FERREXPO PLC

5 August 2020

Ferrexpo plc

("Ferrexpo", the "Group" or the "Company")

Ferrexpo delivers increased sales and production volumes, resilient financial performance and strengthened balance sheet in 1H 2020, despite unprecedented global disruption.

Ferrexpo plc today announces its unaudited financial results for the six months ended 30 June 2020.

Financial Highlights

- Pellet production and sales volumes up 5% and 22% respectively
- Revenues of US$776 million (1H 2019: US$787 million) reflecting lower pellet premiums
- Underlying EBITDA[A] US$352 million (1H 2019: US$372 million)
- EBITDA margin 45% (1H 2019: 47%)
- Profit after tax of US$250 million (1H 2019: US$270 million)
- Interim dividend declared of 6.6 US cents (1H 2019: 6.6 US cents), in addition to an interim dividend of 6.6 US cents per share declared in June 2020
- Net debt [A] US$174 million (31 December 2019: US$282 million)
- Net debt [A] to last twelve months' EBITDA ratio down to 0.31x, compared to 0.48x at 31 December 2019
- Capital investment US$96 million (1H 2019: US$114 million)

Steve Lucas, Non-Executive Chairman, said:

"I am pleased to report a positive set of results for the half year, with strong cash generation, higher sales and production, lower C1 costs and debt, and solid EBITDA of US$352 million, all in the context of a pandemic that has disrupted the global economy. That is a testament to our strong management team and the commitment of our entire workforce.

The Company has approached the uncertainty of current global events with caution, destocking throughout the period and has reduced net debt to US$174 million and increased cash to US$169 million as at 30 June 2020. The operations are now benefiting from the refurbishment work completed in 2019 and first half production was the second highest since IPO in 2007. This positive operational and financial performance has enabled the Group to declare an interim dividend to shareholders in June, and in light of the strong liquidity position the Group is pleased to declare today a further interim dividend of 6.6 US cents per share. Ferrexpo has continued its investment for growth in the first half year and aims to double output from the Group's operations in Ukraine over the medium term.

Whilst the ongoing global COVID-19 pandemic has affected demand in most markets, Ferrexpo's operations continue to operate with minimal disruption. The Group has adapted to a changing market environment, and has sold increased volumes to China where demand remains robust. As the market returns to more normal conditions in 2H 2020, we expect to see a recovery in steel demand outside China, which should be constructive for pellet premiums."

Financial Summary:

US$ million (unless otherwise stated)	**6 months ended 30.06.20**	**6 months ended 30.06.19**	**Change**	**Year ended 31.12.19**
Total pellet production (kt)	5,598	5,353	5%	10,519
Sales volumes (kt)	6,107	4,990	22%	10,312
Avg PLATTS CFR 62% Fe iron ore fines price (US$/t)	91.1	91.4	-0.3%	93.3
Avg PLATTS CFR 65% Fe iron ore fines price (US$/t)	105.9	105.1	+1%	102.8
Revenue	776	787	-1%	1,507
Average C1 cash cost[A] (US$/t)	40.9	46.0	-11%	47.8
Underlying EBITDA[A]	352	372	-5%	586
Underlying EBITDA margin[A]	45%	47%	-2ppt	39%
Profit after tax for the period	250	270	-8%	403
Diluted EPS (US cents)	42.4	45.8	-7%	68.4
Interim dividends per share declared (US cents)	13.2	6.6	100%	13.2
Net cash flow from operating activities	258	256	1%	473
Capital investment[A]	96	114	-16%	247
Closing net debt	174	282	-38%	281
Closing cash	169	92	84%	131
Net debt to last twelve months' EBITDA [A]	0.31x	0.44x	-30%	0.48x

Health and Safety

- No work related fatalities in 1H 2020 (FY 2019: none)
- Group Lost Time Injury Frequency Rate remains below 1.0x, with a ratio of 0.77x recorded for 1H 2020 (FY 2019: 0.58, 1H 2019: 0.45).
- COVID-19 update: the Group's facilities continue to operate with minimal impact on operations to date, and the Group continues to closely monitor its workforce. The infection rate in the local communities surrounding the Group's operations remains low.

Market Environment

- Average iron ore price (65% Fe) remained above US$100 per tonne.
- The global pellet market faced reduced demand in 1H 2020 due to lower steel production in regions other than China, however, this was partly mitigated by significantly lower pellet supply from Brazil.
- Average realised FOB price decreased 13% compared to record prices seen during 1H 2019. This was primarily due to lower pellet premiums. Realised prices were 7% above the level seen during 2H 2019.
- C3 freight rate fell US$2 per tonne to US$13 per tonne as a result of lower oil prices and a reduction in Brazilian iron ore supply

Operational Highlights

- 5% increase in pellet production compared to 1H 2019
- 22% increase in sales volumes compared to 1H 2019
- Increased spot sales to China in response to reduced pellet demand in traditional markets
- C1 cash cost US$41 per tonne, down 11% compared to 1H 2019, reflecting lower commodity prices and increased production.
- Capital investment[A] US$96 million (1H 2019: US$114 million) as pellet line refurbishment programme comes to a close and investment in concentrator expansion is completed
- Two trial cargoes of DR pellets sold in 1H 2020, totaling a combined 185kt
- Plant capacity expected to increase to 12 million tonnes of pellets in 2021

Board of Directors and Corporate Governance

- Appointment of Jim North as Acting CEO and as a Director of the Company
- Non-executive Chairman Steve Lucas to retire ahead of Group's next AGM once an orderly succession process has been put in place
- Process underway to appoint additional Independent Non-executive Directors

Environment, Social and Governance ("ESG")

- Release of Company's Responsible Business Report on Company's website, covering ESG activities in 2019

ALTERNATIVE PERFORMANCE MEASURES

Words with the symbol [A] are defined in the Alternative Performance Measures section on pages 35 and 36.

Analyst conference call and webcast

Ferrexpo will host an analyst presentation today via audio webcast which will start at 09:00 BST.

To join the webcast, and view the live presentation, please follow this link https://edge.media-server.com/mmc/p/4xohmjag.

If you wish to join this conference call, please see following dial in details and instructions:

1. 10 minutes prior to the start of the call, dial the appropriate Participant Dial-In Number listed in the Conference Dial-In Number section below.

2. Enter the Event Plus Passcode stated below and leave any information requested after the tone. You will be joined automatically to the conference.

Note: Due to regional restrictions some participants may receive Operator assistance when joining this conference call and will not be automatically connected.

Event Plus Passcode:	359 2014
Participant Standard International Dial-In:	+44 (0) 20 3009 5709
Participant UK Local Call Dial-In Number:	0800 694 1461

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Notes to Editors:
Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine. It has been mining, processing and selling high quality iron ore pellets to the global steel industry for over 40 years. In 2019, the Group produced 10.5 million tonnes of pellets ranking it as the 3rd largest exporter of pellets to the global steel industry with a market share of approximately 8%. Ferrexpo has a diversified customer base supplying premium steel mills in Austria, Germany, Japan, South Korea, Taiwan, China, Slovakia, the Czech Republic, Turkey, Vietnam and America. Ferrexpo has a premium listing on the main market of the London Stock Exchange under the ticker FXPO. For further information, please visit www.ferrexpo.com

Introduction

Good progress continues to be made in safe working, with no work related fatalities in 1H 2020 (1H 2019: none). The lost time injury frequency rate ("LTIFR") remains below 1.0x (1H 2020: 0.77x, 1H 2019: 0.45x), representing a further improvement compared to the Group's five-year average LTIFR of 1.01x.

The Group continues to operate with minimal impact from the global COVID-19 pandemic, with measures put in place in March 2020 to protect our workforce and insulate the Group's ability to continue production in the event of infections occurring locally at any of our operations. Measures put in place in March include administrative staff working from home, minimising contractor operations and the downsizing of individual teams in operating areas to allow for social distancing and the option to switch teams should one team need to go into isolation. The Group continues to monitor infection rates in all geographic locations in which it operates, and has a mitigation plan in place that is specific for each geographic location.

Pellet production rose 5% in 1H 2020 to 5.6 million tonnes, representing the second highest production volume for the first half since the Group listed in 2007, and the highest first half volume produced since 2016. Despite rising production, Group revenues fell 1% during the period due to lower realised prices, which were the result of lower pellet premiums. *For more information, please see section titled Iron Ore Market Review (Iron Ore Pricing).* The Group continues to generate strong cash flows and profit after tax in 1H 2020 was US$250 million, a decrease of 8% on 1H 2019 reflecting lower pellet premiums.

1H 2020 showed stable iron ore prices as demand in China remained robust, with the Platts iron ore price (65% Fe) starting the period at US$104 per tonne, and finishing the period US$10 per tonne higher, with an average of US$106 per tonne. 99% of Ferrexpo's pellets sold were pellets grading 65% Fe, or above (1H 2019: 96%).

For 50 years, Ferrexpo has produced iron ore pellets for the global steel sector, as this form of iron ore allows for reduced energy inputs, slag volumes and carbon dioxide emissions. Independent research by CRU suggests that for each tonne of Ferrexpo pellets utilised by steel mills instead of sinter, this reduces the mill's carbon dioxide emissions by 40%. As a result of the favourable characteristics of iron ore pellets over other forms of iron ore such as sinter fines, pellets receive a premium. This pellet premium averaged US$30 per tonne in 1H 2020, falling from US$67 per tonne in 1H 2019 due to changing market dynamics in 2020 relating to the global COVID-19 pandemic. *For more information, please see section titled Financial Review.*

The Group expects to begin commissioning its latest concentrator expansion in 2H 2020, which will increase its run of mine ore processing capacity by approximately 6 million tonnes per annum, and enable the Company to fully utilise its existing installed pelletiser capacity of 12 million tonnes per annum in 2021. *For more information, please see Capital Investment section.*

The Group is committed to maintaining low net debt and paying dividends to shareholders (see *Dividends section*). Capital allocated to investment will be for incremental high IRR projects with the goal of sustainably increasing output to approximately 20 million tonnes over the medium term.

Dividends

The Group has reduced gross debt to US$343 million and increased cash to US$169 million. As a result of the strong cash flow and resulting liquidity position, the Group is pleased to announce a further interim dividend of 6.6 US cents per Ordinary Share payable on 26 August 2020 to shareholders on the register at the close of business on 14 August 2020. The ex-dividend date will be 13 August 2020. All dividends are paid in UK Pounds Sterling, with an election to receive in US Dollars.

On 15 June 2020, the Directors declared an interim dividend of 6.6 US cents per Ordinary Share.

Board Membership and Corporate Governance

The Board of Ferrexpo remains committed to maintaining strong levels of corporate governance practices and transparency throughout the Group.

During the period, it was announced following the Company's annual general meeting ("AGM") in May 2020 that Steve Lucas, Chairman of the Board, has decided to retire as Chairman and resign from the Board once an orderly succession process has been put in place. In any event, it is envisaged that Steve will not stand for re-election at the Company's next AGM.

Since the end of the period, it was announced on 6 July 2020, that Chris Mawe, Chief Financial Officer ("CFO"), would vacate his role as a Director of the Company. In addition, the Group announces today that Chris Mawe is stepping down from his role as CFO, with Roman Palyvoda assuming the role of Acting CFO until further notice. As a result, the Board has begun a formal process to identify and appoint a successor.

Jim North, Acting Chief Executive Officer ("Acting CEO"), joined the Board on 6 July 2020. In compliance with the UK Corporate Governance Code, at least half of the Board (excluding the Chairman) are Independent Non-executive Directors.

As noted in the Company's 2019 Annual Report and Accounts, the Nominations Committee is already seeking to make a further appointment of a suitable Independent Non-executive Director to strengthen the Board and relevant Board Committees. An additional process to appoint a further new Independent Non-executive Director and to appoint a new Chairman has commenced and is being led by the Nominations Committee.

FPM Share Transfer Restriction

On 3 June 2020, the Group advised that the restriction placed on the transfer of certain shares in Ferrexpo Poltava Mining ("FPM") held by Ferrexpo AG Switzerland, the sole shareholder in FPM, had been cancelled following an appeal by the Group. On 19 June 2020, the Group advised that a new restriction had been placed on the same shares in FPM that are held by Ferrexpo AG Switzerland. *For further information see Note 17 Commitments, contingencies and legal disputes.*

Iron Ore Market Review

Iron Ore Pricing

During 1H 2020, the iron ore price remained relatively stable, despite uncertainty relating to the global COVID-19 pandemic, with the Platts 65% Fe iron ore index rising during the period by 9% to US$114 per tonne as of 30 June 2020, and averaging US$106 per tonne throughout the half year period. This average is in line with the average Platts iron ore price (65% Fe) seen 1H 2019, which averaged US$105 per tonne. Contributing factors behind the relative stability in the iron ore price in 1H 2020 included significant iron ore supply disruptions out of Brazil which counter balanced a reduction in steel production related to the ongoing global COVID-19 pandemic and associated economic slowdown. High grade premiums, defined as the difference between the 62% Fe Index and the 65% Fe Index, and which represent the price paid for the additional ferrum and lower impurities in high grade ores, averaged US$15 per tonne in 1H 2020 (1H 2019: US$14 per tonne).

1H 2019 was notable for record high pellet premiums in addition to strong iron ore prices following a major disruption to the supply of Brazilian iron ore in early 2019. These record pellet premiums tailed off in 2H 2019 as the market rebalanced and steel demand weakened. During 1H 2020, pellet premiums continued to fall gradually throughout the period. Lower freight rates, due to reduced shipping from Brazil and falling global oil prices, offset much of the fall in pellet premiums throughout1H 2020.

Freight

The C3 freight rate, which is principally used as a freight reference in the pricing of the Group's sales contracts, was on average US$13 per tonne in 1H 2020 (1H 2019: US$15 per tonne), reflecting lower iron ore volumes out of Brazil and lower oil prices during the period.

Iron Ore Supply

Based on quarterly data from Ferrexpo's peers, Brazilian iron ore export volumes fell by more than 15% in 1H 2020 compared to 2H 2019 whilst Australian iron ore shipments from the Pilbara, accounting for the majority of seaborne shipments into China, exported similar iron ore volumes in 1H 2020 compared to 2H 2019. However, compared to output from the Pilbara in 1H 2019, which was affected by tropical cyclones, company data suggests that production in 1H 2020 was up by approximately 3% year on year. The supply disruption of Brazilian iron ore has helped support iron ore prices despite reduced steel demand during the COVID-19 pandemic.

Published data by MySteel[1] shows that stockpiles of imported iron ore at Chinese ports was c.108 million tonnes at the end of 1H 2020, compared to c.125 million tonnes of iron ore at the start of the period, implying a drawdown of iron ore inventories during 1H 2020 of c.17 million tonnes. This inventory level is equivalent to 37 days of Chinese steel production[2] which is historically low and

[1] https://www.mysteel.net/article/channel/mysteel-surveys/inventories-and-stockpiles/breed/steel/steel-raw-materials/1.html

[2] Using CRU estimate of Chinese steel production in 2019 of 977 million tonnes.

has also served to support iron ore prices during 1H 2020.

Conversely, stocks of imported iron ore pellets at Chinese ports, which are included in the total inventory figures, rose from c.5 million tonnes at the start of 1H 2020 to c.9 million tonnes as of the end of the period[3], a significant increase and a record level compared to previous periods. The higher iron ore pellet inventories in China are attributable to increased pellet production by exporters from Canada, Ukraine, Sweden and Russia in 1H 2020, whilst weaker demand for pellets from traditional markets in Europe and Japan that has resulted in increased shipments to the Chinese market. This has resulted in a decrease in the average published Platts CFR China 62% Fe spot pellet premium assessment from US$33 per tonne in 1H 2019 to US$27 per tonne in 1H 2020.

