the development and production in the field Mkuju River. Cash flow predictions based on finance budgets approved by management has been used for these computations. The following assumptions were used:

- Cash flows were projected based on actual operating results and the Company's business plan for 2014.
- Discounted cash flow forecast was drawn up for the period from 2014 to 2034, for the duration of the project Mkuju River.
- In 2013 for the purpose of impairment the discount after-tax rate of 11.1% in US dollars was used.
- The price forecast for uranium on the basis of which the compensated cost of Uranium One Inc was determined, the spot prices for international markets, provided by UX Consulting Company, and the adjustments reflecting excess of the prices in long-term contracts over spot prices. The uranium prices annual growth equaled 12%-14% for the period 2014-2017 years, 2-5% for the period 2017-2025 years and 1.9% after 2025 year.
- Production volume forecast was based on the Mantra Resources Limited mining plan prepared using data from reputable industrial technical specialists on mineral reserves and production capacity.

Impairment test performed showed that in 2013 carrying amount of operating assets and goodwill exceeds its recoverable amount. As a result an impairment loss amounted to RUB 14,482 million was recognized (2012: RUB 10,630 million), the main reason of impairment is a decrease of forecast in uranium prices (U3O8). This impairment loss was allocated to goodwill decrease in the amount of RUB 10,713 million (2012: RUB 10,630 million), decrease of intangible assets cost in the amount of RUB 3,023 million (2012: RUB 0 million), decrease of exploration and evaluation assets cost in the amount of RUB 477 million (2012: RUB 0 million) and decrease of property, plant and equipment cost in the amount of RUB 269 million (2012: RUB 0 million).

The calculation of the recoverable amount is sensitive to the level of future uranium prices and forecasted weighted average cost of capital (WACC).

If the uranium prices were 10 percent lower in the forecasted period, there would be an increase in impairment loss by RUB 2,698 million recognised as at 31 December 2013.

If the uranium prices were 10 percent higher in the forecasted period, there would be a decrease in impairment loss by RUB 8,473 million recognised as at 31 December 2013.

If the discount rate (WACC) was 1 percent higher in the forecasted period, there would be an increase in impairment loss by RUB 230 million recognised as at 31 December 2013.

If the discount rate (WACC) was 1 percent lower in the forecasted period, there would be a decrease in impairment loss by RUB 5,639 million recognised as at 31 December 2013.

15. Exploration and evaluation assets

mln RUB	**Non-depreciable**
Balance at 1 January 2012	**5,557**
Additions	3,144
Disposals	(340)
Impairment	(260)
Foreign currency translation differences	(33)
Balance at 31 December 2012	**8,068**
Additions	1,149
Disposals	(471)
Impairment	(3,938)
Foreign currency translation differences	123
Balance at 31 December 2013	**4,931**

As at 31 December 2013 the Group recognised a substantial impairment loss of RUB 3,938 million (31 December 2012: RUB 260 million, 31 December 2011: RUB 0 million) related to exploration and evaluation assets. Management's considerations about the reasons of impairment are described in Note 13.

16. Investments in associates

As at 31 December 2013, the Group had interests in the following associates:

mln RUB	Owner-ship	Carrying amount at 31 December 2012	Disposal of business (Note 7)	Share of profit/ (loss) of associates	Carrying amount at 31 December 2013
Gladstone PTE	0.00%	1,178	(1,178)	-	-
OJSC South Yakutia Development Corporation	25.10%	29	-	(3)	26
Uranium One Holding N.V. / Uranium One Inc.	43.00% / 49.23%	-	29,241	860	30,101
Total associates		**1,207**	**28,063**	**857**	**30,127**

As at 31 December 2012, the Group had interests in the following associates:

mln RUB	Ownership	Carrying amount at 31 December 2011	Share of loss of associates	Changes, recognised in other comprehensive (loss)	Carrying amount at 31 December 2012
Gladstone PTE (Note 7)	40.00%	1,224	(4)	(42)	1,178
OJSC South Yakutia Development Corporation	25.10%	29	-	-	29
Total associates		**1,253**	**(4)**	**(42)**	**1,207**

Information as at 31 December 2013 on the Group's interests in its main associates, and summary information on their financial indicators, including their total assets, liabilities, revenues, profit or loss, is presented below:

Associates	Total assets	Total liabilities	Revenue	Loss	Country of incorporation
OJSC South Yakutia Development Corporation	114	8	9	11	Russia
Uranium One Holding N.V.	85,086	45,232	-	842	Netherlands
Uranium One Inc.*	86,254	30,046	3,179	2,632	Canada

*Uranium One Inc. is a subsidiary of Uranium One Holding N.V.

Information as at 31 December 2012 on the Group's interests in its main associates, and summary information on their financial indicators, including their total assets, liabilities, revenues, profit or loss, is presented below:

Associates	Total assets	Total liabilities	Revenue	Loss	Country of incorporation
Gladstone PTE Ltd.	432	77	-	9	Singapore
OJSC South Yakutia Development Corporation	129	12	27	-	Russia

17. Investments in joint ventures

As at 31 December 2012 and 31 December 2011 the Group had interests in the following jointly controlled entities:

Jointly controlled entity and assets	2012	2011
JSC Joint Venture Akbastau	25.70%	25.70%
JSC Joint Venture Zarechnoye	25.53%	25.53%
CJSC Armenian-Russian Mining Co.	50.00%	50.00%
LLC Joint Venture Betpak Dala	35.98%	35.98%
LLC Karatau	25.70%	25.70%
LLC Kyzylkum	15.42%	15.42%
LLC SKZ-U	9.80%	9.80%
Runex Uranium PTY Ltd.	50.00%	50.00%

