

Unaudited annual accounts

30 June 2017

For the year beginning 1 July 2016 and ending 30 June 2017

Coal Energy S.A.

Société anonyme

205, route d`Arlon,
L-1150 Luxembourg
Luxembourg: B 154144

Coal Energy S.A.
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For the year beginning 1 July 2016 and ending 30 June 2017

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Coal Energy S.A.
Unaudited annual accounts
For the year beginning 1 July 2016 and ending 30 June 2017

BALANCE SHEET

As at	Notes	30 Jun 2017	30 Jun 2016
<i>(expressed in US Dollar)</i>		USD	USD
ASSETS			
Fixed assets			
Financial fixed assets	3		
Shares in affiliated undertakings		72 006 905,28	72 006 905,28
Amounts owed by affiliated undertakings		34 957 456,54	34 957 456,54
Total fixed assets		<u>106 964 361,82</u>	<u>106 964 361,82</u>
Current assets			
Debtors	4		
Amounts owed by affiliated undertakings becoming due and payable within one year		6 846 711,59	4 401 595,96
Other receivables becoming due and payable within one year		14 018,39	14 018,39
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		732,90	1 988,09
Total current assets		<u>6 861 462,88</u>	<u>4 417 602,44</u>
Prepayments and accrued income	5	-	1 168,97
TOTAL ASSETS		<u><u>113 825 824,70</u></u>	<u><u>111 383 133,23</u></u>

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BALANCE SHEET

As at	Notes	30 Jun 2017	30 Jun 2016
<i>(expressed in US Dollar)</i>		USD	USD
LIABILITIES			
Capital and reserves	6		
Subscribed capital		450 111,20	450 111,20
Share premium and similar premiums		80 540 783,11	80 540 783,11
Profit or (loss) brought forward		(9 501 103,34)	(9 420 141,27)
Profit or (loss) for the financial year		(937 898,35)	(80 962,07)
Total capital and reserves		<u>70 551 892,62</u>	<u>71 489 790,97</u>
Non subordinated debts	7		
Amounts owed to credit institutions becoming due and payable within one year		32 306 489,23	4 458 699,20
becoming due and payable after more than one year		10 500 000,00	35 000 000,00
Trade creditors becoming due and payable within one year		299 758,08	304 510,30
Tax and social security debts Tax debts		47 425,21	68 925,50
Other creditors becoming due and payable within one year		120 259,56	61 207,26
Total non subordinated debts		<u>43 273 932,08</u>	<u>39 893 342,26</u>
TOTAL LIABILITIES		<u><u>113 825 824,70</u></u>	<u><u>111 383 133,23</u></u>

Viktor Vyshnevetsky, Director A

Arthur David Johnson, Director A

Pavlo Moiseyenko, Director A

Diyor Yakubov, Director B

Oleksandr Reznyk, Director A

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PROFIT AND LOSS ACCOUNT		from 1 Jul 2016	from 1 Jul 2015
For the period	Notes	to 30 Jun 2017	to 30 Jun 2016
<i>(expressed in US Dollar)</i>			
CHARGES			
Other external charges		104 903,06	72 802,25
Other operating charges	9	25 000,00	26 379,69
Interest and other financial charges			
other interest and similar financial charges		<u>3 347 790,03</u>	<u>2 233 926,34</u>
Total interest and other financial charges		3 347 790,03	2 233 926,34
Income tax	10	-	3 654,59
Other taxes not included in the previous caption		4 914,51	1 051,42
TOTAL CHARGES		<u><u>3 482 607,60</u></u>	<u><u>2 337 814,27</u></u>
INCOME			
Other operating income			
Other interest and other financial income			
derived from affiliated undertakings		2 445 115,63	2 217 702,26
other interest and similar financial income		<u>99 593,62</u>	<u>39 149,94</u>
Total interest and other financial income		2 544 709,25	2 256 852,20
TOTAL INCOME		<u><u>2 544 709,25</u></u>	<u><u>2 256 852,20</u></u>
Loss for the financial year		937 898,35	80 962,07

Viktor Vyshnevetsky, Director A

Arthur David Johnson, Director A

Pavlo Moiseyenko, Director A

Diyor Yakubov, Director B

Oleksandr Rezyk, Director A

Coal Energy S.A.

Notes to the unaudited annual accounts

For the year beginning 1 July 2016 and ending 30 June 2017

(expressed in US Dollar)

1 General information

Coal Energy S.A. (hereafter the "Company") was incorporated on 17 June 2010 and organised under the laws of Luxembourg as a Société anonyme for an unlimited period.