Iron Ore Pellet Supply

Global seaborne pellet supply was up by approximately 4.0 million tonnes in 1H 2020 compared to 1H 2019[4], with this small overall increase largely attributable to strong operational performance and destocking by pellet exporters in Canada, Sweden, Russia, Chile and Ukraine. However, these gains have been partially counterbalanced by underperformance in Brazilian pellet supply. The increases in output seen from producers during 1H 2020 are not expected to continue into 2H 2020, however, with some producers announcing plans to supply more concentrate and less pellets to the market until pellet premiums recover, whilst supply constraints in Brazil are expected to continue. As the global economy recovers after the COVID-19 pandemic, the Group expects to see higher pellet premiums toward the end of the calendar year.

Iron Ore Pellet Demand

According to the World Steel Association, global crude steel production fell in 1H 2020 by 6% to 873 million tonnes. The year started with the first two months ahead of the corresponding period in 2019, however, each month since March 2020 has seen a 5-15% year on year decline in output. China's steel output, which accounts for approximately 60% of global steel production, achieved record levels of production in May and June, having previously seen a decrease in output in March. The EU and Japan, which account for 8% and 5% of global steel production respectively, have seen steeper declines in steel production in 2Q 2020, with both regions reporting year on year steel output dipping by between 20% and 40% in April, May and June.

Overall, the World Steel Association expects global steel production to contract by 6% in 2020, followed by a 4% recovery to 1,717 million tonnes in 2021, as the global economy recovers from the current COVID-19 crisis.

Regional changes in the global demand for steel are influencing the regional demand for iron ore pellets and pellet premiums. With steel production in China now returning to 2019 levels or above, pellet demand from Chinese steel producers has increased, with global pellet imports up more than 10.0 million tonnes in 1H 2020 to c.17.5 million tonnes. The Group expects that demand for pellets in China will continue to increase over the longer term as pollution controls are implemented across Chinese cities, and Chinese steel mills transition from lower grade, higher impurity sources of iron ore and toward higher grade feed stocks including iron ore pellets.

In 2Q 2020, the World Steel Association reported that steel production in both the EU and Japan was around 30% below the level seen 12 months ago, with pellet demand decreasing by approximately 1.5 million tonnes in the EU in 1H 2020. A similar fall in pellet demand has occurred in Far East Asia (excluding China) and South East Asia combined. Looking ahead, increasing activity in the automotive and construction sectors in the EU and Asia suggests that steel demand is set to increase in 2H 2020. The Group therefore expects that pellet demand from these regions will gradually recover to normal levels over the course of 2H 2020.

In the longer term, the Group expects that tighter emissions controls and regulation, particularly in the EU, will result in additional demand for high grade, low impurity pellets in the future. Independent research by CRU has demonstrated the advantage of lower CO_2 emissions from using additional pellets in the blast furnace burden instead of sinter fines, primarily the result of steel producers not required to sinter material before it enters the blast furnace. This research estimates that steel mills produce approximately 40% less CO_2 for each tonne of pellet used in place of sinter fines.

Ferrexpo Pellet Supply

Despite recent weakness in pellet demand in markets other than China and falling pellet premiums, the fundamental arguments for steelmakers to use Ferrexpo's high grade, low impurity iron ore pellets remain, with increasing demand for raw materials that reduce energy input requirements, slag volumes and CO_2 emissions in the steelmaking process while also improving the quality of the final product. Increasing environmental awareness in China is of particular significance due to this market consuming an additional 15-20% of the seaborne traded pellet volume in 1H 2020, suggesting that if this demand is maintained, it will provide support to pellet

[3] Source: MySteel

[4] Management estimate

premiums as demand in Europe and the rest of Asia returns.

The Group benefits from having a geographically diverse portfolio of customers, with Ferrexpo's load port in Ukraine well positioned to supply steel producers in Europe, North East Asia, North America, Middle East and China. At current production volumes, the Group is not constrained by logistics and can supply the various markets as required. In 1H 2020, the Group redirected sales towards China, as a result of increased pellet demand in China and weakness in the European market. As a proportion of the sales portfolio, China increased from 25% in 2019 to 66% in 1H 2020. The Group expects that this trend will reverse in 2H 2020, with fewer spot sales and increasing sales under long term contract, as demand in the EU and Japan returns. The Group has also commenced production and trial shipments of direct reduction ("DR") pellets in order to access new markets, with 185kt of DR pellets sold in 1H 2020. DR pellets represent approximately a third of global iron ore pellet demand, and therefore, this market represents an opportunity to further diversify the Group's sales portfolio adding high quality customers in new geographic regions.

Financial Review

Despite the uncertainties in the global steel market caused by the COVID-19 outbreak, the Group realised a strong performance in 1H 2020 driven by higher sales and production volumes, which increased by 22% and 5% respectively, compared to 1H 2019. The revenue and profit after tax was US$776 million and US$250 million compared to US$787 million and US$270 million, respectively, in 1H 2019. Continued strong cash flow generation funded dividend payments of US$58 million and capital investment of US$96 million whilst reducing net debt by US$107 million to US$174 million (31 December 2019: US$281 million).

Revenue

Group revenue decreased by 1% to US$776 million in 1H 2020 (1H 2019: US$787 million) principally due to a lower realised average FOB price in 1H 2020, which was partly offset by a significantly higher pellets sales volume.

Sales volumes for the period increased by 22% to 6.1 million tonnes (1H 2019: 5.0 million tonnes), increasing revenue by US$160 million. Lower realised prices during the period mainly reflected a substantial decrease in premiums paid for iron ore pellets, whereas iron ore fines price was in line with 1H 2019 due to continuing supply issues from Brazil. The lower realised prices in 1H 2020 impacted the revenue by US$190 million.

Headline pricing 1H 2020 vs. 1H 2019

(US$ per tonne)	1H 2020	1H 2019	Change
Avg 62% Fe	91	91	-0.3%
Avg 65% Fe Price	106	105	+1%
Avg pellet premium (Platts Atlantic BF PP)	30	67	-56%
Avg pellet premium (Platts China BF PP)	27	33	-20%

Note: pellet premiums shown in the table above are paid above the 62% Fe iron ore price.

Following the COVID-19 outbreak in the first quarter of 2020, the Chinese economy recovered faster than many other regions and steel production in China maintained relatively high levels for most of the period compared to the rest of the world. This compared to large steel production cuts for the most part of 2Q 2020 in Europe and Japan. As a result, a significant volume of Ferrexpo's seaborne iron ore pellets were redirected from Europe and North East Asia to the Chinese market. This redirection increased the volume of sales to the spot market compared to previous periods. The supply of iron ore fines was affected by disruptions at producers in Brazil supporting the fines prices whereas a lower demand for iron pellets in traditional pellet markets put some pressure on the pellet premiums.

For further information, see section titled Iron Ore Market Review (Iron Ore Pricing).

Lower freight rates during 1H 2020, as the Baltic Dry C3 Index averaged US$12.70 per tonne (1H 2019: US$14.70 per tonne), positively impacted the Group's net revenue. *For further information, see section titled Iron Ore Market Review (Iron Ore Pricing).*

Costs

C1 Cost of Production [A]

The Group's average C1 cash cost of production A decreased to US$40.9 per tonne in 1H 2020 compared with US$46.0 per tonne in 1H 2019. The Group's production costs benefited from lower energy prices and continued cost control measures.

The Group's production costs benefited from lower energy prices, mainly prices for diesel fuel and gas and electricity, which account for approximately 33% of the total C1 cash costs. The electricity prices benefited from the liberalisation of the electricity market in

Ukraine whereas prices for oil and gas were affected by the drop in prices on the global market during the first half of 2020. Lower electricity prices reduced C1 costs by US$1.1 per tonne while lower diesel fuel and gas prices reduced the C1 cost by US$1.8 per tonne and US$0.9 per tonne, respectively, compared to 1H 2019.

It is expected that the Group's production costs in 2H 2020 remain subject to the Hryvnia exchange rate fluctuations, local inflation commodity input prices.

The table below shows the composition Group's C1 cash cost per tonne:

US$ per tonne	**% of C1 cost 1H 2020**	**% of C1 cost 1H 2019**
Electricity	23%	23%
Gas	4%	8%
Fuel	7%	10%
Materials	17%	16%
Spare parts	11%	8%
Personnel	12%	10%
Maintenance and repairs	8%	9%
Grinding media	8%	8%
Royalties	7%	6%
Explosives	2%	2%

Please note: figures in table above may not add up to 100% due to rounding.

The Group's C1 cost represents the cash costs of production of iron pellets from own ore (to the mine gate), divided by production volume from own ore, and excludes non-cash costs such as depreciation, pension costs and inventory movements, also the costs of purchased ore, concentrate and gravel.

Selling and Distribution Costs

Total selling and distribution costs were US$162 million (1H 2019: US$132 million). The increase was driven by higher international freight costs from CFR sales due to an increased proportion of sales to China. The effect from higher sales volume to China was partially offset by lower freight rates in 1H 2020 compared to 1H 2019. International freight costs totalled US$73 million compared to US$49 million in 1H 2019.

General, Administrative and Other Expenses

General and administrative and other expenses increased to US$50 million compared with US$45 million in 1H 2019. The increase in 1H 2020 is the net effect from higher research and developments and personnel costs in Ukraine and lower audit and professional fees. The total of audit and professional fees in the comparative period was affected by additional costs incurred in respect of the independent review into the Blooming Land Charity. *For further information see Note 17 Commitments, contingencies and legal disputes.*

Currency

Ferrexpo prepares its consolidated accounts in US Dollars. The functional currency of the Ukrainian operations is the Hryvnia ("UAH") and approximately half of the Group's operating costs are in local currency. In 1H 2020, the Hryvnia depreciated from UAH23.686 per US Dollar on 1 January to UAH26.692 per US Dollar as of 30 June 2020. *For further information, see section titled Costs (C1 Cost of Production) above*. The total operating forex gains of US$36 million in 1H 2020 predominantly resulted from the conversion of US Dollar denominated assets in Ukraine, compared to a loss of US$16 million in 1H 2019. The local currency depreciated in 1H 2020 compared to the US Dollar, whereas it appreciated in 1H 2019.

Ukrainian Hryvnia vs. US Dollar

	Spot (30.07.2020)	**Opening rate 01.01.2020**	**Closing rate 30.06.2020**	**Average 1H 2020**	**Average 1H 2019**
UAH per US$	27.691	23.686	26.692	25.979	26.932

Source: National Bank of Ukraine

Underlying EBITDA [A]

Underlying EBITDA [A] in 1H 2020 decreased 5% to US$352 million compared to US$372 million in 1H 2019.

The decrease is primarily driven by the lower realised prices due to lower pellet premiums in 1H 2020. This effect was partially offset

by a significant higher sales volume. The lower realised prices in 1H 2020 impacted the revenue by US$190 million, which was partially by the effect from the higher sales volume accounting for US$160 million.

Interest

Interest expense declined 49% to US$8 million compared to US$15 million in 1H 2019 due to a lower outstanding debt balance. The average cost of debt for the period ended 30 June 2020 was 5.6% (average 1H 2019: 7.5%). The decrease was primarily due to the repayment of US$173 million Eurobonds with a coupon of 10.375% in April 2019.

Further details on finance expense are disclosed in Note 7 Net finance expense of the accounts.

Tax

The income tax expense for 1H 2020 was US$44 million (1H 2019: US$47 million) based on an expected weighted average tax rate for the full year 2020 of 15.0%. The applied expected tax rate of 15.0% is in line with the one applied for 1H 2019. The Group operates across a number of jurisdictions and its effective tax rate is subject to various factors outside of the Group's controls. This includes the volatility in the global iron ore pellet market and foreign exchange rate movements, primarily between the Ukrainian Hryvnia and the US Dollar.

The effective tax rate of the financial year 2019 was 12.2%, reflecting the appreciation of the Ukrainian Hryvnia against the US Dollar, negatively affecting the profitability of the Group's local subsidiaries.

Further details on taxation are disclosed in Note 8 Taxation and Note 17 Commitments, contingencies and legal disputes of the accounts in respect of ongoing court proceedings.

Profit for the Period

Profit for the period was US$250 million, compared with US$270 million in 1H 2019. The decrease is reflecting the net effect of the lower underlying EBITDA.

Cash Flows

Net cash flow from operating activities was US$258 million (1H 2019: US$256 million). Working capital reflected a net outflow of US$25 million, which is the net effect from higher trade receivables and lower finished goods given the higher volume shipped during the period and lower trade accounts payable.

During 1H 2020, dividend payments totalled US$58 million, compared to US$78 million in 1H 2019. Further dividend payments of US$97 million were declared for payment subsequent to the period end in respect of a final dividend for 2019 of 3.3 US cents following approval at the Group's AGM in May 2020. An interim dividend for 2020 of 6.6 US cents was approved by the Board in June 2020, in addition to an interim dividend of 6.6 US cents approved by the Board on 4 August 2020.

Capital Investment [A]

Capital expenditure [A] in 1H 2020 was US$96 million compared to US$114 million in 1H 2019. During the period in 2020, US$13 million was spent on stripping activities for future production growth, US$12 million was invested in the concentrate expansion programme, which is on track for completion by the end of 2020 and is expected to increase pellet production by up to 1.5 million tonnes per annum in 2021, and US$ 17 million was invested in the new press filtration plant. The remaining US$54 million was used for sustaining and other capital investment.

Debt

Ferrexpo continues to have a strong balance sheet with a low level of debt. Net debt to EBITDA [A] for the last 12 months was 0.31x compared with 0.48x as of 31 December 2019 (0.44x as at 30 June 2019). The Group's gross debt reduced to US$343 million as of 30 June 2020, compared to US$412 million as of 31 December 2019, whereas the available cash balance increased to US$169 million as of 30 June 2020, compared to US$131 million as of 31 December 2019 resulting in a net debt balance of US$174 million as of 30 June 2020 (31 December 2019: US$281 million).

The Group has a US$400 million 2017 PXF facility, of which US$333 million was fully drawn as of 30 June 2020. This facility will amortise over twelve quarters and commenced in 1Q 2020.

Related Party Transactions

Related party transactions are disclosed in Note 19 Related party disclosure to the accounts.

Operational Review

Health and Safety

In 1H 2020, there were no fatalities at the Group's operations (FY 2019: none).

The Group's Lost Time Injury Frequency Rate ("LTIFR") in 1H 2020 was 0.77 per million man hours, which represents a continuation of the progress made in safety in 2019, and below the Group's five year trailing average full year LTIFR of 1.01x.

LTIFR	1H 2020	1H 2019	2019
- FPM	0.83	0.45	0.57
- FYM	0.82	-	-
- FBM	-	-	-
Ukraine	**0.81**	**0.38**	**0.57**
- Barging	-	1.80	0.91
Group	**0.77**	**0.45**	**0.58**

The Company continues to monitor a number of leading and lagging indicators of safety, and not just lost time injuries. Leading indicators of safety includes training hours provided in safety protocols, and safety audits, whilst lagging indicators include injury rates and recording of near miss events. The Company is pleased to report that total injuries fell by 31% in 1H 2020 compared to 2H 2020, and a similar level of decrease was also seen in the number of near miss and significant incidents during the period.