During 2013 all operating results of jointly controlled entities were included in loss from discontinued operation (Note 7). The proportionate share of the Group in revenue, costs, net profit, assets and liabilities as at 31 December 2012 and 31 December 2011 is provided below:

mln RUB	Akbastau	Zarechnoye	Karatau	Betpak Dala	Kyzylkum	SKZ-U	Total
2012							
Revenue	2,134	3,124	2,160	7,471	662	17	15,568
Costs	(790)	(2,579)	(1,804)	(5,394)	(611)	-	(11,178)
Profit after tax fr the year	**1,344**	**545**	**356**	**2,077**	**51**	**17**	**4,390**
Non-current assets	15,121	143	20,454	29,677	4,161	1,186	70,743
Current assets	1,634	759	1,063	4,330	562	63	8,411
Total assets	**16,755**	**902**	**21,517**	**34,007**	**4,723**	**1,249**	**79,153**
Current liabilities	833	973	361	388	185	76	2,816
Non-current liabilities	4,891	1,378	4,799	6,289	2,240	818	20,415
Total liabilities	**5,724**	**2,351**	**5,160**	**6,677**	**2,425**	**894**	**23,231**
Total net assets	**11,031**	**(1,449)**	**16,357**	**27,330**	**2,298**	**355**	**55,922**

mln RUB	Akbastau	Zarechnoye	Karatau	Betpak Dala	Kyzylkum	SKZ-U	Total
2011							
Revenue	1,571	56	3,679	7,796	-	-	13,102
Costs	(1,083)	(203)	(2,731)	(6,037)	(35)	(4)	(10,093)
Profit (loss) after tax for the year	**488**	**(147)**	**948**	**1,759**	**(35)**	**(4)**	**3,009**
Non-current assets	15,269	6,255	22,706	28,106	4,013	1,112	77,461
Current assets	1,066	515	1,572	5,229	72	48	8,502
Total assets	**16,335**	**6,770**	**24,278**	**33,335**	**4,085**	**1,160**	**85,963**
Current liabilities	637	1,072	1,251	415	631	28	4,034
Non-current liabilities	4,767	1,876	4,324	6,955	1,360	801	20,083
Total liabilities	**5,404**	**2,948**	**5,575**	**7,370**	**1,991**	**829**	**24,117**
Total net assets	**10,931**	**3,822**	**18,703**	**25,965**	**2,094**	**331**	**61,846**

18. Deferred tax assets and liabilities

As at 31 December 2012 the Group did not recognise potential deferred tax assets on its accumulated tax losses carried forward, in the amount of RUB 2,783 million (RUB 3,726 million as at 31 December 2011), as it is not certain that the amount of tax losses will be offset in future.

Recognised assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

mln RUB	**Assets**		**Liabilities**		**Net**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Property, plant and equipment	464	300	(1,962)	(2,167)	(1,498)	(1,867)
Intangible assets	21	1,438	(3,854)	(8,107)	(3,833)	(6,669)
Investments	132	1,135	(1,282)	(341)	(1,150)	794
Inventories	36	25	(141)	(109)	(105)	(84)
Receivables	216	184	(110)	(32)	106	152
Loans and borrowings	34	62	(311)	(163)	(277)	(101)
Provisions	946	1,225	-	(92)	946	1,133
Payables	426	207	(215)	(194)	211	13
Tax loss carry-forwards	104	335	(4)	(38)	100	297
Other items	558	825	(1)	(13)	557	812
Total tax assets/(liabilities)	**2,937**	**5,736**	**(7,880)**	**(11,256)**	**(4,943)**	**(5,520)**

mln RUB	**Assets**		**Liabilities**		**Net**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Property, plant and equipment	300	213	(2,167)	(1,912)	(1,867)	(1,699)
Intangible assets	1,438	6,717	(8,107)	(11,720)	(6,669)	(5,003)
Investments	1,135	1,172	(341)	(188)	794	984
Inventories	25	25	(109)	(33)	(84)	(8)
Receivables	184	303	(32)	-	152	303
Loans and borrowings	62	117	(163)	(92)	(101)	25
Provisions	1,225	715	(92)	(184)	1,133	531
Payables	207	138	(194)	(40)	13	98
Tax loss carry-forwards	335	195	(38)	-	297	195
Other items	825	572	(13)	(204)	812	368
Total tax assets/(liabilities)	**5,736**	**10,167**	**(11,256)**	**(14,373)**	**(5,520)**	**(4,206)**

Movement in temporary differences during the year

mln RUB	1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2013
Property, plant and equipment	(1,867)	369	-	(1,498)
Intangible assets	(6,669)	1,145	1,691	(3,833)
Investments	794	(914)	(1,030)	(1,150)
Inventories	(84)	(21)	-	(105)
Receivables	152	(46)	-	106
Loans and borrowings	(101)	(176)	-	(277)
Provisions	1,133	(58)	(129)	946
Payables	13	198	-	211
Tax loss carry-forwards	297	(196)	(1)	100
Other items	812	(255)	-	557
TOTAL	**(5,520)**	**46**	**531**	**(4,943)**

mln RUB	1 January 2012	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2012
Property, plant and equipment	(1,699)	(136)	(32)	(1,867)
Intangible assets	(5,003)	(921)	(745)	(6,669)
Investments	984	499	(689)	794
Inventories	(8)	(54)	(22)	(84)
Receivables	303	(151)	-	152
Loans and borrowings	25	(136)	10	(101)
Provisions	531	466	136	1,133
Payables	98	(82)	(3)	13
Tax loss carry-forwards	195	102	-	297
Other items	368	404	40	812
TOTAL	**(4,206)**	**(9)**	**(1,305)**	**(5,520)**

19. Other non-current assets

mln RUB	Note	2013	2012	2011
Accounts receivables	7	7,498	-	-
Available-for-sale financial assets		6	20	35
Long-term loans issued		2	2,355	1,283
Long-term letter of credit		-	400	536
Derivatives (Note 28)		-	268	-
Deposits		-	3	5
Other		-	1	2
Total financial assets		**7,506**	**3,047**	**1,861**
Uranium concentrate loan		171	-	333
Liquidation fund		-	2	-
Advances issued		-	122	34
Other		-	-	196
TOTAL		**7,677**	**3,171**	**2,424**

20. Inventories

mln RUB	2013	2012	2011
Materials and supplies	2,805	2,023	2,147
Work in progress	1,369	1,688	629
Finished products and goods for resale	2,647	6,541	8,741
Total before impairment provision	**6,821**	**10,252**	**11,517**
Provision for obsolete stock	(101)	(63)	(38)
Total	**6,720**	**10,189**	**11,479**

21. Receivables and advances issued

mln RUB	2013	2012	2011
Trade receivables	3,397	4,580	2,061
Other receivables	209	426	233
Provision for impairment of receivables	(209)	(191)	(177)
Total financial receivables	**3,397**	**4,815**	**2,117**
Prepaid VAT	1,188	1,491	11
Advances issued	221	1,266	882
VAT for refund	88	54	1,804
Prepaid other taxes	15	17	17
Other receivables	35	27	19
Provision for impairment of advances issued	(37)	(29)	(27)
Total receivables and advances issued	**4,907**	**7,641**	**4,823**

The Group's exposure to credit and currency risks and impairment losses to trade and other receivables are disclosed in Note 28.