The registered office of the Company is established in Luxembourg, 205, route d'Arlon L-1150 Luxembourg and the Company number with the Registre de Commerce is B 154144. The financial year of the Company starts on 1 July and ends on 30 June of each year.

The purpose of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies and any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, control and development of its portfolio.

The Company may further guarantee, grant loans or otherwise assist the companies in which it holds a direct or indirect interest or which form part of the same group of companies as the Company.

The Company also prepares consolidated financial statements, which are published according to the Luxembourg legal requirements.

2 Summary of significant accounting policies

Basis of preparation

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules follow the historical cost convention and are, besides the ones laid down by the law, determined and applied by the Board of Directors.

Financial fixed assets

Shares in affiliated undertakings and participating interests are valued at purchase price including the expenses incidental thereto.

Loans to affiliated undertakings, participating interests and other loans are valued at nominal value including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Prepayments and accrued income

This asset item includes expenditures incurred during the financial period but relating to a subsequent financial period.

Provisions

Provisions are intended to cover losses or debts of which the nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial period under review or in a previous financial period, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Accruals and deferred income

This liability item includes income received during the financial period but relating to a subsequent financial period.

Value adjustments

Value adjustments are deducted directly from the related asset.

Foreign currency translation

The Company maintains its accounts in US Dollar ("USD"). Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and fixed assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank and all items subject to fair value valuation are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation. Consequently, only realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and only the net unrealised loss is recorded in the profit and loss account.

Going concern

The annual accounts are prepared on a going concern basis even though the accumulated losses exceed 75% of the corporate capital of the Company. As a result the Company is depending on the ongoing financial support of the group.

Coal Energy S.A.

Notes to the unaudited annual accounts

For the year beginning 1 July 2016 and ending 30 June 2017

(expressed in US Dollar)

3 Financial fixed assets

Financial fixed assets held at cost less impairment - movements gross book value	Gross book value - opening balance	Additions	Disposals	Transfers	Gross book value - closing balance
Shares in affiliated undertakings	72 006 905,28	-	-	-	72 006 905,28
Amounts owed by affiliated undertakings	34 957 456,54	-	-	-	34 957 456,54
Total	106 964 361,82	-	-	-	106 964 361,82

Financial fixed assets held at cost less impairment - movements net book value	Net book value - opening balance	Additions	Disposals	Transfers	Net book value - closing balance
Shares in affiliated undertakings	72 006 905,28	-	-	-	72 006 905,28
Amounts owed by affiliated undertakings	34 957 456,54	-	-	-	34 957 456,54
Total	106 964 361,82	-	-	-	106 964 361,82

Undertakings in which the Company holds at least 20% in their share capital or in which it is a general partner are as follows:

Name	Registered Office	Ownership %	Net Value	Date of last non approved accounts	Net equity in last non approved accounts	Net result in last non approved accounts (loss)
Nertera Investments Limited	Cyprus	100%	72 006 905,28	31 Dec 2016	66 302 339,00	(2 410 273,00)

Loans to affiliated undertakings	Counterparty	Currency	Amount	Amount USD	Interest rate	Maturity date
	Nertera Investments Limited	USD	2 217 083,08	2 217 083,08	4,50%	Nov 2021
	Nertera Investments Limited	USD	32 740 373,46	32 740 373,46	Libor 6m + 5.85%	Jun 2020
Total				34 957 456,54		

4 Debtors

Debtors	Within one year	More than one year	30 Jun 2017	30 Jun 2016
Amounts owed by affiliated undertakings	6 846 711,59	-	6 846 711,59	4 401 595,96
Other receivables	14 018,39	-	14 018,39	14 018,39
Total	6 860 729,98	-	6 860 729,98	4 415 614,35

Accrued interest receivable from affiliated undertakings	Counterparty	Currency	Amount USD	Interest rate	Maturity date
	Accruals loan interest to Nertera Investments Limited	USD	352 717,65	4,50%	N/A
	Accruals loan interest to Nertera Investments Limited	USD	6 493 993,94	Libor 6m + 5.85%	N/A
Total			6 846 711,59		

5 Prepayments and accrued income

Prepayments and accrued income	30 Jun 2017	30 Jun 2016
Advance TMF Luxembourg S.A.	-	1 168,97
Total	-	1 168,97

Coal Energy S.A.**Notes to the unaudited annual accounts****For the year beginning 1 July 2016 and ending 30 June 2017***(expressed in US Dollar)***6 Capital and reserves**

Movements in capital and reserves	Balance as at 30 June 2016	Allocation of preceding year result	Other movements	Net result for current year	Balance as at 30 Jun 2017
Subscribed capital	450 111,20	-	-	-	450 111,20
Share premium and similar premiums	80 540 783,11	-	-	-	80 540 783,11
Profit or (loss) brought forward	(9 420 141,27)	(80 962,07)	-	-	(9 501 103,34)
Profit or (loss) for the financial year	(80 962,07)	80 962,07	-	(937 898,35)	(937 898,35)
Total	71 489 790,97	-	-	(937 898,35)	70 551 892,62

The subscribed capital amounts to USD 450,111.20 and is divided into 45,011,120 shares with a nominal value of USD 0.01 fully paid up at 30 June 2017.