Pellet Production and Pellet Quality

The Company's facilities continue to operate with minimal impact on operations to date, and the Company continues to closely monitor its workforce. The infection rate in the local communities surrounding the Company's operations remains low.

Total 1H 2020 pellet production increased 5% to 5.6 million tonnes (1H 2019: 5.4 million tonnes), with this increase in production attributable to good performance of both the concentrator and pelletiser, with reduced downtime in both areas, completion of the pelletiser refurbishment process in 4Q 2019, which has resulted in higher productivity rates through the pelletiser, and reduced volumes of FPP+ pellets. Following the pelletiser refurbishment process at the end of 2019, the Group has seen pelletiser availabilities increase by approximately five percentage points to 86% in 1H 2020. During the period, Ferrexpo's operations achieved a record monthly production level in its history, with 1,066kt of pellets producing in April, surpassing the previous record set in 2016.

Ferrexpo continues to focus on marketing high quality pellets, which deliver the greatest realised prices and are purchased by more resilient customers. In 1H 2020, 99% of pellets produced were the Company's premium pellet type (65% Fe, "FPP"), or above, with only 98kt of Ferrexpo Basic Pellets produced during the period (1H 2019: 96% FPP, or above). All of the Company's pellets that were produced in 2019 and 1H 2020 were produced from the Company's own ore.

As part of its ongoing programme to upgrade pellet quality, and expand into new markets, the Group sold 185kt of Direct Reduction ("DR") pellets in 1H 2020 as trial shipments to new customers. DR pellets are higher grade, lower impurity pellets that have a higher pellet premium than blast furnace pellets. DR pellets represent approximately a third of the global pellet export market and is a new market for the Group to market its products into.

Pellet Production:

000' tonnes	1H 2020	1H 2019	Change %
Pellet production from own ore	**5,597.9**	**5,352.5**	+4.6
- 62% Fe pellets	98.0	215.0	-54.4
- 65% Fe pellets	5,499.9	5,137.5	+7.1

The Group has made good progress in its expansion programme, and intends to commence commissioning of its new concentrator capacity in the second half of 2020. This additional processing capacity will enable the Group to produce excess concentrate and fully utilise the existing installed 12 million tonnes per annum capacity of the pelletiser in 2021.

Capital Investment

A summary of current projects under execution in 1H 2020 is shown in the table below:

Projects to reach 12MTPA	Description	Status	Expected completion	Total cost	Spend 1H 2020	Remaining spend
New grinding section	Process 6MTPA of crushed ore into pellet feed	Commissioning & ramp up	2H 2020 (Ramp up)	US$42M	US$11.7M	US$2.1M
Concentrate stockyard	Decoupling of concentrator & pellet plant by providing concentrate storage capacity	Construction & assembly works underway	1H 2021	US$38M	US$5.4M	US$7.5M
Phase 2 expansion						
Press filtration plant	Replacement of disc filtration to reduce moisture in balling plant	Construction & assembly works underway	Completed in 3 phases, each phase capable of processing 9MTPA of concentrate, with final phase to be completed 2024	US$115M	US$16.9M	US$75.6M
Medium- and Fine-Crushing ('MFC-2')	2 new tracts with average capacity of 800t/h each	Construction & assembly works underway	4Q 2021	US$36M	US$1.1M	US$3.8M
Logistics						
Rail cars	Continuation of programme to replace state rail cars.	No new rail cars purchased in 1H 2020	---	---	---	---

Capital Investment for Future Growth

The Group's approved capital projects are in the table above. Ferrexpo is on track to reach 12 million tonnes of pellet output by 2021. Ferrexpo is currently considering a series of projects which will allow expansion of pellet capacity to 20 million tonnes per annum. This includes further development of the Group's beneficiating capacity, expansion of the Group's pelletising capacity and debottlenecking of logistics infrastructure including rail and port. A preliminary estimate of the required capital investment per tonne is approximately US$150-US$200 per tonne of incremental output.

Marketing
Ferrexpo's sales volumes for 1H 2020 increased by 22% to 6.1 million tonnes (1H 2019: 5.0 million tonnes).

Ferrexpo benefits from a diversified sales portfolio with leading steel mills throughout the world, while its logistics routes to customers provide a competitive advantage given Ukraine's central geographical location. Ferrexpo's average shipping duration to Asia is 33 days compared to its main pellet-producing competitors in Brazil (39 days shipping time), Canada (54 days) and Sweden (44 days).

The table below shows the breakdown of sales by key market regions. Sales to China and South East Asia include sales to Vietnam and Taiwan.

Sales Volume by Market Regions:

	1H 2020	1H 2019	2019
Central Europe	21%	48%	36%
North East Asia	3%	21%	16%
Western Europe	4%	12%	13%
China and South East Asia	67%	12%	30%
Turkey, Middle East, North Africa, India	2%	7%	5%
North America	3%	-	-
Total sales volume (thousand tonnes)	**6,107**	**4,990**	**10,312**

Due the global COVID-19 pandemic, market conditions shifted in 1H 2020, with increased demand for iron ore pellets in China in 2Q 2020. Reduced steel production in the EU and other markets in Asia resulted in increased sales to Chinese customers, with spot sales into this market increasing to 54% in 1H 2020. The Company expects to revert to a lower percentage of spot sales in 2H 2020 as global steel production recovers and market conditions begin to normalise.

For further information on iron ore prices and freight see sections titled Iron Ore Market Review and Revenue.

Update on Risks

The Group considers that the principal risks facing the business, as highlighted on pages 50 to 60 of the 2019 Annual Report and Accounts published in April 2020, remain relevant. In addition to the principal risks disclosed in the 2019 Annual Report and Accounts, the unprecedented situation caused by the COVID-19 outbreak and resulting uncertainties in the global economy requires additional consideration. An update on the Ferrexpo specific COVID-19 situation as well as material developments of key risks during the first half of 2020 is provided below.

Covid-19 outbreak update and considerations

Update on 1H 2020
The safety and wellbeing of our employees is paramount and the Group took appropriate precautions to mitigate the risk of infection from the COVID-19 virus at its mining and processing operations in Ukraine, and also at its other jurisdictions where employees are based. Ferrexpo has followed and will continue to follow the advice from health authorities in its different jurisdictions.

As of the date of approval of these interim condensed consolidated financial statements, the Group's mining and processing operation as well as its major distribution channels have not been affected by the COVID-19 outbreak. Both production and sales volumes exceeded the volumes achieved in the comparative period ended 30 June 2019.

However, there has been an impact on the markets into which the Group sells its products. The COVID-19 outbreak during the first quarter caused a significant reduction in the demand of iron ore from certain steel producers, particularly in Europe and Japan. However, while there were significant steel production cuts for most of the second quarter in these markets, China maintained high levels of steel production for most of the period. As a result, a significant volume of Ferrexpo's seaborne iron ore pellets were redirected from Europe and North East Asia to the Chinese market.

Whilst the iron ore fines price was in line with 1H 2019, there was a steady decrease in the premiums paid for iron ore pellets during the period due to lower demand for iron pellets in the traditional pellet markets in Europe and Japan.

Consideration of significant judgements and material uncertainties

As in the past, the key judgements for the Group's going concern assessment are related to the expected prices for iron ore pellets and their demand in the Group's key markets. The Group has successfully navigated through the first months of the COVID-19 outbreak and remained highly cash generative. However, the Board appreciates that the continued spread of COVID-19 in some countries is likely to have a significant impact on the global economy and its recovery.

Notwithstanding this, as of the date of the approval of these interim condensed consolidated financial statements, the Board considers the risk of material uncertainties that may cast significant doubt upon the Group's ability to meet its debt amortisation obligations and to continue as a going concern to be low, but will continue to monitor future developments. This conclusion is based on the Group's successful response to the first months of the COVID-19 outbreak, its available balance of cash and cash equivalents, its continued high cash generation during this unprecedented period and the debt amortisation profile of its major debt facility. Further, sufficient mitigating factors remain available to the Group, such as working capital measures, the timing of development capital expenditures and shareholder distributions, to address any significant adverse changes.

Stress testing and going concern assessment

The Group operates in an industry with a history of price volatility, and the risk in respect of price realisations is addressed in the Group's going concern assessment. The Group's current going concern assessment is based on its latest long-term model, which was updated in June 2020. As in the past, various sensitivity scenarios which considered lower realised prices, higher production costs and lower production volumes have been tested. In light of the heightened uncertainties in terms of COVID-19, the Group performed additional reverse stress tests in order to address the risk of a more serious demand disruption in the Group's key markets and heightened risk of price volatility.

In assessing the Group's going concern assumption and long-term viability, the Group has considered the balance of cash and cash equivalents available at the date of authorisation of the interim condensed consolidated financial statements, its cash flow projections for the period of the going concern assessment and the available mitigating factors to react to possible adverse changes in the global economy affecting its key markets.

Whilst the Group does currently not have any committed undrawn bank debt facilities, the Board concluded that the Group has sufficient liquidity to meet its present obligations and cover working capital needs for the period to be covered by the going concern assessment. Taking into account the Group's low gearing, the risk of non-compliance with financial covenants is also considered to be low. It is the Directors' view that the Group is resilient to the current uncertainties caused by the COVID-19 outbreak and, as a result, the Group continues to adopt the going concern basis of accounting for the preparation of these interim condensed consolidated financial statements.

Outlook

At this time, it is extremely difficult to predict the development of the COVID-19 pandemic and its impact on the global economy, but it is to be expected that the associated uncertainties will persist for a prolonged period. However, having successfully navigated through the first months of the COVID-19 outbreak, the Group expects to be able to rely on the experience gained and that it will again be able to redirect its pellet sales in order to benefit from favourable demand dynamics in the respective markets. It is expected that the recovery of the steel markets in Europe and Japan will be slower than in China and that the demand of the Chinese steel producers will remain at the level as seen in the first half of 2020. The Group's business model is considered to be sustainable based on its competitive cost position on the iron ore cost curve, which provides additional resilience to adverse changes in the market.

At the time of the announcement of the 2019 results in March 2020, the Board deferred its decision to declare dividends in order to preserve available cash during this unprecedented period of uncertainty. However, following the continued strong cash generation during the second quarter of 2020, the Group resumed its dividend payments. Further dividend payments have been considered in the Group's long-term model during the period covered by the going concern assessment, although these, together with development capital expenditures, are seen as available mitigating factors in case of significant adverse changes in the different markets.

See also the Group's going concern statement on page 22.

Global Steel Demand and Realised Price

The Group's realised price is principally impacted by demand for iron ore which is highly correlated to global demand for steel and steel mill profitability. In 1H 2020, in light of the global COVID-19 pandemic, steel profit margins across the globe fell to the extent that steel producers began to close production facilities and idle blast furnaces. This negatively affected short term demand for iron ore, and introduces additional risk associated with the timing of these facilities restarting.

The iron ore forward curve for 62% Fe iron ore fines is currently in backwardation with delivery in December 2020 at $98 per tonne compared to spot on 31 July 2020 of approximately US$111 per tonne. The expected price fall is due to lower forecast steel demand relating to the global COVID-19 pandemic. *For further information, see Iron Ore Market Review (Iron Ore Supply).*

Lower iron ore fines prices will reduce the Group's realised price and profitability.

Pellet Premiums

Historically, pellet premiums have been correlated to steel mill profitability as they are the most productive source of iron in a blast furnace and thus trade at a price premium to other types of iron ores. When steel producer profitability is under pressure the reduction in usage of higher cost raw materials could lead to lower demand for iron ore pellets and or a fall in pellet premiums.

Lower pellet premiums will reduce the Group's realised price and profitability.

Market Mix

In 1H 2020, pellet premiums in China averaged US$27 per tonne compared with the average Platts Atlantic Blast Furnace pellet premium of US$30 per tonne over the 62% Fe index. A temporary change in sales mix with more volume sold under short-term spot contracts and less under long-term contracts could have an impact on the average realised price and the Group profitability.

Freight Rates

The Group's received price is subject to freight market volatility with higher freight rates reducing the Group's realised price returns. In 1H 2020, the Baltic Exchange C3 freight index[3] decreased by US$2 per tonne to US$13 per tonne compared to 1H 2019. Freight rates are largely influenced by the price of oil and demand for seagoing vessels from bulk commodity producers. As of 31 July 2020, freight rates had risen 36% to US$18 per tonne compared to the average for 1H 2020. An increase in freight rates will reduce the Group's received price and its profitability.

Committee of Independent Directors' Review of FC Vorskla Cyprus Limited

As disclosed in the 2019 Annual Report & Accounts, the Board has been making enquiries in connection with the sponsorship payments previously made to FC Vorskla Cyprus Limited following the identification of a related party loan made by FC Vorskla Cyprus Limited to Collaton Limited, a related party of the Group. Sponsorship payments have in the past been made by Ferrexpo Middle East FZE to two entities: FC Vorskla Cyprus Limited, a company incorporated in the Republic of Cyprus, and FC "Vorskla" LLC, a company incorporated in Ukraine (together, "FC Vorskla").

The Board's enquiries, which are being led by the Committee of Independent Directors (the "CID"), are ongoing. Together with its third party legal and forensic accountant advisers, the CID has requested information from FC Vorskla and other third parties about the use of the loan proceeds. The CID has received written confirmations from FC "Vorskla" LLC, FC Vorskla Cyprus Limited and Kostyantin Zhevago, a controlling shareholder of Ferrexpo plc who also controls FC Vorskla, detailing the use of the funds in connection with the renovation and construction of certain FC Vorskla stadiums and training grounds in Ukraine. Additionally, the CID has been informed that, on completion of the capital projects, these assets will be subject to a sale and leaseback and the proceeds will then be used to fully repay the loan made by FC Vorskla Cyprus Limited to Collaton Limited.

Once its enquiries are complete, and/or the loan repaid, Ferrexpo will update the market by way of public announcement as appropriate. For further information see Note 19 Related party disclosures.

[3] Seaborne freight rates, such as C3, are published by the Baltic Exchange and represent the cost for ocean transportation of iron ore from the Brazilian port of Tubarão (where the largest seaborne suppliers of pellets are based) to Qingdao, China (the largest steel producing country in the world). As Ferrexpo sells to international customers, the price it receives includes reference to C3 or other global benchmarks.

Directors' Responsibility Statement

The Interim Report complies with the Disclosure and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The preparation of the Interim Report for the six months ended 30 June 2020 in accordance with applicable laws, regulations and accounting standards is the responsibility of, and has been approved by, the Directors.

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as adopted by the European Union;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, and description of the principal risks and uncertainties for the remaining six months of the financial year, as required by DTR4.2.7R; and
- the Interim Management Report includes a fair review of disclosures of material related party transactions that have occurred in the first six months of the financial year and of material changes in the related party transactions described in the 2019 Annual Report, as required by DTR 4.2.8R.

The Directors are also responsible for the maintenance and integrity of the Ferrexpo plc website.