22. Other current assets

mln RUB	2013	2012	2011
Loans at amortised cost	3,326	1,450	1,607
Available-for-sale assets	37	36	-
Loans to JVs	-	54	488
Derivatives	-	29	-
Other current assets	1	282	50
Total other current assets	**3,364**	**1,851**	**2,145**

23. Cash and cash equivalents

mln RUB	2013	2012	2011
Cash at banks	900	9,337	11,914
Deposits and highly liquid securities	264	7,027	8,903
Restricted use cash	-	344	370
Petty cash	2	5	2
Cash and cash equivalents	**1,166**	**16,713**	**21,189**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 28.

24. Capital and reserves

mln RUB	Number of shares	Share capital
Balance at 1 January 2012	**20,257,239,961**	**20,257**
Issue of shares	2,173,128,542	2,173
Balance at 31 December 2012	**22,430,368,503**	**22,430**
Issue of shares	1,077,586,207	-
Balance at 31 December 2013	**23,507,954,710**	**22,430**

Share capital and share premium

On 1 April 2011 the shareholders decided to increase the Company's share capital by 22,430,368,503 shares with a par value of RUB 1 each in the form of additional share issue.

The Company issued 323,954,167 shares for RUB 1,555 million in favour of the SC Rosatom and 1,849,174,375 shares at RUB 8,876 million in favour of OJSC Atomenergoprom.

The Group shareholders paid RUB 5,259 million for 1,095,628,542 ordinary shares at 4.80 RUB per ordinary share in 2011 and RUB 5,172 million for 1,077,500,000 ordinary shares at 4.80 RUB per ordinary share in 2012. Before 2012 when the additional share issue was registered with state authorities, the amount of RUB 5,259 million paid by the Group shareholders was reflected as share premium. As a result of this share issue share of the SC Rosatom in the Company's share capital comprised 1.44 percent, the share of OJSC TVEL – 18.08 percent, the share of OJSC Atomenergoprom - 80.48 percent.

On 13 November 2013 the Company issued 1,077,586,207 shares witb a par value of RUB 1 each in favour of OJSC Atomenergoprom, which paid RUB 5,000 million at 4.64 RUB per ordinary share in 2013. Since the Company has not completed the registration of additional share issue with the state authorities, the amount of RUB 5,000 million paid by the Group shareholders was reflected as share premium.

Dividends. In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles. As at 31 December 2013 the Company had retained losses, including the loss for the current year, of RUB 50,809 million (2012: retained earnings of RUB 18,486 million, 2011: retained earnings of RUB 17,472 million) (unaudited by ZAO KPMG).

Stock options. In 2012 the Company's subsidiary Uranium One Inc. operated a stock option program. All operations with stock options were considered by Management of the Group as transactions with non-controlling interest holders within equity.

The following is a summary of options granted under the stock-based compensation plan:

mln RUB	Number of options	Weighted average exercise price, RUB
Outstanding options as at 1 January 2012	**13,496,537**	**210**
Granted options	4,219,262	98
Cancelled and forfeited	(2,175,731)	154
Expired stock options	(1,356,675)	444
Outstanding options as at 31 December 2012	**14,183,393**	**159**

The weighted average fair value of the share options granted during 2012 year was RUB 44. Options were priced using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on the management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was based on the historical share price volatility over the past 5 years.

The following table summarizes stock options outstanding at 31 December 2012 and 31 December 2011:

31 December 2012

RUB	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE		
Range of exercise prices, RUB	**Number outstanding as at 31 December 2012**	**Weighted average remaining life (years)**	**Weighted average exercise price, RUB**	**Number exercisable as at 31 December 2012**	**Weighted average remaining life (years)**	**Weighted average exercise price, RUB**
59 – 108.8	4,098,389	4.18	96	127,860	3.55	80
108.9 – 148	5,283,186	2.99	143	3,601,132	2.97	142
148.1 – 242.1	2,308,818	3.19	197	1,159,234	3.20	198
242.2 – 307.7	2,362,500	3.91	259	2,362,500	3.91	259
307.8 – 366.2	130,500	4.01	366	130,500	4.01	366
Total	**14,183,393**	**3.53**	**159**	**7,381,226**	**3.34**	**191**

31 December 2011

RUB	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE		
Range of exercise prices, RUB	**Number outstanding as at 31 December 2011**	**Weighted average remaining life (years)**	**Weighted average exercise price, RUB**	**Number exercisable as at 31 December 2011**	**Weighted average remaining life (years)**	**Weighted average exercise price, RUB**
62.1 to 103.9	583,026	4.60	85	10,266	2.96	84
104.0 to 141.4	6,308,719	3.99	146	2,298,472	3.94	144
141.5 to 231.3	2,621,617	4.20	200	560,417	4.23	202
231.4 to 294.0	2,413,250	4.83	263	2,413,250	4.83	263
294.1 to 492.7	1,569,925	0.80	448	1,569,925	0.80	448
Total	**13,496,537**	**3.84**	**210**	**6,852,330**	**3.56**	**260**

The fair value of stock options used to calculate the compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

	31 December 2012
Risk free interest rate	1.27% - 1.50%
Expected dividends yield	0%
Expected volatility of the Uranium One Inc.'s share price	70%
Expected life	1.75 – 3.75 years

During 2013 year the Group recognized outstanding options issued by Uranium One Inc. in the amount of RUB 201 million (2012: RUB 187 million). There was no issuance of options during the year.

In 2013 all options for shares were extinguished at the end of the transaction on acquisition of shares of non-controlling shareholders of Uranium One Inc. (see Note 7).

Effect of changes in non-controlling interest in subsidiaries. In 2012 the Company acquired additional 10.22 percent of shares in its subsidiary OJSC Priargunsky Industrial Mining and Chemical Union from non-controlling shareholders for RUB 1,065 million and through additional share issue. As a result of these transactions the Group's share in OJSC Priargunsky Industrial Mining and Chemical Union increased to 89.85 percent and non-controlling interest decreased by RUB 709 million.

On 15 March 2012 Uranium One Inc. completed the transaction on acquisition of 19,136,864 shares of Mantra Resources PTY Limited (13.9 percent) for USD 150 million. The effective portion of the Group's share in Mantra Resources PTY Ltd. as at 31 December 2012 reduced from 100 percent to 93.25 percent. As a result of the transaction non-controlling interest increased by RUB 2,148 million.