The Company shares were admitted to trading on Warsaw Stock Exchange on 4 August 2011. The offer price for one share was established at PLN 20.00 and the final number of the offer shares was 11,252,780.00.

Legal reserve

The Company is required to allocate a minimum of 5% of its annual net profit to a legal reserve, after deducting any cumulated losses, until this reserve equals 10% of the nominal value of the subscribed share capital. This reserve may not be distributed in the form of cash dividends, or otherwise, during the life of the Company.

7 Non subordinated debts

Creditors by category	Within one year	More than one year	30 Jun 2017	30 Jun 2016
Amounts owed to credit institutions	32 306 489,23	10 500 000,00	42 806 489,23	39 458 699,20
Trade creditors	299 758,08	-	299 758,08	304 510,30
Tax and social security debts	47 425,21	-	47 425,21	68 925,50
Other creditors	120 259,56	-	120 259,56	61 207,26
Total	32 773 932,08	10 500 000,00	43 273 932,08	39 893 342,26

Amounts owed to credit institutions	Within one year	More than one year	30 Jun 2017	30 Jun 2016
Accrued interest - European Bank for Reconstruction and Development	7 806 489,23	-	7 806 489,23	4 458 699,20
Loan - European Bank for Reconstruction and Development	24 500 000,00	10 500 000,00	35 000 000,00	35 000 000,00
Total	32 306 489,23	10 500 000,00	42 806 489,23	39 458 699,20

Amounts owed to credit institutions	Becoming due and payable after more than one year	Currency	30 Jun 2017	Interest rate
Loan - European Bank for Reconstruction and Development		USD	10 500 000,00	6m LIBOR + 5.85%
Total			10 500 000,00	

Other creditors	Within one year	More than one year	30 Jun 2017	30 Jun 2016
A.D. Johnson	75 000,00	-	75 000,00	50 000,00
M.Vishnevetskaya	5 367,40	-	5 367,40	5 215,49
V.Vishnevetskiyy	6 166,28	-	6 166,28	5 991,77
Other creditors	33 725,88	-	33 725,88	-
Total	120 259,56	-	120 259,56	61 207,26

Coal Energy S.A.**Notes to the unaudited annual accounts****For the year beginning 1 July 2016 and ending 30 June 2017***(expressed in US Dollar)***8 Staff costs**

During the year under review, the Company did not employ any staff and, consequently no payments for wages, salaries or social security were made (2016: nil).

9 Other operating charges

Other operating charges	30 Jun 2017	30 Jun 2016
Director's fees	25 000,00	25 000,00
Non-deductible VAT	-	1 379,69
Total	25 000,00	26 379,69

10 Income tax

The Company is subject to normal taxation under Luxembourg tax regulations.

The tax position until 2017 has been assessed by the Luxembourg tax authorities on the basis of a provisional tax assessment and may still be subject to a review by the authorities within five years following the date of the provisional tax assessment. The issuance of a final tax assessment could result in additional tax payable/ receivable.

11 Off balance sheet commitments and transactions

On 14 March 2014 the Company entered into a surety agreement with OTP Bank to act as a guarantor for securing obligations of "Donantratsit" LLC under factoring agreement Nr FT 14-090/100-3 in an amount not exceeding UAH 39,200,000.00.

12 Related party transactions

There were no transactions with related parties (2016: nil).

13 Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

Remuneration granted to the members of the managing and supervisory bodies acting in that capacity and any commitments arising or contracted in respect of retirement pensions for former members of those bodies for the financial year are broken down:

Remuneration members of managing and supervisory bodies	30 Jun 2017	30 Jun 2016
Managing bodies	25 000,00	25 000,00
Total	25 000,00	25 000,00

14 Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2016: nil).

15 Subsequent events

Over 2017 FY, due to the escalation of the military unrests in the region of the Company's assets and headquarters, the Company's further development has remained uncertain, as well as the audit procedure for the annual accounts as at 30 June 2017 has been postponed until further notice.

Viktor Vyshnevetsky, Director A

Arthur David Johnson, Director A

Pavlo Moiseyenko, Director A

Diyor Yakubov, Director B

Oleksandr Reznyk, Director A