A list of current Directors is maintained on the Ferrexpo plc website which can be found at www.ferrexpo.com.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board

Steve Lucas

Non-executive Chairman

Jim North

Acting Chief Executive Officer

4 August 2020

Independent Review Report to Ferrexpo Plc

Introduction

We have been engaged by Ferrexpo plc (the 'Company) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Statement of Financial Position, the Interim Consolidated Statement of Cash Flows, the Interim Consolidated Statement of Changes in Equity, and the related Notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely for the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

MHA MacIntyre Hudson
Statutory Auditor
London
4 August 2020

FERREXPO PLC

Interim Consolidated Income Statement

US$000	Notes	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year-ended 31.12.19 (audited)
Revenue	3/4	**775,831**	787,111	1,506,724
Operating expenses	5	**(516,236)**	(443,517)	(968,443)
Other operating income		**2,019**	1,956	5,614
Operating foreign exchange gains/(losses)	6	**35,773**	(16,002)	(46,752)
Operating profit		**297,387**	329,548	497,143
Share of profit from associates		**2,476**	2,982	4,114
Profit before tax and finance		**299,863**	332,530	501,257
Net finance expense	7	**(7,504)**	(14,379)	(23,191)
Non-operating foreign exchange gains/(losses)	6	**1,635**	(303)	(18,491)
Profit before tax		**293,994**	317,848	459,575
Income tax expense	8	**(44,086)**	(47,497)	(56,282)
Profit for the period/year		**249,908**	270,351	403,293
Profit attributable to:				
Equity shareholders of Ferrexpo plc		**249,904**	269,435	402,370
Non-controlling interests		**4**	916	923
Profit for the period/year		**249,908**	270,351	403,293
Earnings per share:				
Basic (US cents)	9	**42.6**	45.9	68.6
Diluted (US cents)	9	**42.4**	45.8	68.4

Interim Consolidated Statement of Comprehensive Income

US$000	Notes	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Profit for the period/year		**249,908**	270,351	403,293
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign operations	6	**(213,632)**	80,791	266,163
Income tax effect		**10,977**	(7,065)	(20,487)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(202,655)**	73,726	245,676
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains/(losses) on defined benefit pension liability		**71**	(1,379)	(6,898)
Income tax effect		**–**	207	–
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods		**71**	(1,172)	–
Other comprehensive (loss)/income for the period/year, net of tax		**(202,584)**	72,554	238,778
Total comprehensive income for the period/year, net of tax		**47,324**	342,905	642,071
Total comprehensive income attributable to:				
Equity shareholders of Ferrexpo plc		**47,315**	340,544	639,722
Non-controlling interests		**9**	2,361	2,349
		47,324	342,905	642,071

Interim Consolidated Statement of Financial Position

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Assets				
Property, plant and equipment	10	**989,894**	1,044,426	821,779
Right-of-use assets	11	**7,893**	10,976	8,066
Goodwill and other intangible assets		**41,711**	47,552	42,419
Investments in associates		**6,462**	8,064	6,167
Inventories	13	**218,414**	255,026	233,432
Other non-current assets		**18,510**	24,093	38,109
Deferred tax assets		**34,268**	38,608	30,121
Total non-current assets		**1,317,152**	1,428,745	1,180,093
Inventories	13	**167,260**	199,714	185,149
Trade and other receivables		**108,970**	99,864	127,205
Prepayments and other current assets		**37,315**	42,653	33,881
Income taxes recoverable and prepaid	8	**174**	184	70
Other taxes recoverable and prepaid	12	**28,993**	37,377	34,729
Cash and cash equivalents	3/14	**169,226**	131,020	91,937
Total current assets		**511,938**	510,812	472,971
Total assets		**1,829,090**	1,939,557	1,653,064
Equity and liabilities				
Issued capital	18	**121,628**	121,628	121,628
Share premium		**185,112**	185,112	185,112
Other reserves	18	**(1,967,069)**	(1,764,808)	(1,936,915)
Retained earnings		**2,982,672**	2,810,622	2,721,736
Equity attributable to equity shareholders of Ferrexpo plc		**1,322,343**	1,352,554	1,091,561
Non-controlling interest		**87**	78	90
Total equity		**1,322,430**	1,352,632	1,091,651
Interest-bearing loans and borrowings	3/15	**204,950**	274,011	307,214
Defined benefit pension liability		**31,492**	33,628	24,149
Provision for site restoration		**2,840**	3,016	2,155
Deferred tax liabilities		**102**	140	650
Total non-current liabilities		**239,384**	310,795	334,168
Interest-bearing loans and borrowings	3/15	**138,538**	138,367	66,937
Trade and other payables		**54,382**	65,627	76,279
Accrued liabilities and contract liabilities		**28,284**	39,257	32,519
Income taxes payable	8	**34,768**	21,248	40,367
Other taxes payable		**11,304**	11,631	11,143
Total current liabilities		**267,276**	276,130	227,245
Total liabilities		**506,660**	586,925	561,413
Total equity and liabilities		**1,829,090**	1,939,557	1,653,064

The financial statements were approved by the Board of Directors on 4 August 2020.

Steve Lucas
Chairman

Jim North
Acting Chief Executive Officer

Interim Consolidated Statement of Cash Flows

US$000	Notes	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Profit before tax		**293,994**	317,848	459,575
Adjustments for:				
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets	5	**51,374**	39,649	82,130
Finance expense	7	**6,248**	13,727	21,267
Finance income	7	**(372)**	(901)	(1,436)
Losses/(gains) on disposal of property, plant and equipment	5	**877**	(59)	417
Cash elements included in losses on disposal of property, plant and equipment		**(211)**	(52)	(153)
(Write-backs)/write-offs	5	**(71)**	(337)	1,241
Share of profit from associates		**(2,476)**	(2,982)	(4,114)
Movement in allowance for doubtful receivables		**1,385**	133	736
Movement in site restoration provision		**167**	99	437
Employee benefits		**2,450**	1,460	3,534
Share-based payments		**399**	514	1,022
Operating foreign exchange (gains)/losses	6	**(35,773)**	16,002	46,752
Non-operating foreign exchange (gains)/losses	6	**(1,635)**	303	18,491
Other adjustments		**(807)**	(3,134)	(7,307)
Operating cash flow before working capital changes		**315,549**	382,270	622,592
Changes in working capital:				
Increase in trade and other receivables		**(8,378)**	(44,963)	(23,479)
Decrease/(increase) in inventories		**18,270**	(35,590)	(37,152)
(Decrease)/increase in trade and other payables (incl. accrued and contract liabilities)		**(38,947)**	(1,017)	19,590
Decrease in other taxes recoverable and payable (incl. VAT)		**4,153**	11,401	11,371
Cash generated from operating activities		**290,647**	312,101	592,922
Interest paid		**(12,949)**	(20,138)	(33,932)
Income tax paid		**(18,758)**	(35,536)	(83,730)
Post-employment benefits paid		**(968)**	(911)	(1,884)
Net cash flows from operating activities		**257,972**	255,516	473,376
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets		**(95,989)**	(113,968)	(247,478)
Proceeds from disposal of property, plant and equipment and intangible assets		**469**	547	1,165
Interest received		**289**	859	1,344
Dividends from associates		**1,987**	1,612	3,519
Acquisition of non-controlling interests		**–**	–	(2,189)
Net cash flows used in investing activities		**(93,244)**	(110,950)	(243,639)
Cash flows from financing activities				
Proceeds from borrowings and finance	15	**–**	185,000	225,000
Repayment of borrowings and finance	15	**(67,459)**	(219,848)	(223,774)
Principal elements of lease payments	15	**(1,111)**	(3,224)	(5,118)
Arrangement fees paid		**–**	(131)	(131)
Dividends paid to equity shareholders of Ferrexpo plc	9	**(58,419)**	(77,763)	(154,922)
Net cash flows used in financing activities		**(126,989)**	(115,966)	(158,945)
Net increase in cash and cash equivalents		**37,739**	28,600	70,792
Cash and cash equivalents at the beginning of the period/year		**131,020**	62,996	62,996
Currency translation differences		**467**	341	(2,768)
Cash and cash equivalents at the end of the period/year	14	**169,226**	91,937	131,020

Interim Consolidated Statement of Changes in Equity

For the financial year 2019 and the six months ended 30 June 2020	Attributable to equity shareholders of Ferrexpo plc						
US$000	Issued capital	Share premium	Other reserves (Note 18)	Retained Earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2018 (audited)	**121,628**	**185,112**	**(2,010,080)**	**2,568,187**	**864,847**	**2,050**	**866,897**
Profit for the period	–	–	–	402,370	402,370	923	403,293
Other comprehensive income/(loss)	–	–	244,250	(6,898)	237,352	1,426	238,778
Total comprehensive income for the year	**–**	**–**	**244,250**	**395,472**	**639,722**	**2,349**	**642,071**
Equity dividends to the shareholders of Ferrexpo plc (Note 9)	–	–	–	(155,087)	(155,087)	–	(155,087)
Effect from increase of shareholding in subsidiary	–	–	–	2,050	2,050	(4,321)	(2,271)
Share-based payments	–	–	1,022	–	1,022	–	1,022
At 31 December 2019 (audited)	**121,628**	**185,112**	**(1,764,808)**	**2,810,622**	**1,352,554**	**78**	**1,352,632**
Profit for the period	–	–	–	249,904	249,904	4	249,908
Other comprehensive (loss)/income	–	–	(202,660)	71	(202,589)	5	(202,584)
Total comprehensive (loss)/income for the period	**–**	**–**	**(202,660)**	**249,975**	**47,315**	**9**	**47,324**
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	–	–	–	(77,925)	(77,925)	–	(77,925)
Share-based payments	–	–	399	–	399	–	399
At 30 June 2020 (unaudited)	**121,628**	**185,112**	**(1,967,069)**	**2,982,672**	**1,322,343**	**87**	**1,322,430**

For the six months ended 30 June 2019	Attributable to equity shareholders of Ferrexpo plc						
US$000	Issued capital	Share premium	Other reserves (Note 18)	Retained earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2018 (audited)	**121,628**	**185,112**	**(2,010,080)**	**2,568,187**	**864,847**	**2,050**	**866,897**
Profit for the period	–	–	–	269,435	269,435	916	270,351
Other comprehensive income/(loss)	–	–	72,651	(1,542)	71,109	1,445	72,554
Total comprehensive income for the period	**–**	**–**	**72,651**	**267,893**	**340,544**	**2,361**	**342,905**
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	–	–	–	(116,394)	(116,394)	–	(116,394)
Effect form increase of shareholding subsidiary	–	–	–	2,050	2,050	(4,321)	(2,271)
Share-based payments	–	–	514	–	514	–	514
At 30 June 2019 (unaudited)	**121,628**	**185,112**	**(1,936,915)**	**2,721,736**	**1,091,561**	**90**	**1,091,651**

Notes to the Interim Condensed Consolidated Financial Statements

Note 1: Corporate information

Organisation and operation

Ferrexpo plc (the "Company") is incorporated in England, which is considered to be the country of domicile, with its registered office at 55 St James's Street, London, SW1A 1LA, UK. Ferrexpo plc and its subsidiaries (the "Group") operate two mines and a processing plant near Kremenchug in Ukraine, have an interest in a port in Odessa and sales and marketing activities around the world including offices in Switzerland, Dubai, Japan, China, Singapore and Ukraine. The Group also owns logistics assets in Austria which operates a fleet of vessels operating on the Rhine and Danube waterways and an ocean going vessel which provides top off services. The Group's operations are vertically integrated from iron ore mining through to iron ore concentrate and pellet production and subsequent logistics. The Group's mineral properties lie within the Kremenchug Magnetic Anomaly and are currently being extracted at the Gorishne-Plavninske-Lavrykivske ("GPL") and Yerystivske deposits.

The majority shareholder of the Group is Fevamotinico S.a.r.l. ("Fevamotinico"), a company incorporated in Luxembourg. Fevamotinico is ultimately wholly owned by The Minco Trust, of which Kostyantin Zhevago, the Group's previous Chief Executive Officer, is one of the beneficiaries. At the time this report was published, Fevamotinico held 50.3% (31 December 2019: 50.3%; 30 June 2019: 50.3%) of Ferrexpo plc's issued share capital.

The Group's interests in its subsidiaries are held indirectly by the Company, with the exception of Ferrexpo AG, which is directly held. The Group's consolidated subsidiaries are disclosed in the Additional Disclosures of the 2019 Annual Report & Accounts.

At 30 June 2020, the Group also holds through PJSC Ferrexpo Poltava Mining an interest of 49.9% (31 December 2019: 49.9%; 30 June 2019: 49.9%) in TIS Ruda LLC, a Ukrainian port located on the Black Sea. As this is an associate, it is accounted for using the equity method of accounting.

Note 2: Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months period ended 30 June 2020 have been prepared in accordance with International Accounting Standard ('IAS') 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2019. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standard Board ('IASB'), as adopted by the European Union as they apply to financial statements of the Group for the year ended 31 December 2019, have been delivered to the Registrar of Companies. The auditors' report under section 495 of the Companies Act 2006 in relation to those accounts was unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The comparative period ended 30 June 2019 included in the interim condensed consolidated financial statements has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of interim financial information and do not include all of the information required for full annual financial statements.

Going concern

The Group has assessed that, taking into account: i) its available cash and cash equivalents available at the date of authorisation of the interim condensed consolidated financial statements; ii) its cash flow projections for the period of management's going concern assessment; and iii) events and conditions beyond the period of management's going concern assessment, it has sufficient liquidity to meet its present obligations and cover working capital needs for the aforementioned period and will remain in compliance with its financial covenants throughout this period. Therefore, the Group continues to adopt the going concern basis of accounting for the preparation of this set of financial statements. See the update on risks on page 12 in respect of the Group's relevant COVID-19 related considerations.

Accounting policies adopted

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019 except for the adoption of the new standards that became effective as of 1 January 2020.

New standards, interpretations and amendments adopted without impact on the Group's consolidated financial statements

- Amendments to *References to the Conceptual Framework in IFRS standards* introduce a new chapter on measurement, guidance on reporting financial performance, improved definitions of an asset and a liability and clarifications in areas such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- Amendments to IAS 1 and IAS 8: *Definition of material* introduce a revised definition of material information. In the new definition, reference is made to the concepts of obscured information and reasonable expectation that the information is going to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

New standards, interpretations and amendments not yet adopted

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* were issued in January 2020 and are effective for the financial year beginning on 1 January 2022 subject to EU endorsement. The amendments clarify that the classification of liabilities as current or non-current should be based on the rights, in existence at the end of the reporting period, to defer settlement by at least twelve months and not on expectations about whether an entity will exercise these rights. Furthermore, the amendments clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect a material impact on its consolidated financial statements from these amendments.

The Group does not expect a material impact on its consolidated financial statements from all other standards, interpretations and amendments issued at the reporting date, but not yet to be adopted for these financial statements.

Use of critical estimates and judgements

In the course of preparing financial statements, management has to make estimates and judgements that can have a significant impact on the Group's consolidated financial statements. The most critical accounting estimates include the recoverability of capitalised lean and weathered ore while significant judgements relate to taxation in terms of the tax legislation in Ukraine and the use of payments made in previous years to a related party for the legitimate purposes.

The use of inaccurate assumptions in assessments made for any of these estimates and judgements could result in a significant impact on the Group's financial position and/or financial performance. The detailed description of the critical estimates and judgements is disclosed in the Group's 2019 Annual Report & Accounts.

Seasonality
The Group's operations are not affected by seasonality.

Note 3: Segment information

The Group is managed as a single segment, which produces, develops and markets its principal product, iron ore pellets, for sale to the metallurgical industry. While the revenue generated by the Group is monitored at a more detailed level, there are no separate measures of profit reported to the Group's Chief Operating Decision-Maker ("CODM"). In accordance with IFRS 8 *Operating Segments*, the Group presents its results in a single segment, which are disclosed in the income statement for the Group. Management monitors the operating result of the Group based on a number of measures including Underlying EBITDA, gross profit and net debt.