In January 2013 the Company Uranium One Holding N.V. и Uranium One Inc. entered into a tripartite agreement on acquisition of 48.58% of Uranium One Inc. shares to consolidate 100% shares of Uranium One Inc. by the Group. Under the terms of the agreement, the Uranium One Holding N.V. in addition to previously acquired shares acquired all of the remaining minority shareholders' shares in amount of 471,935,307 for cash consideration of Canadian dollar 2.86 per share. This price represented a 32% premium to the 20-day volume weighted average price of the common shares for the period ending 11 January 2013 (the last trading day prior to transaction announcement).

On 7 March 2013 the majority of the shareholders of Uranium One Inc. approved the plan of arrangement to acquire a 48.58% stake in the company. On 18 October 2013 the Company completed the transaction for RUB 41,266 million (1 350 mln. Canadian dollars). As a result of the transaction the Company increased its ownership in Uranium One Inc. to 100% and correspondent non-controlling interest decreased by RUB 38,530 million to zero.

25. Loans and borrowings

The following table shows loans and borrowings:

Non-current	**Currency**	**Effective interest rate**	**Due**	**2013**	**2012**	**2011**
Loans	RUB	7.8%-10%	2015-2029	14,658	5,758	4,044
Bank loans	USD, EUR	2%-9.5%	2015	3,864	3,555	11,460
Finance lease liability	RUB	1.07%-16.16%	2015-2017	61	163	274
Bonds	CAD, RUB	5%-9.75%	2015-2016	-	21,105	21,033
Total				**18,583**	**30,581**	**36,811**

Current	**Currency**	**Effective interest rate**	**2013**	**2012**	**2011**
Bank loans	RUB, USD, EUR	2%-10.5%	1,031	4,552	1,843
Loans	RUB, USD	3.08%-7.45%	455	3,415	1
Finance lease liability	RUB	1.07%-16.16%	109	203	323
Bonds			-	-	91
Total			**1,595**	**8,170**	**2,258**

The following table shows the maturities of long-term loans and borrowings:

mln RUB	**2013**	**2012**	**2011**
Less than 2 years	7,688	721	7,932
From 2 to 3 years	2,465	14,408	3,021
From 3 to 4 years	1,352	14,105	25,858
From 4 to 5 years	-	34	-
From 5 years	7,078	1,313	-

Total non-current loans and borrowings	**18,583**	**30,581**	**36,811**

Loans. Loans are mainly represented by loans from OJSC Atomenergoprom. In 2010, the Group received two loans for a total of RUB 4,000 million from OJSC Atomenergoprom (one for RUB 2,000 million maturing on 12 November 2017, and one for RUB 2,000 million maturing on 12 November 2015). During 2013 the Group received long-term loans from OJSC Atomenergoprom in the amount of RUB 10,472 million. During 2013 the Group early repaid long-term loans to OJSC Atomenergoprom in the amount of RUB 2,451 million. As at 31 December 2013 loans from OJSC Atomenergoprom amounted to RUB 12,021 million.

Bank loans. The Group's major creditors were Sberbank, Bank VTB and Gazprombank.

Loans received from state-related banks, maturing in 2014-2017, amounted to RUB 4,504 million as at the end of 2013. Interest rates were from 2.0 to 9.50 percent per annum for loans in roubles. The weighted average interest rate on rouble loans - 8.74 percent per annum.

Loans received from other banks amounted to RUB 390 million as at the reporting date. Interest rates were from Euribor 3.71 to 10.50 percent per annum.

Bond issue. On 7 December 2011, Uranium One Inc. issued rouble-denominated bonds with the aggregate principal amount of RUB 14,300 million in Russia. The bonds mature in 2016. The interest rate is fixed at 9.75 percent per annum, payable semi-annually from the date of issue. In connection with this offering, Uranium One entered into a RUB/USD cross currency interest rate swap agreement. The Swap has a USD fixed exchange rate of 1.00 USD = 30.855 RUB and results in a USD fixed interest rate of 6.74 percent. The amount of this agreement covered 80 percent of total amount of cash placed. The bonds were unsecured and non-convertible.

On 23 August 2013, the Group completed a public offering in Russia of seven-year ruble-denominated Series 2 Ruble Bonds gross proceeds of RUB 12,500 million (USD 380.7 million) with ruble interest rate of 10.25%; and simulatenious public offering to repurchase, through the facilities of Moscow Exchange, RUB 11,800 million (USD 359. 4 million) of Company's outstanding RUB 14,300 million (USD 435.5 million) aggregate principal amount five year Series 1 Ruble Bonds with a ruble interest rate of 9.75%. This redemption resulted in RUB 2,500 million (USD 76.1 million) of principal of Series 1 Ruble Bonds remaining outstanding. In 2013 all for Ruble Bonds were extinguished at the end of the transaction on acquisition of shares of non-controlling shareholders of Uranium One Inc (See note 7).

The loans and borrowings have the following carrying amounts and fair values:

	Carrying amount at 31 December		**Fair value at 31 December**	
mln RUB	**2013**	**2012**	**2013**	**2012**
Loans from companies	15,113	9,173	16,858	9,267
Bank loans	4,895	8,107	5,634	7,950
Finance lease liability	170	366	170	366
Bond issue	-	14,085	-	14,300
Uranium One Inc. convertible debenture issue	-	7,020	-	8,046
Loans from joint ventures	-	355	-	355
Total loans and borrowings	**20,178**	**39,106**	**22,662**	**40,284**

	Carrying amount at 31 December		**Fair value at 31 December**	
mln RUB	**2012**	**2011**	**2012**	**2011**
Bond issue	14,085	14,221	14,300	14,300
Loans from companies	9,173	4,044	9,267	5,141
Bank loans	8,107	13,303	7,950	13,525
Uranium One Inc. convertible debenture issue	7,020	6,903	8,046	8,242
Finance lease liability	366	597	366	597

Loans from joint ventures	355	1	355	1
Total loans and borrowings	**39,106**	**39,069**	**40,284**	**41,806**

Finance lease liabilities

Information on the minimum lease payments under finance leases and their discounted value is presented below:

mln RUB	Minimum lease payments at 31 December		Interest		Amount of obligations at 31 December	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Up to one year	131	240	22	37	109	203
From 1 to 5 years	74	192	13	29	61	163
Total	**205**	**432**	**35**	**66**	**170**	**366**

mln RUB	Minimum lease payments at 31 December		Interest		Amount of obligations at 31 December	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Up to one year	240	370	37	47	203	323
From 1 to 5 years	192	314	29	40	163	274
Total	**432**	**684**	**66**	**87**	**366**	**597**