Underlying EBITDA and gross profit
The Group presents the Underlying EBITDA as it is a useful measure for evaluating the Group's ability to generate cash and its operating performance. The Group's full definition of Underlying EBITDA is disclosed in the Glossary on page 37.

US$000	Notes	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Profit before tax and finance		**299,863**	332,530	501,257
Losses/(gains) on disposal of property, plant and equipment	5	**877**	(59)	417
Share based payments		**399**	514	1,022
(Write-backs)/write-offs	5	**(71)**	(337)	1,241
Depreciation and amortisation	5	**51,374**	39,649	82,130
Underlying EBITDA		**352,442**	372,297	586,067

US$000	Notes	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Revenue	4	**775,831**	787,111	1,506,724
Cost of sales	5	**(304,974)**	(266,851)	(581,743)
Gross profit		**470,857**	520,260	924,981

Net debt
Net debt as defined by the Group comprises cash and cash equivalents less interest-bearing loans and borrowings.

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Cash and cash equivalents	14	**169,226**	131,020	91,937
Interest-bearing loans and borrowings - current	15	**(138,538)**	(138,367)	(66,937)
Interest-bearing loans and borrowings - non-current	15	**(204,950)**	(274,011)	(307,214)
Net debt		**(174,262)**	(281,358)	(282,214)

The Group's balance of cash and cash equivalents increased by US$38,206 thousand after debt repayments net of proceeds of US$68,790 thousand during the period ended 30 June 2020 (31 December 2019: US$4,374 thousand; 30 June 2019: US$38,326 thousand). Net debt is an Alternative Performance Measure ("APM"). Further information on the APMs used by the Group, including the definitions, is provided on pages 35 and 36.

Note 4: Revenue

Revenue for the six months period ended 30 June 2020 consisted of the following:

US$000	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Revenue from sales of iron ore pellets and concentrate	**686,415**	725,089	1,352,953
Freight revenue related to sales of iron ore pellets and concentrate	**64,139**	30,933	94,617
Total revenue from sale of iron ore pellets and concentrate	**750,554**	756,022	1,447,570
Revenue from logistics and bunker business	**22,513**	29,807	54,168
Revenue from other sales and services provided	**2,764**	1,282	4,986
Total revenue	**775,831**	787,111	1,506,724

Information on the commodity risk related to provisionally priced sales are provided in Note 16 Financial instruments.

Total revenue from sales of iron ore pellets and concentrate by geographical destination were as follows:

US$'000	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Central Europe	**144,836**	352,534	529,159
Western Europe	**30,809**	89,495	183,560
North East Asia	**23,707**	165,116	250,721
China and South East Asia	**516,243**	100,089	412,613
Turkey, Middle East and India	**12,482**	39,988	62,717
North America	**22,477**	–	–
Others	**–**	8,800	8,800
Total revenue from sale of iron ore pellets and concentrate	**750,554**	756,022	1,447,570

The Group markets its products across various regions. The disclosure of the segmentation reflects how the Group makes its business decisions and monitors its sales. Information about the composition of the regions is provided in the Glossary.

Note 5: Operating expenses

Operating expenses for the six months period ended 30 June 2020 consisted of the following:

US$000	Notes	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Cost of sales		**304,974**	266,851	581,743
Selling and distribution expenses		**161,634**	131,714	294,336
General and administrative expenses		**30,499**	32,553	66,036
Other operating expenses		**19,129**	12,399	26,328
Total operating expenses		**516,236**	443,517	968,443
Operating expenses include:				
Inventories recognised as an expense upon sale of goods		**291,374**	249,368	551,141
Employee costs (excl. logistics and bunker business)		**53,832**	46,771	101,770
Inventory movements		**29,608**	(14,550)	(2,673)
Depreciation of property, plant and equipment and right-of-use assets	3	**50,734**	39,281	81,240
Amortisation of intangible assets	3	**640**	368	890
Royalties and levies		**15,823**	14,531	30,506
Costs of logistics and bunker business		**19,245**	26,817	49,587
Audit and non-audit services		**919**	2,521	3,229
Community support donations		**2,506**	3,120	5,893
(Write-backs)/write-offs		**(71)**	(337)	1,241
Losses/(gains) on disposal of property, plant and equipment		**877**	(59)	417

Audit and non-audit services for the comparative year ended 31 December 2019 include US$1,834 thousand relating to audit services provided by the previous audit firm of the Group for the period ended 31 December 2018 (30 June 2019: US$1,810 thousand).

Note 6: Foreign exchange losses and gains

Foreign exchange losses and gains for the six months period ended 30 June 2020 consisted of the following:

US$000	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Operating foreign exchange gains/(losses)			
Revaluation of trade receivables	**35,906**	(16,356)	(47,229)
Revaluation of trade payables	**(92)**	352	523
Others	**(41)**	2	(46)
Total operating foreign exchange gains/(losses)	**35,773**	(16,002)	(46,752)
Non-operating foreign exchange gains/(losses)			
Revaluation of interest-bearing loans	**(110)**	4,230	(1,240)
Conversion of cash and cash equivalents	**675**	(1,324)	(4,255)
Others	**1,070**	(3,209)	(12,996)
Total non-operating foreign exchange gains/(losses)	**1,635**	(303)	(18,491)
Total foreign exchange gains/(losses)	**37,408**	(16,305)	(65,243)

Operating foreign exchange gains and losses are those items that are directly related to the production and sale of pellets (e.g. trade receivables, trade payables on operating expenditure). Non-operating gains and losses are those associated with the Group's financing and treasury activities and with local income tax payables.

The translation differences and foreign exchange gains and losses are predominantly dependent on the fluctuation of the exchange rate of the Ukrainian Hryvnia against the US Dollar. The table below shows the closing and average rate of the most relevant currencies of the Group compared to the US Dollar.

Against US$	**Average exchange rate**			**Closing exchange rate**		
	6 months ended 30.06.20	6 months ended 30.06.19	Year ended 31.12.19	**As at 30.06.20**	As at 31.12.19	As at 30.06.19
UAH	**25.979**	26.932	25.846	**26.692**	23.686	26.166
EUR	**0.907**	0.885	0.893	**0.890**	0.893	0.880

Exchange differences arising on translation of non-USD functional currency operations (mainly in Ukrainian Hryvnia) are included in the translation reserve. See Note 18 Share capital and reserves for further details.

Note 7: Net finance expense

Net finance expense for the period ended 30 June 2020 consisted of the following:

US$000	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Finance expense			
Interest expense on loans and borrowings	**(12,879)**	(18,629)	(33,589)
Less capitalised borrowing costs	**7,563**	6,356	14,617
Interest on defined benefit plans	**(1,628)**	(1,299)	(2,730)
Bank charges	**(413)**	(287)	(710)
Interest expense on lease liabilities	**(310)**	(254)	(630)
Other finance costs	**(209)**	(1,167)	(1,585)
Total finance expense	**(7,876)**	(15,280)	(24,627)
Finance income			
Interest income	**335**	873	1,379
Other finance income	**37**	28	57
Total finance income	**372**	901	1,436
Net finance expense	**(7,504)**	(14,379)	(23,191)

Note 8: Taxation

The Group pays corporate profit tax in a number of jurisdictions and its tax rate is influenced by the mix of profits primarily between Ukraine, Switzerland, the United Kingdom and Dubai, as well as the level of non-deductible expenses for tax purposes in each of these jurisdictions. For the period ended 30 June 2020, the income tax expense was based on an expected weighted average tax rate of 15% for the financial year 2020, compared to an effective tax rate of 12.2% for the financial year 2019. The Group's future effective tax rate could be impacted by legislative changes, changes in the statutory tax rates in any of its key jurisdictions and unexpected adverse outcome in relation to the ongoing court proceedings mentioned below.

As disclosed in Note 17 Commitments, contingencies and legal disputes, the Group is involved in an ongoing court proceeding in respect of its cross-border transactions and an unexpected adverse outcome would have an adverse impact on the Group's total income tax expense and its effective tax rate.

US$000	**6 months ended 30.06.20 (unaudited)**	Year ended 31.12.19 (audited)	6 months ended 30.06.19 (unaudited)
Income tax receivable balance	**174**	184	70
Income tax payable balance	**(34,768)**	(21,248)	(40,367)
Net income tax payable	**(34,594)**	(21,064)	(40,297)

Note 9: Earnings per share and dividends paid and proposed

Basic EPS is calculated by dividing the net profit for the period attributable to ordinary equity shareholders of Ferrexpo plc by the weighted average number of Ordinary Shares.

Diluted earnings per share are calculated by adjusting the weighted average number of Ordinary Shares in issue on the assumption of conversion of all potentially dilutive Ordinary Shares. All share awards are potentially dilutive and have been considered in the calculation of diluted earnings per share.

	6 months ended 30.06.20 (unaudited)	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Earnings for the period/year attributable to equity shareholders - per share in US cents			
Basic	**42.6**	45.9	68.6
Diluted	**42.4**	45.8	68.4
Profit for the year attributable to equity shareholders - US$000			
Basic and diluted earnings	**249,904**	269,435	402,370
Weighted average number of shares - thousands			
Basic number of ordinary shares outstanding	**587,294**	586,508	586,715
Effect of dilutive potential ordinary shares	**1,581**	1,770	1,568
Diluted number of ordinary shares outstanding	**588,875**	588,278	588,283

The basic number of ordinary shares is calculated by subtracting the weighted average of shares held in treasury and employee benefit trust reserves from the total number of ordinary shares in issue.

Dividends proposed and paid

Taking into account relevant thin capitalisation rules and dividend-related covenants for the Group's major bank debt facilities, the remaining available distributable reserves of Ferrexpo plc after taking into account the proposed dividends in the table below is US$46,257 thousand for the remainder of the financial year 2020.

US$000	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Dividends proposed			
Interim dividend for 2020: 6.6 US cents per Ordinary Share [1]	**38,788**	–	–
Interim dividend for 2020: 6.6 US cents per Ordinary Share [2]	**38,788**	–	–
Final dividend for 2019: 3.3 US cents per Ordinary Share [3]	**19,394**	–	–
Special interim dividend for 2019: 6.6 US cents per Ordinary Share	**–**	–	38,736
Interim dividend for 2019: 6.6 US cents per Ordinary Share	**–**	38,737	–
Total dividends proposed	**96,970**	38,737	38,736

[1] Declared on 4 August 2020 and expected to be paid on 26 August 2020
[2] Declared on 15 June 2020 and paid on 3 July 2020
[3] Declared on 21 April 2020 and paid on 2 July 2020

US$000	**6 months ended 30.06.20 (unaudited)**	6 months ended 30.06.19 (unaudited)	Year ended 31.12.19 (audited)
Dividends paid during the period			
Final special dividend for 2019: 3.3 US cents per Ordinary Share	**19,458**	–	–
Special interim dividend for 2019: 6.6 US cents per Ordinary Share	**38,961**	–	–
Interim dividend for 2019: 6.6 US cents per Ordinary Share	**–**	–	38,621
Final dividend for 2018: 6.6 US cents per Ordinary Share	**–**	–	38,621
Final special dividend for 2018: 6.6 US cents per Ordinary Share	**–**	38,888	38,847
Special interim dividend for 2018: 6.6 US cents per Ordinary Share	**–**	38,875	38,833
Total dividends paid during the period	**58,419**	77,763	154,922

Although accounts are published in US Dollars and dividends are declared in US Dollars, the shares are denominated in UK Pounds sterling and dividends are therefore paid in UK Pounds Sterling.

Note 10: Property, plant and equipment

During the six months period ended 30 June 2020, the additions to property, plant and equipment totalled US$109,766 thousand (30 June 2019: US$123,619 thousand; 31 December 2019: US$320,613 thousand) and the net book value of the disposals of property, plant and equipment totalled US$1,023 thousand (30 June 2019: US$1,187 thousand; 31 December 2019: US$5,231 thousand). The total depreciation charge for the period was US$51,971 thousand (30 June 2019: US$40,116 thousand; 31 December 2019: US$91,944 thousand).

The carrying value of property, plant and equipment includes capitalised borrowing costs on qualifying assets of US$46,399 thousand (31 December 2019: US$44,693 thousand; 30 June 2019: US$33,053 thousand).

Note 11: Leases

During the six months period ended 30 June 2020, the additions to the right-of-use assets totalled US$85 thousand (30 June 2019: US$2,114 thousand; 31 December 2019: US$7,222 thousand). The total depreciation charge for the period was US$2,321 thousand (30 June 2019: US$1,795 thousand; 31 December 2019: US$5,265 thousand).

As at 30 June 2020, the carrying amount of the lease liabilities consisted of the following:

US$000	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Non-current	**4,950**	6,580	5,703
Current	**3,694**	3,540	2,276

The total cash outflow for leases falling under the scope of IFRS 16 *Leases* during the period ended 30 June 2020 was US$1,330 thousand (31 December 2019: US$5,600 thousand; 30 June 2019: US$3,478 thousand). During the period ended 30 June 2020 US$156 thousand was recognised as an expense in the consolidated income statement in respect of short-term leases with a corresponding impact on the net cash flows from operating activities (31 December 2019: US$425 thousand; 30 June 2019: US$241 thousand). Furthermore, interest expense on lease liabilities in the amount of US$310 thousand was recognised in the consolidated income statement during the period ended 30 June 2020 (31 December 2019: US$630 thousand; 30 June 2019: US$254 thousand).

Note 12: Other taxes recoverable and prepaid

As at 30 June 2020, taxes recoverable and prepaid comprised:

US$000	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
VAT receivable	**28,743**	37,262	34,491
Other taxes prepaid	**250**	115	238
Total other taxes recoverable and prepaid	**28,993**	37,377	34,729

As at 30 June 2020, US$27,499 thousand of the VAT receivable relates to the Group's Ukrainian business operations (31 December 2019: US$35,381 thousand; 30 June 2019: US$33,131 thousand) of which US$34 thousand (31 December 2019: US$809 thousand; 30 June 2019: US$653 thousand) was overdue. Management is of the opinion that the overdue balances will be recovered during the next 12 months in full.

The total VAT receivable balance shown in the table above is net of an allowance of US$1,836 thousand (31 December 2019: US$2,090 thousand; 30 June 2019: US$914 thousand) to reflect the uncertainties in terms of the timing of the recovery of VAT receivable balances.

Note 13: Inventories

As at 30 June 2020, inventories comprised:

US$000	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Lean and weathered ore	**9,867**	2,226	–
Raw materials and consumables	**43,824**	43,008	42,216
Spare parts	**78,815**	81,782	71,676
Finished ore pellets	**27,212**	59,010	64,680
Work in progress	**5,038**	11,393	3,105
Other	**2,504**	2,295	3,472
Total inventories – current	**167,260**	199,714	185,149
Lean and weathered ore	**218,414**	255,026	233,432
Total inventories – non-current	**218,414**	255,026	233,432
Total inventories	**385,674**	454,740	418,581

Inventories are held at the lower of cost or net realisable value.

Inventories classified as non-current comprise lean and weathered ore that are, based on the Group's current processing plans, not planned to be processed within the next twelve months. It is the Group's intention to start processing a portion of the lean and weathered ore in the second half of the financial year 2020. It is however expected that it will take more than 12 months to process the entire stockpile, depending on the Group's future mining activities, processing capabilities and anticipated market conditions.

Note 14: Cash and cash equivalents

As at 30 June 2020, cash and cash equivalents comprised:

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Cash at bank and on hand		**169,226**	131,020	91,937
Total cash and cash equivalents	3	**169,226**	131,020	91,937

The debt repayments net of proceeds during the period ended 30 June 2020 totalled US$68,790 thousand (31 December 2019: US$4,374 thousand; 30 June 2019: US$38,326 thousand) affecting the balance of cash and cash equivalents. Further information on the Group's gross debt is provided in Note 15 Interest-bearing loans and borrowings.

The balance of cash and cash equivalents held in Ukraine amounts to US$32,140 thousand as at 30 June 2020 (31 December 2019: US$28,351 thousand; 30 June 2019: US$25,074 thousand).

Note 17 Commitments, contingencies and legal disputes provides details on the Group's balance of restricted cash and deposits, which has been fully provided for during the financial years 2015 and 2016 as not available to the Group.

Note 15: Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost and denominated in US Dollars.

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Current				
Syndicated bank loans – secured		**133,333**	133,333	60,000
Other bank loans – secured		**–**	–	3,167
Other bank loans – unsecured		**1,511**	1,494	1,494
Lease liabilities		**3,694**	3,540	2,276
Total current interest-bearing loans and borrowings	3	**138,538**	138,367	66,937
Non-current				
Syndicated bank loans – secured		**200,000**	266,667	300,000
Other bank loans – unsecured		**–**	764	1,511
Lease liabilities		**4,950**	6,580	5,703
Total non-current interest-bearing loans and borrowings	3	**204,950**	274,011	307,214
Total interest-bearing loans and borrowings		**343,488**	412,378	374,151

At 30 June 2020 and 31 December 2019, the Group has a syndicated revolving pre-export finance facility, which is fully drawn, with outstanding amounts of US$333,333 thousand and US$400,000 thousand, respectively. As the end of the comparative period ended 30 June 2019, US$360,000 thousand was drawn and US$40,000 thousand was available to the Group. Following a one-year grace period, the facility is amortised in 12 quarterly instalments, commencing on 7 February 2020 and the final repayment due on 6 November 2022.

The aforementioned bank debt facility was guaranteed and secured as follows:

- Ferrexpo AG and Ferrexpo Middle East FZE, which are also joint borrowers, assigned the rights to revenue from certain sales contracts;
- PJSC Ferrexpo Poltava Mining assigned all of its rights of certain export contracts for the sale of pellets to Ferrexpo AG and Ferrexpo Middle East FZE; and
- the Group pledged bank accounts of Ferrexpo AG and Ferrexpo Middle East FZE into which sales proceeds from certain assigned sales contracts are exclusively received.

For the revolving syndicated pre-export finance facility, arrangement fees are presented in prepayments and current assets and other non-current assets based on the maturity of the underlying facility and are amortised on a straight-line basis over the term of the facility.

The table below shows the movements in the interest-bearing loans and borrowings:

US$000	**6 months ended 30.06.20 (unaudited)**	Year ended 31.12.19 (audited)	6 months ended 30.06.19 (unaudited)
Opening balance of interest-bearing loans and borrowings	**412,378**	401,858	401,858
Cash movements			
Repayments of Eurobond issued	**–**	(173,181)	(173,181)
Proceeds from syndicated bank loans – secured	**–**	225,000	185,000
Repayments of syndicated bank loans – secured	**(66,667)**	(20,000)	(20,000)
Repayments of other bank loans - secured	**–**	(9,560)	(6,546)
Repayments of other bank loans – unsecured	**(793)**	(1,717)	(805)
Principal and interest elements of lease payments	**(1,330)**	(5,600)	(3,478)
Change of trade finance facilities, net	**–**	(19,316)	(19,316)
Total cash movements	**(68,790)**	(4,374)	(38,326)
Non-cash movements			
Amortisation of prepaid arrangement fees	**20**	1,462	1,195
First-time adoption IFRS 16 *Leases*	**–**	7,701	7,701
Additions to lease liabilities	**78**	5,297	1,331
Others (incl. translation differences)	**(198)**	434	392
Total non-cash movements	**(100)**	14,894	10,619
Closing balance of interest-bearing loans and borrowings	**343,488**	412,378	374,151

Further information on the Group's exposure to interest rate, foreign currency and liquidity risk is provided in Note 27 Financial instruments of the 2019 Annual Report & Accounts.

Note 16: Financial instruments

Fair values

Set out below are the carrying amounts of the Group's financial instruments that are carried in the interim consolidated statement of financial position:

US$000	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Financial assets			
Cash and cash equivalents	**169,226**	131,020	91,937
Trade and other receivables	**108,970**	99,864	127,205
Other financial assets	**583**	402	450
Total financial assets	**278,779**	231,286	219,592
Financial liabilities			
Trade and other payables	**54,382**	65,627	76,279
Accrued liabilities	**22,316**	29,209	27,956
Interest-bearing loans and borrowings	**343,488**	412,378	374,151
Total financial liabilities	**420,186**	507,214	478,386

Interest-bearing loans and borrowings

The fair values of interest-bearing loans and borrowings are based on the discounted cash flows using market interest rates. The fair values of interest-bearing loans and borrowings totalled US$340,115 thousand (31 December 2019: US$406,838 thousand; 30 June 2019: US$366,850 thousand).

Other financial assets and liabilities

The fair values of cash and cash equivalents, trade and other receivables and payables, other financial assets and accrued liabilities are approximately equal to their carrying amounts due to their short maturity.

Commodity risk

Revenues related to provisionally priced sales are initially recognised at the estimated fair value of the consideration receivable based on the forward price at each reporting date for the relevant period outlined in the different contracts. As a consequence, the receivable balance may change in a future period when final invoices can be issued based on final iron ore prices to be applied according to the specific underlying contract terms. The provisionally priced iron ore exposure as at 30 June 2020 was 1,215,000 tonnes (31 December 2019: 701,000 tonnes; 30 June 2019: 291,000 tonnes) and gave rise to a fair value gain relating to the embedded provisional pricing mechanism of US$909 thousand as at 30 June 2020 (31 December 2019: US$4,905 thousand; 30 June 2019: US$3,819 thousand). Final iron ore prices based on the relevant index are normally known within 60 days after the reporting period. The difference between the provisionally priced receivable balance recognised as at 30 June 2020 and the receivable balance taking into account known final and latest forward prices is US$12,391 thousand (31 December 2019: US$464 thousand; 30 June 2019: US$(2,015) thousand) and would have increased the consolidated result and the shareholders' equity by this amount.

Where pricing terms deviate from the index-based pricing model, derivative commodity contracts may be used to swap the pricing terms to the iron ore index price.

Finished goods are held at cost without revaluation to a spot price for iron ore pellets at the end of the reporting period, as long as the recoverable amount exceeds the cost basis.

Note 17: Commitments, contingencies and legal disputes

Commitments

Commitments as at 30 June 2020 consisted of the following:

US$000	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Total commitments for the lease of mining land (out of the scope of IFRS 16)	**26,120**	29,910	26,647
Total future minimum rental payments	**–**	–	2,275
Total future contingent rental payments (IFRS 16)	**16,479**	15,068	13,062
Total capital commitments on purchase of property, plant and equipment	**52,913**	116,509	93,734

Commitments for the lease of mining land

These commitments relate to the agreements for the use of mining land, which fall out of the scope of IFRS 16 Leases.

Future minimum rental payments

These commitments relate to leases under the scope of IFRS 16 to which the lessee is committed, but the leases did not commence.

Future commitments for contingent rental payments

These commitments include expected future cash flows for periods after 12 months of the reporting period, which are dependent on non-fixed rates related to the long-term portion of leases of land not used for the direct extraction of ore and accounted for under IFRS 16. The short-term portion of these leases is recognised as lease liability in the statement of financial position. See Note 11 Leases for further details.

Contingencies

On 4 February 2019, the Group announced that it had commissioned an independent review (the "Independent Review") into the Group's relationship with Blooming Land and its sub-funds (the "Charity") and the use of the total funds of US$110,000 thousand donated by the Group to the Charity during the financial years 2013 to 2018. The Independent Review Committee ("IRC") and its advisers have undertaken a significant amount of work in connection with the Independent Review between February and August 2019.

After careful consideration of the report received from its advisers together with the work of the IRC itself, the IRC announced on 30 August 2019 that it is satisfied that none of the Group's Directors, management or employees have had any involvement in any possible misappropriation of funds by the Charity. At the same time, the IRC reaffirmed its conclusion that the Charity is not a related party of the Group, Kostyantin Zhevago (the Group's previous Chief Executive Officer and a controlling shareholder of Ferrexpo plc) or its executive management, as defined under applicable accounting standards or Chapter 11 of the UK Listing Rules.

If any of the critical judgements outlined in Note 7 Operating expenses and/or Note 34 Related party disclosures in the 2019 Annual Report and Accounts and/or the conclusions of the IRC are incorrect, in whole or in part, including as a result of information not currently known to the Group, or new information becomes available, which enables the Group to form conclusions, which were not or could not be reached by the IRC, liabilities (including fines and penalties) may accrue to the Group. At the current time, the existence, timing and quantum of potential future liability, if any, including fines, penalties or damages, which could be material or other consequences arising from the Independent Review cannot be determined and measured reliably and, as a consequence, no associated liabilities have been recognised in relation to these matters in the consolidated statement of financial position as of 30 June 2020.

As disclosed in Note 19 Related party disclosures, the Board, acting through the Committee of Independent Directors (the "CID"), has been making enquiries into a loan relationship between related parties of the Group involving FC Vorskla Cyprus Limited. In the event that any of the payments made by the Group to FC Vorskla Cyprus Limited or the loan provided by FC Vorskla Cyprus Limited to Collaton Limited have not been fully used for the benefit of the football club, or there has been any non-compliance with legal, regulatory or other requirements, liabilities (including fines and penalties) may accrue to the Group. At the current time, the existence, timing or quantum of potential future liabilities, if any, cannot be determined and measured reliably and, as a consequence, no associated liabilities have been recognised in relation to these matters in the consolidated statement of financial position as of 30 June 2020. See Note 19 Related party disclosures for further information.

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Deposit Guarantee Fund and liquidator of Bank F&C

The Group's former transactional bank in Ukraine, Bank F&C ("BFC"), is still going through the liquidation process after having been declared insolvent by the National Bank of Ukraine and put under temporary administration on 18 September 2015. The Group, through its major subsidiaries in Ukraine, is engaged in various court proceedings with the aim to maximise its recovery in the liquidation process of BFC as disclosed below.

Following the commencement of the liquidation process of BFC and in accordance with the applicable local legislation, PJSC Ferrexpo Poltava Mining ("FPM"), LLC Ferrexpo Yeristovo Mining ("FYM") and LLC Ferrexpo Belanovo Mining ("FBM"), collectively referred to as "Ukrainian subsidiaries", submitted on 21 January 2016 their claims for cash and deposit balances held with BFC on the date of introduction of temporary administration totalling UAH4,262 million (US$159,673 thousand as of 30 June 2020).

On 22 April 2016, the liquidator of BFC issued certificates recognising UAH540 million (US$20,231 thousand as of 30 June 2020) of these claims and recognised these claims in the ninth rank. The afore-mentioned Ukrainian subsidiaries are still involved in legal proceedings in respect of the under-recognition of the claims amounting to UAH3,722 million (US$139,443 thousand as of 30 June 2020) and the ranking of the claims in the liquidation process.

The court proceedings commenced in October 2016 and, following various hearings during the financial year 2017, the relevant court instance dismissed on 25 October 2017 FPM's claim in full. FPM filed an appeal on 13 November 2017 and several hearings took place following the filing of FPM's appeal without a ruling on the parties' motions by the Kyiv Commercial Court of Appeal. During the hearing on 18 July 2018, the court ruled in favour of FPM and the counterparty subsequently filed its cassation appeal against this decision. On 11 December 2018, the Supreme Court of Ukraine upheld the cassation appeal and the case was directed for new consideration to the Northern Commercial Court of Appeal. On 19 June 2019, the Northern Commercial Court of Appeal satisfied the claim of FPM and the opposing party filed a cassation appeal. On 31 October 2019, the Supreme Court cancelled the decision of the Northern Commercial Court of Appeal and directed the case to this court instance for new consideration. A hearing by the Northern Commercial Court of Appeal is scheduled to take place on 3 September 2020. FYM's claim on the same matter was dismissed by the Kyiv Commercial Court on 6 February 2019 and FYM filed its appeal against this decision on 28 February 2019. On 20 May 2019, the Northern Commercial Court of Appeal dismissed the appellate claim of FYM in full and FYM filed its cassation claim on 18 June 2019. On 20 August 2019, the Supreme Court upheld the appeal of FYM and directed the case to the court of first instance for new consideration. A hearing by Kyiv Commercial Court is scheduled to take place on 10 September 2020. In relation to the claims of FBM, the Northern Commercial Court of Appeal dismissed FBM's appeal on 11 March 2019 and FBM filed its cassation appeal on 2 April 2019. On 19 June 2019, the Supreme Court of Ukraine dismissed the cassation appeal of FBM.

The outcomes of the aforementioned legal proceedings will not have an adverse impact on the Group's financial result in future periods as a full allowance was recorded for the claimed amounts during the financial year 2015.

In relation to the aforementioned insolvency of BFC, an investigating judge of the Pecherskyi District Court of Kyiv City granted in November 2019 an order to arrest (freeze) certain assets in connection with the investigation involving Kostyantin Zhevago and BFC (the "Order"). The assets subject to the order include 50.3% of Ferrexpo AG's ("FAG") shareholding in FPM. FAG filed an appeal against the order and the Kyiv Court of Appeal satisfied on 2 June 2020 this appeal and cancelled the arrest of FAG's share in FPM.

On 17 June 2020, FPM received an official notification that an investigating judge of the Pecherskyi District Court of Kyiv City granted again an order to arrest 50.3% of FAG's shares in FPM. FAG filed on 22 June 2020 an appeal against this order.

Based on legal advice received and the fact that the legal situation of the second order is similar to the first one, the Board of Ferrexpo expects that the appeal should be also successful, as the order has no proper or reasonable basis under Ukrainian law. This was affirmed by fact that the Kyiv Court of Appeal satisfied already FAG's first appeal. As it was the case for the first order, the second order does not affect ownership of the shares in FPM, but prohibits their transfer, and has had no impact on the operations of the Group. As the possibility of an outflow of economic resources is considered to be remote, the order does not constitute a contingent liability.

Taxation

Tax legislation in Ukraine

The Group prices its sales between its subsidiaries using international benchmark prices for comparable products covering product quality and applicable freight costs. The Group judges these to be on terms, which comply with applicable legislation. In August 2017, the State Fiscal Service of Ukraine ("SFS") commenced a tax audit for the period from 1 September 2013 to 31 December 2015 at the Group's major subsidiary in Ukraine with a focus on cross-border transactions in terms of its pellet sales to another subsidiary of the Group. Following the completion of this audit, the SFS issued its official tax audit report on 27 December 2018, claiming a tax adjustment totalling UAH448 million (US$16,784 thousand as of 30 June 2020) and issued the formal claim on 12 March 2019. The Group's subsidiary initiated legal proceedings and filed a claim to the first court instance in Poltava on 22 March 2019. The Poltava court of first court instance confirmed on 4 September 2019 the position of the Group's major subsidiary. The SFS filed its appeal in November 2019 and the Second Administrative Court of Appeal confirmed on 21 December 2019 the decision of the first court instance and supported the position of the Group's subsidiary in full. The SFS subsequently filed an application of cassation to the Supreme Court of Ukraine and, as of the date of approval of these interim condensed consolidated financial statements, the date of the hearing is unknown.