26. Provisions

mln RUB	Employee benefits	Site restoration	Other	Total
Balance as at 1 January 2012	**608**	**4,886**	**1,252**	**6,746**
Charge for the year	266	361	521	1,148
Change in reserve as a result of renegotiation	-	910	-	910
Foreign currency translation differences	-	(104)	-	(104)
Balance as at 31 December 2012	**874**	**6,053**	**1,773**	**8,700**
Charge for the year	75	281	(111)	245
Change in reserve as a result of renegotiation	-	(1,285)	-	(1,285)
Disposal of business (Note 7)	-	-	(1,662)	(1,662)
Foreign currency translation differences	-	220	-	220
Balance as at 31 December 2013	**949**	**5,269**	**-**	**6,218**

27. Trade and other payables and accruals

Non-current payables

mln RUB	2013	2012	2011
Derivatives	427	-	522
Other long-term payables	-	1	-
Total non-current payables	**427**	**1**	**522**

Short-term payables

mln RUB	2013	2012	2011
Trade payables	4,279	3,696	4,609
Payables to personnel	315	323	234
Payables for shares of Gladstone PTE Ltd	-	549	-
Other payables	489	943	349
Total payables	**5,083**	**5,511**	**5,192**
Provision for future bonuses	787	749	458
Provision for unused vacation	483	492	161
Advances received	487	79	63
Other payables	335	283	235
Total short-term payables	**7,175**	**7,114**	**6,109**

Tax payables

mln RUB	2013	2012	2011
Social insurance contributions	383	280	191
VAT	211	367	456
Property tax	61	49	44
Mineral extraction tax payable	56	16	39
Personal income tax	42	36	28
Land tax	13	17	17
Other taxes	17	50	51
Total tax payables	**783**	**815**	**826**

The Group's exposure to liquidity risk and currency risk related to payables is disclosed in Note 28.

28. Financial instruments and risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (see 28 ii));
- liquidity risk (see 28 iii));
- market rate risk (see 28 iv)).

i. Risk management framework

The risk management function within the Group is carried out in respect of financial risks (credit, geographical, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures of the Group to minimise these risks.

ii. Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Exposure to credit risk arises as a result of the Group's sales on credit terms and other transactions with counterparties giving rise to financial assets. The Group's maximum exposure to credit risk by class of assets includes the following:

mln RUB	Note	31 December 2013	31 December 2012	31 December 2011
Non-current assets				
- Non-current account receivables	19	7,498	-	-
- Available-for-sale assets	19	6	20	35
- Long-term loans issued	19	2	2,355	1,283
- Letter of credit	19	-	400	536
- Derivative financial instruments	19, 22	-	268	-
- Other non-current assets	19	-	4	7
Other short-term financial investments				
- Loans issued	22	3,326	1,450	1,607
- Other current assets	22	1	282	50
- Available-for-sale assets	22	37	36	-
- Loans to JVs	22	-	54	488
- Derivative financial instruments	19, 22	-	29	-
Receivables				
- Trade receivables	21	3,224	4,428	1,893
- Other financial receivables	21	173	387	224
Cash and cash equivalents	23	1,166	16,713	21,189
Total maximum credit risk		**15,431**	**26,426**	**27,312**

Although payment of receivables is susceptible to economic factors, management believes there is no significant risk of losses exceeding the provision for impairment of receivables already provided for, as the majority of sales are attributable to companies under the control of Rosatom and external customers with positive credit history (Note 30).

Management conducts ageing analysis of financial receivables and follows up past due balances.

An analysis of the credit quality of receivables is as follows:

mln RUB	2013	2012	2011
Total current and unimpaired	**3,344**	**4,811**	**2,117**
Past due but unimpaired			
- less than 30 days overdue	-	-	-
- 30 to 90 days overdue	-	-	-
- 90 to 180 days overdue	53	4	-
Total past due but unimpaired	**53**	**4**	-
Individually defined as doubtful (total amount)			
- 90 to 180 days overdue	1	4	-
- 180 to 360 days overdue	31	52	124
- more than 360 days overdue	177	135	53
Total individually defined as doubtful	**209**	**191**	**177**
Less provision for doubtful receivables	(209)	(191)	(177)
Total	**3,397**	**4,815**	**2,117**

Cash is deposited with financial institutions that have minimum default risk at the time the account is opened. Majority of the Group's cash is held with OJSC Sberbank of Russia, JSC VTB Bank, OJSC Gazprombank.

Analysis of the credit quality of the bank balances and short-term bank deposits at the end of the reporting period is shown in the table below (Standard and Poor's Rating):

mln RUB

Cash	**2013**	**2012**	**2011**
AA-	16	2,770	63
A+	13	3,171	8,624
A	45	59	-
BBB	532	337	3,224
BBB-	252	2,887	3
BB-	2	2	-
B+	-	70	-
No rating	40	41	-
	900	**9,337**	**11,914**

The Group does not have significant credit risk arising from issued loans and promissory notes, since the majority of the loans are issued to associates and jointly controlled entities or companies with good credit history.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 64 percent (2012: 50 percent; 2011: 55 percent) of the Group's revenue is attributable to sales transactions with a single customer - OJSC Techsnabexport, a related party.

The maximum exposure to credit risk for receivables at the reporting date by geographic region was:

mln RUB	**2013**	**2012**	**2011**
Domestic	3,321	3,035	1,658
Other CIS countries	68	80	-
USA and Canada	-	1,685	371
Other European countries	-	12	1
Other regions	8	3	87
Total	**3,397**	**4,815**	**2,117**

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group also keeps targeted current ratio (total current assets divided by total current liabilities) at the level not lower than 1. The actual current ratio was 1.71 as at 31 December 2013 (31 December 2012: 2.30, 31 December 2011: 4.16).