On 18 February 2020, the SFS commenced two new tax audits for cross-border transactions between the Group's major subsidiary in Ukraine and two subsidiaries of the Group outside of Ukraine in relation to the sale of iron ore products during the financial years 2015 to 2017. The audits have been halted due to quarantine procedures in place in Ukraine and it is currently unknown when the audits will resume.

The Group considers that it has complied with applicable legislation for all cross-border transactions undertaken and continues to expect that it can successfully defend its methodology applied to determine the prices between its subsidiaries. Consequently, no provision has been recorded as at 30 June 2020, neither for the years subject to the aforementioned court proceedings nor for transactions and years subject to the newly commenced audits by the SFS in Ukraine. As of the approval of these interim condensed consolidated financial statements, no claim has been made by the SFS in respect of the newly commenced audits.

As required under IFRIC 23 *Uncertainty over income tax treatments*, the Group reviewed and reassessed its exposure in respect of all uncertain tax positions, including the ongoing court proceedings and the newly commenced audits of cross-border transactions in Ukraine under the provisions of this interpretation. Considering the two favourable court decisions and further third party advice obtained for the year-end 2019, the management of the Group concluded that it is still probable that the Supreme Court of Ukraine will also rule in favour of the Group's major subsidiary in Ukraine and that, if any new claims should be made by the SFS, the Group will continue to successfully defend its pricing methodology applied during these years. An unexpected outcome of the ongoing court proceeding would have an adverse impact on the Group's total income tax expense and effective tax rate in a future period.

Detached from the cases mentioned above, FPM received on 23 June 2020 a court ruling, which grants access to information and documents to the State Bureau of Investigators in Ukraine ("SBI") in relation to the sale of iron ore products to two subsidiaries of the Group outside of Ukraine during the years 2013 to 2019. The court ruling relates to pre-trial investigations carried out by SBI in relation to potential tax evasion by the Group in Ukraine. At the time of the approval of these interim condensed consolidated financial statements, there is very little information provided in the court ruling in respect to the alleged offences. There is no quantified claim made by the SBI and the ruling is primarily seeking for disclosure of information in order to allow SBI to determine whether there have potentially been any offences. The Ukrainian subsidiaries are cooperating with the SBI and providing the requested information as per the court ruling in order to support these pre-trial investigations.

Note 18: Share capital and reserves

The share capital of Ferrexpo plc at 30 June 2020 was 613,967,956 (31 December 2019: 613,967,956; 30 June 2019: 613,967,956) Ordinary Shares at par value of £0.10 paid for cash, resulting in share capital of US$121,628 thousand, which is unchanged since the Group's Initial Public Offering in June 2007. This balance includes 25,343,814 shares (31 December 2019: 25,343,814 shares; 30 June 2019: 25,343,814 shares), which are held in treasury, resulting from a share buyback that was undertaken in September 2008, and 924,899 shares held in the employee benefit trust reserve (31 December 2019: 1,702,056 shares; 30 June 2019: 1,702,056 shares).

The translation reserve includes the effect from the exchange differences arising on translation of non-US Dollar functional currency operations (mainly in Ukrainian Hryvnia). The exchange differences arising on translation of the Group's foreign operations are initially recognised in the other comprehensive income. See also the Interim Consolidated Statement of Comprehensive Income on page 18 of these financial statements for further details.

As at 30 June 2020 other reserves attributable to equity shareholders of Ferrexpo plc comprised:

For the financial year 2019 and the 6 months ended 30.06.20 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2019	**31,780**	**(77,260)**	**(3,848)**	**(1,960,752)**	**(2,010,080)**
Foreign currency translation differences	–	–	–	264,737	264,737
Tax effect	–	–	–	(20,487)	(20,487)
Total comprehensive income for the year	**–**	**–**	**–**	**244,250**	**244,250**
Share based payments	–	–	1,022	–	1,022
At 31 December 2019 (audited)	**31,780**	**(77,260)**	**(2,826)**	**(1,716,502)**	**(1,764,808)**
Foreign currency translation differences	–	–	–	(213,637)	(213,637)
Tax effect	–	–	–	10,977	10,977
Total comprehensive income for the period	**–**	**–**	**–**	**(202,660)**	**(202,660)**
Share based payments	–	–	399	–	399
At 30 June 2020 (unaudited)	**31,780**	**(77,260)**	**(2,427)**	**(1,919,162)**	**(1,967,069)**

For the 6 months ended 30.06.19 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2019	**31,780**	**(77,260)**	**(3,848)**	**(1,960,752)**	**(2,010,080)**
Foreign currency translation differences	–	–	–	79,716	79,716
Tax effect	–	–	–	(7,065)	(7,065)
Total comprehensive income for the period	**–**	**–**	**–**	**72,651**	**72,651**
Share based payments	–	–	514	–	514
At 30 June 2019 (unaudited)	**31,780**	**(77,260)**	**(3,334)**	**(1,888,101)**	**(1,936,915)**

Note 19: Related party disclosures

During the periods presented, the Group entered into arm's length transactions with entities under the common control of Kostyantin Zhevago, a controlling shareholder of Ferrexpo plc, with associated companies and with other related parties. Management considers that the Group has appropriate procedures in place to identify, control, properly disclose and obtain independent confirmation, when relevant, for transactions with the related parties.

Entities under common control are those under the control of Kostyantin Zhevago. Associated companies refer to TIS Ruda LLC, in which the Group holds an interest of 49.9% (31 December 2019: 49.9%; 30 June 2019; 49.9%). This is the only associated company of the Group.

All related party transactions entered into by the Group during the periods presented are summarised in the tables on the following pages, except for those made to the Non-executive Directors and Executive Directors of Ferrexpo plc.

The payments made to the Non-executive Directors and Executive Directors in the comparative period ended 31 December 2019 are disclosed in detail in the Remuneration Report included in the Group's 2019 Annual Report & Accounts.

Revenue, expenses, finance income and finance expenses

	6 months ended 30.06.20 (unaudited)			6 months ended 30.06.19 (unaudited)			Year ended 31.12.19 (audited)		
US$000	**Entities under common control**	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Other sales [a]	**151**	**–**	**3**	448	–	10	1,152	–	14
Total related party transactions within revenue	**151**	**–**	**3**	448	–	10	1,152	–	14
Materials [b]	**3,216**	**–**	**–**	4,429	–	–	7,894	–	–
Spare parts and consumables [c]	**1,236**	**–**	**–**	1,702	–	–	4,537	–	–
Other expenses [d]	**232**	**–**	**–**	10	–	–	19	–	–
Total related party transactions within cost of sales	**4,684**	**–**	**–**	6,141	–	–	12,450	–	–
Selling and distribution expenses [e]	**2,151**	**9,435**	**–**	5,381	8,915	–	10,824	18,477	–
General and administration expenses [f]	**909**	**–**	**195**	623	–	199	1,650	–	393
Finance expenses	**12**	**–**	**–**	71	–	–	19	–	–
Total related party transactions within expenses	**7,756**	**9,435**	**195**	12,216	8,915	199	24,943	18,477	393
Other income [g]	**6**	**–**	**–**	–	–	–	319	–	–
Total related party transactions	**7,913**	**9,435**	**198**	12,664	8,915	209	26,414	18,477	407

The Group entered into various related party transactions. A description of the most material transactions, which are in aggregate over US$200 thousand (on an expected annualised basis) in the current or comparative periods is given below. All transactions were carried out on an arm's length basis in the normal course of business.

Entities under common control

a Sales of diesel to DVD Trans in the comparative periods ended 30 June 2019 and 31 December 2019 totalling US$198 thousand and US$322 thousand, respectively. The company ceased to be a related party in September 2018 and all transactions within one year from cessation were still considered as related party transactions and disclosed as such; and

a Sales of scrap metal to OJSC Uzhgorodsky Turbogas totalling US$72 thousand (30 June 2019: US$131 thousand; 31 December 2019: US$239 thousand).

b Purchases of compressed air, oxygen and metal scrap from Kislorod PCC for US$1,098 thousand (30 June 2019: US$2,489 thousand; 31 December 2019: US$3,645 thousand); and

b Purchases of cast iron balls from OJSC Uzhgorodsky Turbogas for US$2,118 thousand (30 June 2019: US$1,869 thousand; 31 December 2019: US$4,194 thousand).

c Purchases of spare parts from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in the amount of US$347 thousand (30 June 2019: US$387 thousand; 31 December 2019: US$963 thousand);

c Purchases of spare parts from OJSC Uzhgorodsky Turbogas in the amount of US$280 thousand (30 June 2019: US$125 thousand; 31 December 2019: US$436 thousand);

c Purchases of spare parts from Valsa GTV of US$437 thousand (30 June 2019: US$231 thousand; 31 December 2019: US$1,165 thousand); and

c Purchases of spare parts from OJSC Berdichev Machine-Building Plant Progress of US$146 thousand (30 June 2019: US$936 thousand; 31 December 2019: US$1,931 thousand).

d Insurance premiums of US$232 thousand (30 June 2019: US$10 thousand; 31 December 2019: US$19 thousand) paid to ASK Omega for insurance cover in respect of mining equipment and machinery.

e Purchases of advertisement, marketing and general public relations services from FC Vorskla of US$2,152 thousand (30 June 2019: US$5,381 thousand; 31 December 2019: US$10,824 thousand). See page 34 in respect of a loan relationship between FC Vorskla and another related party.

f Insurance premiums of US$716 thousand (30 June 2019: US$435 thousand; 31 December 2019: US$1,156 thousand) paid to ASK Omega for workmen's insurance and other insurances; and

f Purchase of marketing services from TV & Radio Company of US$115 thousand (30 June 2019: US$92; 31 December 2019: US$296 thousand).

g Other income is related to payments of US$6 thousand received from ASK Omega in respect of a claims made under insurance policies in place (30 June 2019: US$1 thousand; 31 December 2019: US$319 thousand).

Associated companies

e Purchases of logistics services in the amount of US$9,435 thousand (30 June 2019: US$8,915 thousand; 31 December 2019: US$18,477 thousand) relating to port operations, including port charges, handling costs, agent commissions and storage costs.

Other related parties

f Legal and administrative services in the amount of US$187 thousand (30 June 2019: US$180 thousand; 31 December 2019: US$362 thousand) provided by Kuoni Attorneys at law Ltd., which is controlled by a former member of the Board of Directors of Ferrexpo plc who resigned in November 2016, but still acts as member of the Board of Directors of one of the subsidiaries of the Group and received Directors' fee of US$50 thousand (30 June 2019: US$50 thousand; 31 December 2019: US$100 thousand).

Purchases of property, plant, equipment and investments

The table below details the transactions of a capital nature, which were undertaken between Group companies and entities under common control, associated companies and other related parties during the periods presented.

	6 months ended 30.06.20 (unaudited)			6 months ended 30.06.19 (unaudited)			Year ended 31.12.19 (audited)		
US$000	**Entities under common control**	**Associated companies**	**Other related parties**	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Purchases in the ordinary course of business	**270**	**–**	**–**	3,087	–	–	8,935	–	–
Total purchases of property, plant and equipment	**270**	**–**	**–**	3,087	–	–	8,935	–	–

During the period ended 30 June 2020, the Group purchased equipment and major spare parts in respect of its regular sustaining capital expenditure programme and construction supervision services in respect of the construction of the concentrate stockyard from OJSC Berdichev Machine-Building Plant Progress totalling US$195 thousand (30 June 2019: US$2,062 thousand; 31 December 2019: US$6,910 thousand). The Group also procured equipment from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") totalling US$62 thousand (31 December 2019: US$816 thousand; 30 June 2019: US$191 thousand) for several ongoing major projects, including the construction of the concentrate stockyard, the upgrade of beneficiation sections and the refurbishment of the pellet loading area.

The Group further procured services relating to the top soil removal and relocation of waste material and gravel in the amount of US$586 thousand during the comparative period ended 30 June 2019 (31 December 2019: US$861 thousand) from DVD Trans. The company ceased to be a related party in September 2018 and all transactions with DVD Trans within one year from the cessation were still considered as related party transactions and disclosed as such.

The FPM Charity Fund owns 75% of the Sport & Recreation Centre ("SRC") in Horishni Plavni and made contributions totalling US$56 thousand during the period ended 30 June 2020 (30 June 2019: US$85 thousand; 31 December 2019: US$129 thousand) for the construction and maintenance of the building, including costs related to electricity, gas and water consumption. The remaining stake of 25% is owned by JSC F&C Realty, which is under the control of Kostyantin Zhevago.

Balances with related parties

The outstanding balances, as a result of transactions with related parties, for the periods presented are shown in the table below:

	6 months ended 30.06.20 (unaudited)			Year ended 31.12.19 (audited)			6 months ended 30.06.19 (unaudited)		
US$000	**Entities under common control**	**Associated companies**	**Other related parties**	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Prepayments for property, plant and equipment [f]	**1,187**	**–**	**–**	1,093	–	–	5,584	–	–
Total non-current assets	**1,187**	**–**	**–**	1,093	–	–	5,584	–	–
Trade and other receivables [g]	**70**	**3,322**	**1**	104	2,472	2	157	4,056	2
Prepayments and other current assets [h]	**1,104**	**–**	**–**	1,662	–	–	1,465	–	–
Total current assets	**1,174**	**3,322**	**1**	1,766	2,472	2	1,622	4,056	2
Trade and other payables [i]	**594**	**662**	**–**	1,001	898	–	480	1,006	7
Accrued and contract liabilities	**83**	**–**	**–**	–	–	1	–	–	–
Current liabilities	**677**	**662**	**–**	1,001	898	1	480	1,006	7

A description of the most material balances which are over US$200 thousand in the current or comparative periods is given below.

Entities under common control

f Prepayments for property, plant and equipment totalling US$1,187 thousand (31 December 2019: US$1,052 thousand; 30 June 2019: US$5,264 thousand) were made to OJSC Berdichev Machine-Building Plant Progress. Prepayments for property, plant and equipment to CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") as at the end of the comparative periods 31 December 2019 and 30 June 2019 totalled US$42 thousand and US$320 thousand, respectively.

h Prepayments and other current assets totalling US$213 thousand relate to prepayments made to FC Vorskla for advertisement, marketing and general public relations services (31 December 2019: US$921 thousand; 30 June 2019: US$858 thousand) and US$451 thousand to ASK Omega for insurance premiums (31 December 2019: US$605 thousand; 30 June 2019: US$305 thousand).

i Trade and other payables included US$200 thousand (31 December 2019: US$246 thousand; 30 June 2019: US$236 thousand) related to the purchase of compressed air, oxygen and metal scrap from Kislorod PCC and US$282 thousand (31 December 2019: US$418 thousand; 30 June 2019: US$69 thousand) related to the purchase of spare parts from OJSC Berdichev Machine-Building Plant Progress.

Associated companies

g Trade and other receivables of US$3,322 thousand (31 December 2019: US$2,472 thousand; 30 June 2019: US$4,056 thousand) related to dividend receivables from TIS Ruda LLC.

i Trade and other payables included US$662 thousand (31 December 2019: US$898 thousand; 30 June 2019: US$1,006 thousand) related to purchases of logistics services from TIS Ruda LLC.

Loan relationship between related parties of the Group

As disclosed in the 2019 Annual Report & Accounts, the Board has been making enquiries in connection with the sponsorship payments the Group has previously made to FC Vorskla Cyprus Limited following the identification of a related party loan made by FC Vorskla Cyprus Limited to Collaton Limited, a related party of the Group. FC Vorskla is considered to be a related party of the Group as Kostyantin Zhevago, a controlling shareholder of Ferrexpo plc, controls FC Vorskla and is its honorary president. The payments made to FC Vorskla are considered to be in the ordinary course of business.

Sponsorship payments have in the past been made by Ferrexpo Middle East FZE to two entities: FC Vorskla Cyprus Limited, a company incorporated in the Republic of Cyprus, and Football Club "Vorskla" LLC, a company incorporated in Ukraine (together, "FC Vorskla").

Based on unaudited management accounts of FC Vorskla Cyprus Limited for the financial year 2019, the loan to Collaton Limited was US$16,978 thousand as at 31 December 2019.

Following the identification of the loan provided by FC Vorskla Cyprus Limited to Collaton Limited, the Board, acting through the Committee of Independent Directors (the "CID") has been making enquires in relation to the arrangement between FC Vorskla Cyprus Limited and Collaton Limited, and has engaged third party advisers to assess the situation. Based on the information received from FC Vorskla, the Group understands that the loan to Collaton Limited was made in connection with the construction and renovation of certain sports facilities of FC Vorskla in Ukraine, including its central stadium and training facilities in Poltava. In addition to the above, the CID has received written confirmations from FC Vorskla and Kostyantin Zhevago, which confirm the use of the loan funds on the construction and renovation projects referenced above and that the previous and future sponsorship payments to FC Vorskla have been and will be used in their entirety for the legitimate purposes of FC Vorskla in Ukraine.

Whilst the enquiries by the CID remain ongoing, the Group's sponsorship payments to FC Vorskla Cyprus Limited remain suspended. The Group's sponsorship payments to FC Vorskla LLC, based in Ukraine, for advertisement, marketing and general public relation services have continued during the period ended 30 June 2020 and totalled US$1,506 thousand. Total payments of US$5,381 thousand and US$10,824 thousand, both in aggregate for FC Vorskla Cyprus Limited and FC Vorskla LLC, have been made in the comparative periods ended 30 June 2019 and 31 December 2019. See also Note 17 Commitments, contingencies and legal disputes.

Note 20: Events after the reporting period

No material adjusting or non-adjusting items have occurred subsequent to the period-end other than the proposed dividend disclosed in Note 9 Earnings per share and dividends paid and proposed.

Alternative Performance Measures ("APM")

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management may make reference to Alternative Performance Measures ("APM") that are not defined or specified under International Financial Reporting Standards ("IFRSs").

APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, the APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies. APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRSs.

Ferrexpo makes reference to the following APMs in the 2020 Half Year Results.

C1 cash cost of production

Definition: Non-financial measure, which represents the cash costs of production of iron pellets from own ore divided by production volume of own production ore. Non-C1 cost components include non-cash costs such as depreciation, inventory movements and costs of purchased ore and concentrate. The Group presents the C1 cash cost of production because it believes it is a useful operational measure of its cost competitiveness compared to its peer group.

US$000	**As at 30.06.20 (unaudited)**	As at 30.06.19 (unaudited)	As at 31.12.19 (audited)
C1 cash costs	**228,755**	246,402	502,887
Non-C1 cost components	**62,619**	2,966	48,254
Cost of sales – pellet production	**291,374**	249,368	551,141
Own ore produced (tonnes)	**5,598,000**	5,352,500	10,518,954
C1 cash cost per tonne (US$)	**40.9**	46.0	47.8

Underlying EBITDA

Definition: The Group calculates the underlying EBITDA as profit before tax and finance plus depreciation and amortisation, net gains and losses from disposal of investments and property, plant and equipment, share-based payments and write-offs and impairment losses. The underlying EBITDA is presented because it is a useful measure for evaluating the Group's ability to generate cash and its operating performance. See Note 3 Segment information for further details.

Closest equivalent IFRSs measure: Profit before tax and finance.

Rationale for adjustment: The Group presents the underlying EBITDA as it is a useful measure for evaluating its ability to generate cash and its operating performance. Also it aids comparability across peer groups as it is a measurement that is often used.

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 30.06.19 (unaudited)	As at 31.12.19 (audited)
Underlying EBITDA		**352,442**	372,297	586,067
(Losses)/gains on disposal of property, plant and equipment	5	**(877)**	59	(417)
Share-based payments		**(399)**	(514)	(1,022)
Write-backs/(write-offs)	5	**71**	337	(1,241)
Depreciation and amortisation	5	**(51,374)**	(39,649)	(82,130)
Profit before tax and finance		**299,863**	332,530	501,257

Diluted earnings per share

Definition: Earnings per share calculated using the diluted number of Ordinary Shares outstanding.

Closest equivalent IFRSs measure: Diluted earnings per share.

Rationale for adjustment: Excludes the impact of special items that can mask underlying changes in performance.

Reconciliation to closest IFRSs equivalent:

US$000	**6 months ended 30.06.2020 (unaudited)**	6 months ended 30.06.2019 (unaudited)	Year ended 31.12.19 (audited)
Earnings for the period/year attributable to equity shareholders - per share in US cents			
Basic	**42.6**	45.9	68.6
Diluted	**42.4**	45.8	68.4

Net debt to underlying EBITDA

Definition: Net debt divided by the underlying EBITDA (for the last 12 months):

	As at 30.06.20 (unaudited)	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Net debt (US$000)	**(174,262)**	(281,358)	(282,214)
Underlying EBITDA (US$000) for the last 12 months	**566,212**	586,067	641,327
Net debt to underlying EBITDA	**0.31x**	0.48x	0.44x

Rationale for adjustment: The ratio is a measurement of the underlying EBITDA Group's leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its underlying EBITDA.

Reconciliation to net debt:

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Cash and cash equivalents	14	**169,226**	131,020	91,937
Interest-bearing loans and borrowings – current	15	**(138,538)**	(138,367)	(66,937)
Interest-bearing loans and borrowings – non-current	15	**(204,950)**	(274,011)	(307,214)
Net debt		**(174,262)**	(281,358)	(282,214)

For a reconciliation of underlying EBITDA to profit before tax and finance see page 35.

Capital investment

Definition: Capital expenditure for the purchase of property, plant and equipment and intangible assets.

Closest equivalent IFRSs measure: Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities).

Rationale for adjustment: The Group presents the capital investment as it is a useful measure for evaluating the degree of capital invested in its business operations.

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities)	10	**95,989**	247,478	113,968

Total liquidity

Definition: Sum of cash and cash equivalents and available facilities.

Closest equivalent IFRSs measure: Cash and cash equivalents.

Rationale for adjustment: The Group presents total liquidity as it is a useful measure for evaluating its ability to meet short-term business requirements.

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.20 (unaudited)**	As at 31.12.19 (audited)	As at 30.06.19 (unaudited)
Cash and cash equivalents	14	**169,226**	131,020	91,937
Available committed facilities		**–**	–	40,000
Total liquidity		**169,226**	131,020	131,937

Glossary

Act	The Companies Act 2006
AGM	The Annual General Meeting of the Company
Articles	Articles of Association of the Company
Audit Committee	The Audit Committee of the Company's Board
Bank F&C	Bank Finance & Credit
Belanovo or Bilanivske	An iron ore deposit located immediately to the north of Yeristovo
Benchmark Price	International seaborne traded iron ore pricing mechanism understood to be offered to the market by major iron ore producers under long-term contracts
Beneficiation Process	A number of processes whereby the mineral is extracted from the crude ore
BIP	Business Improvement Programme, a programme of projects to increase production output and efficiency at FPM
Blast furnace pellets	Used in Basic Oxygen Furnace "BOF" steelmaking and constitute about 70% of the traded pellet market
Board	The Board of Directors of the Company
Bt	Billion tonnes
C1 costs	Represents the cash costs of production of iron pellets from own ore, divided by production volume from own ore, and excludes non-cash costs such as depreciation, pension costs and inventory movements, costs of purchased ore, concentrate and production cost of gravel
Capesize	Capesize vessels are typically above 150,000 tonnes deadweight. Ships in this class include oil tankers, supertankers and bulk carriers transporting coal, ore, and other commodity raw materials. Standard capesize vessels are able to transit through the Suez Canal
Capital Employed	The aggregate of equity attributable to shareholders, non-controlling interests and borrowings
Central Europe	This segmentation for the Group's sales includes Austria, Czech Republic, Hungary, Serbia and Slovakia
CFR	Delivery including cost and freight
Charity	Donations made to a charity called Blooming Land which operates through three sub-funds
CHF	Swiss Franc, the currency of Switzerland
China and South East Asia	This segmentation for the Group's sales includes China and Vietnam
CID	Committee of Independent Directors
CIF	Delivery including cost, insurance and freight
CIS	The Commonwealth of Independent States
Code	The UK Corporate Governance Code
CODM	The Executive Committee is considered to be the Group's Chief Operating Decision-Maker
Company	Ferrexpo plc, a public company incorporated in England and Wales with limited liability

Controlling Shareholder	50.3% of Ferrexpo plc shares are held by Fevamotinico S.a.r.l., Fevamotinico is wholly owned by The Minco Trust. The Minco Trust is a discretionary trust that has three beneficiaries, consisting of Mr Zhevago and two other members of his family. Mr Zhevago is considered a controlling shareholder of Ferrexpo plc
CPI	Consumer Price Index
CRU	The CRU Group provides market analysis and consulting advice in the global mining industry (see www.crugroup.com)
CSR	Corporate Social Responsibility
DAP	Delivery at place
DFS	Detailed feasibility study
Directors	The Directors of the Company
EBT	Employee benefit trust
EPS	Earnings per share
ERPMC	Executive Related Party Matters Committee
Executive Committee	The Executive Committee of management appointed by the Company's Board
Executive Directors	The Executive Directors of the Company
FBM	LLC Ferrexpo Belanovo Mining, a company incorporated under the laws of Ukraine
Fe	Iron
Ferrexpo	The Company and its subsidiaries
Ferrexpo AG Group	Ferrexpo AG and its subsidiaries including FPM
Fevamotinico	Fevamotinico S.a.r.l., a company incorporated with limited liability in Luxembourg
FOB	Delivered free on board, which means that the seller's obligation to deliver has been fulfilled when the goods have passed over the ship's rail at the named port of shipment, and all future obligations in terms of costs and risks of loss or damage transfer to the buyer from that point onwards
FPM	Ferrexpo Poltava Mining, also known as PJSC Ferrexpo Poltava Mining, a company incorporated under the laws of Ukraine
FRMC	Finance and Risk Management Committee, a sub-committee of the Executive Committee
FTSE 250	Financial Times Stock Exchange top 250 companies
FYM	LLC Ferrexpo Yeristovo Mining, a company incorporated under the laws of Ukraine
GPL	Gorishne-Plavninske-Lavrykivske, the iron ore deposit being mined by FPM
Group	The Company and its subsidiaries
HSE	Health, safety and environment
HSEC Committee	The Health, Safety, Environment and Community Committee of the Company's Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards, as adopted by the EU

IPO	Initial public offering
Iron ore concentrate	Product of the beneficiation process with enriched iron content
Iron ore pellets	Balled and fired agglomerate of iron ore concentrate, whose physical properties are well suited for transportation to and reduction within a blast furnace
Iron ore sinter fines	Fine iron ore screened to -6.3mm
IRR	Internal Rate of Return
JORC	Australasian Joint Ore Reserves Committee – the internationally accepted code for ore classification
K22	GPL ore has been classified as either K22 or K23 quality, of which K22 ore is of higher quality (richer)
KPI	Key Performance Indicator
Kt	Thousand tonnes
LIBOR	The London Inter Bank Offered Rate
LLC	Limited Liability Company (in Ukraine)
LSE	London Stock Exchange
LTI	Lost time injury
LTIFR	Lost-Time Injury Frequency Rate
LTIP	Long-Term Incentive Plan
m3	Cubic metre
Mm	Millimetre
Mt	Million tonnes
Mtpa	Million tonnes per annum
Nominations Committee	The Nominations Committee of the Company's Board
Non-executive Directors	Non-executive Directors of the Company
NOPAT	Net operating profit after tax
North East Asia	This segmentation for the Group's sales includes Japan and Korea
OHSAS 18001	International safety standard 'Occupational Health & Safety Management System Specification'
Ordinary Shares	Ordinary Shares of 10 pence each in the Company
Ore	A mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical combination as to make extraction economic
Panamax	Modern panamax ships typically carry a weight of between 65,000 to 90,000 tonnes of cargo and can transit both Panama and Suez canals
PPE	Personal protective equipment
PPI	Ukrainian producer price index
Probable Reserves	Those measured and/or indicated mineral resources which are not yet 'proved', but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under

	specific economic conditions
Proved Reserves	Measured mineral resources of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
PXF	Pre-export finance
Rail car	Railway wagon used for the transport of iron ore concentrate or pellets
Relationship Agreement	The relationship agreement entered into among Fevamotinico S.a.r.l., Kostyantin Zhevago, The Minco Trust and the Company
Remuneration Committee	The Remuneration Committee of the Company's Board
Reserves	Those parts of mineral resources for which sufficient information is available to enable detailed or conceptual mine planning and for which such planning has been undertaken. Reserves are classified as either proved or probable
Resources	Concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
Sinter	A porous aggregate charged directly to the blast furnace which is normally produced by firing fine iron ore and/or iron ore concentrate, other binding materials, and coke breeze as the heat source
Spot price	The current price of a product for immediate delivery
Sterling/£	Pound Sterling, the currency of the United Kingdom
STIP	Short-Term Incentive Plan
Sub-funds	Three funds that operate under the Blooming Land charity
Tailings	The waste material produced from ore after economically recoverable metals or minerals have been extracted. Changes in metal prices and improvements in technology can sometimes make the tailings economic to process at a later date
Tolling	The process by which a customer supplies concentrate to a smelter and the smelter invoices the customer the smelting charge, and possibly a refining charge, and then returns the metal to the customer
Ton	A US short ton, equal to 0.9072 metric tonnes
Tonne or t	Metric tonne
Treasury Shares	A company's own issued shares that it has purchased but not cancelled
TSF	Tailings storage facility
TSR	Total shareholder return. The total return earned on a share over a period of time, measured as the dividend per share plus capital gain, divided by initial share price
UAH	Ukrainian Hryvnia, the currency of Ukraine
Ukr SEPRO	The quality certification system in Ukraine, regulated by law to ensure conformity with safety and environmental standards
Underlying EBITDA	The Group calculates the Underlying EBITDA as profit before tax and finance plus depreciation and amortisation, net gains and losses from disposal of investments and property, plant and equipment, share based payments and write-offs and impairment losses
US$/t	US Dollars per tonne
Value-in-use	The implied value of a material to an end user relative to other options, e.g. evaluating, in financial terms, the productivity in the steel making process of a particular quality of iron ore pellets versus the productivity of alternative qualities of iron ore pellets

VAT	Value Added Tax
WAFV	Weighted average fair value
Western Europe	This segmentation for the Group's sales includes Germany and Italy
WMS	Wet magnetic separation
Yeristovo or Yerystivske	The deposit being developed by FYM