The table below provides an analysis of the Group's liabilities by maturity. The outstanding amount represents contractual undiscounted cash flows.

mln RUB 2013	Carrying amount	Contractual cash flows	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Loans and borrowings received	20,008	25,887	3,163	9,206	5,074	8,444
Finance lease liability	170	205	131	-	74	-
Payables	5,510	5,510	5,083	-	427	-
Other	8,310	8,310	2,092	-	6,218	-
TOTAL	**33,998**	**39,912**	**10,469**	**9,206**	**11,793**	**8,444**
2012						
Loans and borrowings received	38,385	40,272	10,089	1,336	28,847	-
Finance lease liability	366	432	240	-	192	-
Payables	5,512	5,512	5,511	-	1	-
Other	10,303	10,303	1,603	-	8,700	-
TOTAL	**54,566**	**56,519**	**17,443**	**1,336**	**37,740**	-
2011						
Loans and borrowings received	38,472	41,050	3,014	8,666	29,370	-
Finance lease liability	597	684	370	-	314	-
Payables	5,714	5,714	5,192	-	522	-
Other	7,663	7,663	917	-	6,746	-
TOTAL	**52,446**	**55,111**	**9,493**	**8,666**	**36,952**	-

At 31 December 2013, RUB 7,115 million had been drawn down under lines of credit (2012: RUB 7,075 million, 2011: RUB 3,617 million), and RUB 1,478 million was unused (2012: RUB 13,355 million, 2011: RUB 5,259 million). To manage liquidity risk the Group applies a policy of retaining financial assets for which there is an active market and which can be readily converted in case of necessity to maintain liquidity by means of:

- planning and control over expenditures and cash flows;
- fixing terms of payment in agreements.

The Group has contractual commitments to purchase property, plant and equipment (Note 29).

iv. Market risk

Market risk is the risk that changes in the market price for uranium will affect the Group's future performance and operating results. A fall in prices may lead to a decrease in net profit margin and cash flows. Low long-term price levels may lead to a downscaling of uranium mining and sales activity and may ultimately affect the Group's ability to meet its contractual obligations. The Group regularly performs scenarios analyses of future uranium price fluctuations and their impact on operational and investment decisions.

The Group's general strategy for uranium mining and sales is implemented on a centralised basis through:

- entering into long-term agreements;
- optimization of orders' portfolio;
- implementing cost-cutting measures;
- using up-to-date uranium mining and refining technologies.

Currency risk

In respect of currency risk, management sets limits on the level of risk exposure by currency and in total, which are monitored on monthly basis. The table below provides a general analysis of the Group's currency exchange rate risk at the reporting date:

2013	RUB-denominated	USD-denominated	EUR-denominated	KZT-denominated	CAD-denominated	AUD-denominated	GBP-denominated
Assets	-	125	381	78	23	6	13
Liabilities	-	(3,201)	(266)	(241)	(1,489)	-	-
Net exposure	**-**	**(3,076)**	**115**	**(163)**	**(1,466)**	**6**	**13**
2012							
Assets	-	18,662	411	211	114	267	13
Liabilities	(14,300)	(10,391)	(425)	(862)	(8,298)	(24)	-
Net exposure	**(14,300)**	**8,271**	**(14)**	**(651)**	**(8,184)**	**243**	**13**
2011							
Assets	-	22,086	24	2,898	887	-	-
Liabilities	(21,649)	(9,257)	(1,633)	(1,362)	(8,740)	-	-
Net exposure	**(21,649)**	**12,829**	**(1,609)**	**1,536**	**(7,853)**	**-**	**-**

Sensitivity analysis

mln RUB	Strengthening	Weakening
31 December 2013		
USD (10% movement)	(308)	308
EUR (10% movement)	11	(11)
KZT (10% movement)	(16)	16
CAD (10% movement)	(147)	147
AUD (10% movement)	1	(1)
GBP (10% movement)	1	(1)
RUB (10% movement)	-	-
31 December 2012		
USD (10% movement)	827	(827)
EUR (10% movement)	(1)	1
KZT (10% movement)	(70)	70
CAD (10% movement)	(818)	818
AUD (10% movement)	24	(24)
GBP (10% movement)	1	(1)
RUB (10% movement)	(1,430)	1,430
31 December 2011		
USD (10% movement)	1,283	(1,283)
EUR (10% movement)	(161)	161
KZT (10% movement)	154	(154)
CAD (10% movement)	(785)	785
AUD (10% movement)	-	-
GBP (10% movement)	-	-
RUB (10% movement)	(2,165)	2,165

Interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Group hedges its foreign currency and interest rate risks (Note 25).

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

mln RUB	Carrying amount		
	2013	**2012**	**2011**
Fixed rate instruments			
Financial assets	3,328	3,859	3,344
Financial liabilities	(19,742)	(37,627)	(38,428)
	(16,414)	**(33,768)**	**(35,084)**
Variable rate instruments			
Financial assets	-	-	34
Financial liabilities	(266)	(758)	(44)
	(266)	**(758)**	**(10)**

The Group takes the following steps to reduce interest rate risk:

- monitoring the lending market to identify favourable lending conditions;
- diversifying its loan portfolio by taking out loans at fixed and variable interest rates.

Fair value of financial instruments

A reconciliation of the carrying amounts and fair values of the financial instruments:

mln RUB	Note	Held-to-maturity	Loans and receivables	Other financial assets / liabilities	Total carrying amount	Fair value
31 December 2013						
Cash and cash equivalents	23	-	1,166	-	1,166	1,166
Trade and other receivables	21, 19	-	3,397	7,498	10,895	10,895
Loans given	19, 22	-	3,328	-	3,328	3,328
Available-for-sale assets	19, 22	-	-	43	43	43
TOTAL FINANCIAL ASSETS			**7,891**	**7,541**	**15,432**	**15,432**
Bank loans	25	4,895	-	-	4,895	5,634
Company loans	25	-	-	15,113	15,113	16,858
Finance lease obligations	25	-	-	170	170	170
Trade and other payables	27	-	-	5,083	5,083	5,083
Derivative financial instruments	27	-	-	427	427	427
TOTAL FINANCIAL LIABILITIES		**4,895**	-	**20,793**	**25,688**	**28,172**

mln RUB	Note	Held-to-maturity	Loans and receivables	Other financial assets / liabilities	Total carrying amount	Fair value
31 December 2012						
Cash and cash equivalents	23	-	16,713	-	16,713	16,713
Trade and other receivables	21, 22	-	4,429	669	5,098	5,098
Loans given	19, 22	-	3,913	-	3,913	3,913
Deposits and letters of credit	19	403	-	-	403	403
Available-for-sale assets	19, 22	-	-	56	56	56
Derivative financial instruments	19, 22	-	-	297	297	297
TOTAL FINANCIAL ASSETS		**403**	**25,055**	**1,022**	**26,480**	**26,480**
Bank loans	25	7,752	-	-	7,752	7,950
Bonds	25	-	-	21,105	21,105	22,346
Company loans	25	355	-	9,173	9,528	9,622
Finance lease obligations	25	-	-	366	366	366
Trade and other payables	27	-	-	4,962	4,962	4,962
Derivative financial instruments	27	-	-	522	522	522
Other	27	-	-	28	28	550
TOTAL FINANCIAL LIABILITIES		**8,107**	**-**	**36,156**	**44,263**	**46,318**

mln RUB	Note	Held-to-maturity	Loans and receivables	Other financial assets / liabilities	Total carrying amount	Fair value
31 December 2011						
Cash and cash equivalents	23	-	21,189	-	21,189	21,189
Trade and other receivables	21, 22	-	2,119	-	2,119	2,119
Loans given	19, 22	-	3,866	-	3,866	3,866
Deposits and letters of credit	19	541	-	-	541	541
Available-for-sale assets	19, 22	-	-	35	35	35
Other	19, 22	-	-	50	50	50
TOTAL FINANCIAL ASSETS		**541**	**27,174**	**85**	**27,800**	**27,800**
Bank loans	25	13,394	-	-	13,394	13,525
Bonds	25	-	-	21,033	21,033	14,300
Company loans	25	-	-	4,045	4,045	5,141
Finance lease obligations	25	-	-	597	597	597
Trade and other payables	27	-	-	5,714	5,714	5,714
TOTAL FINANCIAL LIABILITIES		**13,394**	**-**	**31,389**	**44,783**	**39,277**

Interest rates used for determining fair value

To determine the present value of cash flows as part of determining fair value, the following interest rates were used:

	2013	2012	2011
Derivatives	5.00%-9.75%	6.74%-9.75%	6.74%-9.75%
Loans and borrowings	2.00%-10.50%	2.00%-10.50%	4.05%-11.00%
Leases	1.00%-16.16%	1.07%-16.16%	2.25%-15.00%

Fair value hierarchy

The Group does not perform an analysis of financial instruments carried at fair value by different levels as the total amount of such instruments is not significant except for bonds issued, described in Note 25.

At the reporting dates the Group does not have financial assets and liabilities that are measured at fair value at Level 1. As at 31 December 2012 the Group had financial assets that were measured at fair value at Level 2. These financial assets represented purchased uranium concentrates, which fair value at 31 December 2012 amounted to RUB 377 million. The following table presents the Group's financial assets and liabilities that are measured at fair value at Level 3 at the reporting dates:

mln RUB	Note	2013	2012	2011
Long-term derivatives	19	-	268	-
Available-for-sale non-current assets	19	6	20	35
Short-term derivatives	22	-	29	-
Available-for-sale current assets	22	37	36	-
Total assets		**43**	**353**	**35**
Long-term derivatives	27	427	-	522
Total liabilities		**427**	-	**522**

Capital management

The Group's key capital management objectives are in compliance with Russian legislation and its policy on reducing cost of capital.

Russian law sets out the following capital requirements for joint-stock companies:

- Share capital of open join-stock companies shall not be less than 1,000 minimum wages as at the date of entity's registration;
- If share capital exceeds the entity's net assets under Russian Accounting Standards (RAS), the entity shall decrease its share capital to the amount of its net assets;
- If the minimal authorised share capital exceeds the entity's net assets under RAS over the period of 2 years, the entity shall be liquidated.

As at 31 December 2013, the Group met share capital requirements listed above.

29. Commitments and contingencies

Political environment. The operations and earnings of the entities in the Group are, from time to time and in varying degrees, affected by political, legislative, fiscal and regulatory developments, including those related to environmental protection, in the Russian Federation, Kazakhstan and other jurisdictions where the Group's subsidiaries operate.

Insurance. The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

Legal proceedings. The entities in the Group are party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a significant adverse effect on the position of the Group.

Taxation contingencies in the Russian Federation The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

New transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

The new transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe new basis and mechanisms for accruing additional taxes in case prices in the controlled transactions differ from the market level. The new transfer pricing rules eliminated the 20-percent price safe harbour that existed under the previous transfer pricing rules applicable to transactions on or prior to 31 December 2011.

The new transfer pricing rules primarily apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code. In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB 3 billion in 2012, RUB 2 billion in 2013, and RUB 1 billion in 2014 and thereon).

Since there is no practice of applying the new transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect of the new transfer pricing rules on these consolidated financial statements.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Taxation contingencies in Kazakhstan

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Capital commitments. At 31 December 2013, the Group had contractual obligations on the purchase of non-current assets for a total consideration of RUB 10,586 million (2012: RUB 8,463 million; 2011: RUB 6,220 million). The Group's management has the necessary funding to cover the commitments. The Group's management believes that future net income and funding will be sufficient to cover this and any similar commitments.

Guarantees. The Group has no significant outstanding guarantees issued as at 31 December 2013, 31 December 2012 and 31 December 2011.

30. Related-party transactions

The Company's ultimate controlling party is the Government of the Russian Federation represented by Rosatom acting on its behalf.

State-controlled entities other than Rosatom. In its day-to-day operations, the Group engages in transactions with entities controlled by the state (the Russian Federation).

The balances with these state-controlled entities (other than Rosatom) are presented below:

mln RUB	31 December 2013	31 December 2012	31 December 2011
Call deposits	757	3,393	2,586
Trade receivables	155	116	15
Advances issued	38	59	74
Other receivables	62	311	56
Total assets	**1,012**	**3,879**	**2,731**
Loans received	3,152	4,405	8,981
Trade payables	25	11	29
Advances received	253	252	13
Other payables	770	57	3
Total liabilities	**4,200**	**4,725**	**9,026**

Information on transactions with state-controlled entities (other than Rosatom) is presented below:

mln RUB	2013	2012
Revenue		
Sale of electricity and heat	71	87
Sale of coal	26	22
Other revenue	482	16
Total revenues	**579**	**125**
Cost of sales		
Raw and other materials and goods	-	(151)
Third-party services	(103)	(53)
Rent	(5)	(8)
Utilities	-	(5)
Other expenses	(17)	(21)
Total cost of products sold	**(125)**	**(238)**

Administrative and distribution expenses	2013	2012
Other expenses, net	(22)	(2)
Total administrative and distribution expenses	**(22)**	**(2)**
Finance costs and income		
Interest income	46	106
Interest expenses	(83)	(118)
Total finance costs and income	**(37)**	**(12)**
Other income and expenses		
Other income	131	12
Other expenses	-	-
Total other income and expenses	**131**	**12**

Subsidiaries and affiliates of Rosatom and associates and jointly controlled entities of the Company. The relationships with Rosatom, its subsidiaries and affiliates, as well as associates and jointly controlled entities of the Company, that the Group has entered into significant transactions with or has significant balances as at 31 December 2013, 2012 and 2011 are presented below:

mln RUB	31 December 2013	31 December 2012	31 December 2011
Trade receivables	1,555	585	46
Advances issued, including those issued for acquisition of non-current assets	23	2,177	64
Loans given	1,300	1,560	1,598
Other receivables	11	27	130
Total assets	**2,889**	**4,349**	**1,838**
Loans received	12,582	9,456	4,027
Trade payables	57	94	62
Contribution from shareholders	-	-	5,259
Other payables	-	5	2
Total liabilities	**12,639**	**9,555**	**9,350**

The income and expense items stemming from transactions with related parties for the years ended 31 December 2013 and 31 December 2012 were as follows:

mln RUB	2013	2012
Revenue		
Sales of uranium	24,200	27,972
Sales of R&D services	97	115
Other revenue	198	23
Total revenues	**24,495**	**28,110**
Purchases		
Raw and other materials and goods	(2)	(349)
Other expenses	(321)	(22)
Total purchases	**(323)**	**(371)**
Administrative and distribution expenses	(38)	(96)
Total administrative and distribution expenses	**(38)**	**(96)**
Finance income and costs		
Interest income	48	131
Interest expenses	(486)	(416)
Finance income and costs	**(438)**	**(285)**
Other income and expenses		
Other expenses	(4)	-
Total other income and expenses	**(4)**	-

Key personnel management transactions. Information on remuneration to key management personnel is presented in the table below:

mln RUB	2013	2012
Salary and bonuses	127	138
Other payments	7	1
Total	**134**	**139**

31. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations. On 19 October 2013 the Company completed the transaction on purchase of 48.58% in Uranimum One Inc. and as a result obtained 100% interest in Uranium One Inc. On 5 December 2013 the Company disposed of 57% of Uranium One Holding N.V., which had 89.07% of shares of Uranium One Inc as of the date of disposal which resulted in loss of control over Uranium One Inc.. Following loss of control, the Group discontinued consolidation of subsidiaries and applied equity accounting from 5 December 2013.

	OJSC Priargunsky Industrial Mining and Chemical Union	CJSC Dalur	Uranium One Inc.	Mantra Resources PTY ltd.
31 December 2013				
Non-controlling interest,%	10.15%	1.11%	0%	7.07%
Non-current assets	18,897	4,726	-	16,093
Current assets	7,127	845	-	196
Non-current liabilities	(17,711)	(799)	-	(7,620)
Current liabilities	(4,375)	(204)	-	(199)
Net assets (100%)	**3,938**	**4,568**	-	**8,470**
Carrying amount of non-controlling interest	400	51	-	599
Revenue	11,235	1,907	3,179	-
Profit/ (loss)	(6,644)	(41)	(2,633)	(2,643)
Other comprehensive income/ (loss)	(68)	32	6,711	10,675
Total comprehensive income/ (loss)	**(6,712)**	**(9)**	**4,078**	**8,032**
Profit/ (Loss) related to non-controlling interest	(674)	-	(1,337)	(187)
Other comprehensive income related to non-controlling interest	(7)	-	3,407	755
Cash flow from operation activity	(3,473)	854	(576)	952
Cash flow from investment activity	(2,779)	(216)	2,705	1,406
Cash flow from financial activity	6,234	(631)	(14)	-
Net increase/ (decrease) of cash and cash equivalents	**(18)**	7	**2,115**	**2,358**

	OJSC Priargunsky Industrial Mining and Chemical Union	CJSC Dalur	Uranium One Inc.	Mantra Resources PTY ltd.
31 December 2012				
Non-controlling interest,%	10.15%	1.11%	48.58%	6.75%
Non-current assets	18,520	4,453	67,931	17,499
Current assets	7,465	1,112	16,705	160
Non-current liabilities	(10,825)	(754)	(25,699)	(6,939)
Current liabilities	(8,192)	(232)	(2,515)	(88)
Net assets (100%)	**6,968**	**4,579**	**56,422**	**10,632**
Carrying amount of non-controlling interest	707	51	27,410	718
Revenue	10,251	2,201	1,537	-
Profit/ (loss)	(1,965)	391	2,254	(118)
Other comprehensive income/ (loss)	(164)	(45)	(5,903)	10,194
Total comprehensive income/ (loss)	**(2,129)**	**346**	**(3,649)**	**10,076**
Profit/ (loss) related to non-controlling interest	(199)	4	1,095	(8)
Other comprehensive income related to non-controlling interest	(17)	-	(2,868)	688
Cash flow from operation activity	(2,288)	1,005	(1,911)	768
Cash flow from investment activity	(2,996)	(937)	(2,054)	(16)
Cash flow from financial activity	5,275	(332)	-	-
Net increase/ (decrease) of cash and cash equivalents	**(9)**	**(264)**	**(3,965)**	**752**

	OJSC Priargunsky Industrial Mining and Chemical Union	CJSC Dalur	Uranium One Inc.	Mantra Resources PTY ltd.
31 December 2011				
Non-controlling interest,%	20.37%	1.11%	48.58%	0%
Non-current assets	15,805	4,428	73,534	-
Current assets	4,914	672	19,193	-
Non-current liabilities	(8,916)	(661)	(29,150)	-
Current liabilities	(2,736)	(204)	(762)	-
Net assets (100%)	**9,067**	**4,235**	**62,815**	-
Carrying amount of non-controlling interest	1,847	47	30,516	-

32. Events subsequent to the reporting date

Legal claims. On 26 March 2014 the Special Inter-District Economic Court for the City of Astana (Republic of Kazakhstan) issued an order having the effect of invalidating the original transfers in 2004 and 2005 of exploration and mining licenses for Akdala, South Inkai and Kharasan deposits to Betpak Dala and Kyzylkum joint ventures owned by Company's associate Uranium One Inc. LLC Joint Venture Betpak Dala and and LLC Kyzylkum are determined to defend their interests in courts of the Republic of Kazakhstan and plan to appeal the decision as consider the filed suit being groundless.

To reduce the impact of this situation on the interests of Uranium One Inc., JSC Kazatomprom (state-owned partner of Uranium One Inc. in joint ventures in Kazakhstan), LLC Joint Venture Betpak Dala and and LLC Kyzylkum reached a temporary agreement which provides that LLC Joint Venture Betpak Dala and LLC Kyzylkum continue to its operation, despite the court's decision, so that the court's decision should not affect Uranium One Inc.'s earnings during the period. Uranium One Holding N.V., the main shareholder of Uranium One Inc., and JSC Kazatomprom have signed the relevant protocols and shall take all necessary measures to ensure production and deliveries to customers are not affected.

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Директор ЗАО «КПМГ»

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