

Interim Report 1 January – 30 June 2015

USDm	Second quarter		6M	
	2015	2014*	2015	2014*
Revenue	4.9	4.8	10.5	13.2
EBITDA	0.3	(2.8)	2.3	(1.4)
EBITDA adjusted**	0.4	(1.4)	2.3	(0.1)
Profit/(loss) from continuing operations	(1.6)	(4.9)	0.2	(5.8)
Profit/(loss) from discontinued operations	-	1.1	-	(1.3)
Profit/(loss) for the period	(1.6)	(3.8)	0.2	(7.1)
Net profit/(loss) per share (USD per share)	(0.01)	(0.03)	0.00	(0.05)
Production & sales continuing operations				
Sawlogs harvested, m ³	29,704	13,802	104,008	89,908
Sawlogs harvested, m ³ (subcontracting)	82,816	-	345,231	192,008
Sawnwood produced, m ³	18,467	14,113	40,245	35,824
Sawlogs sold, m ³	11,476	7,939	27,886	35,791
Sawnwood sold, m ³	21,572	13,690	40,863	35,740
	30 Jun 2015		31 Dec 2014	
Cash balance	10.3		10.0	
Working capital***	4.8		7.2	
Net debt****	(10.0)		(9.6)	

Highlights

Second quarter of 2015

- Revenue increased by 4% to USD 4.9 million in Q2 2015, compared with USD 4.8 million in Q2 2014.
- Adjusted EBITDA of USD 0.4 million in Q2 2015, compared with USD -1.4 million in Q2 2014.
- Loss for the period of USD 1.6 million in Q2 2015, compared with a loss of USD 3.8 million in Q2 2014.
- On 1 May 2015, RusForest announced having executed the agreement for the buy-out of the 49% minority shareholder in LLC «Vanavarales», one of the subsidiaries in Ust-Ilimsk controlling a forest lease of 31,838 hectares and 72,660 m³ of annual allowable cut (“AAC”). Acquisition cost amounted to USD 0.3 million.
- Sawnwood production in Magistralny increased by 31% to 18,467 m³ of sawnwood in Q2 2015, compared with 14,113 m³ in Q2 2014.
- The share of Magistralny sawnwood sales to the Japanese market in Q2 2015 was 31% compared with 41% in Q2 2014.
- An additional USD 2.0 million in asset sale proceeds from the Arkhangelsk divestment was received in Q2 2015. The remaining USD 3.2 million receivable from Arkhangelsk is to be received in Q3 and Q4 of 2015.

After the end of the reporting period

- In August RusForest initiated a project for digital mapping and geographic information database development for its key forest areas in Magistralny and Ust-Ilimsk.

*The Q2 and 6M 2014 Profit and Loss and Cash Flow statements have been restated to show Arkhangelsk business segment, which was divested in Q4 2014, as discontinued operations. Details about Arkhangelsk result in Q2 2014 can be found in Note 4 on page 24.

**Detailed EBITDA calculation on page 5 of this report.

***Calculated as inventory, trade & other current receivables and receivable from asset sale, less trade and other current payables.

****Calculated as loans and borrowings less interest bearing loan receivables and cash.



Management Comments

The second quarter is generally the weakest due to seasonal factors in harvesting operations. In Q2 2015, RusForest's adjusted EBITDA from continuing operations was USD 0.4 million, compared with USD -1.4 million in the same period last year. The situation in softwood markets in general remains challenging and the sales mix in Q2 2015 also meant a temporarily increased portion of sales to lower priced MENA and North Africa markets. Despite the market factors and the seasonal slowdown in Q2 we continue to deliver positive EBITDA and improve year-on-year results.

Both harvesting and sawmilling levels in Magistralny in Q2 2015 were higher compared with last year, due to improved operational planning and execution. Subcontracted harvesting in Ust-Ilimsk also increased.

The Pellet mill construction has progressed in accordance with the project's planned schedule. By the end of Q2 the construction of foundations was completed. In early July the installation of parts of the buildings commenced. The pellet mill equipment has arrived and installation will start at the beginning of September.

The corporate simplification is progressing well. While the second quarter of 2015 contained some non-recurring corporate costs, related to the corporate simplification amongst other things, we continue to show considerable savings in overhead costs compared to last year.

In August RusForest initiated a project for digital mapping and geographic information database development for its key forest areas in Magistralny and Ust-Ilimsk. The digital database will lead to optimal utilization of forest resources in the long run, and be the foundation for further development around our raw material base.

RusForest has a strong balance sheet, the core operations continue to improve and we have a number of other value adding projects in process which jointly makes RusForest a stable and developing business in its sector.

Operational Review

RusForest operational data

Forest resources continuing operations		As at 30 June 2015	As at 30 June 2014
Annual Allowable Cut (AAC)	m^3	1,692,360	2,613,460
Forest area	Hectares	1,194,282	2,453,800

Continuing operations	Three months ended			Six months ended		
	30 Jun 2015	30 Jun 2014	% Q2'15 vs Q2'14	30 Jun 2015	30 Jun 2014	% 6M'15 vs 6M'14
Subcontracting*						
Sawlogs harvested	m^3	82,816	-	345,231	192,008	80%

Production**							
Sawlogs harvested	m^3	29,704	13,802	115%	104,008	89,908	16%
in own forest leases	m^3	29,704	9,677	207%	104,008	85,783	21%
in third party forest leases	m^3	-	4,125	-	-	4,125	-
Sawnwood production	m^3	18,467	14,113	31%	40,245	35,824	12%

Sales volumes**							
Sawlogs sold	m^3	11,476	7,939	45%	27,886	35,791	-22%
Sawnwood sold	m^3	21,572	13,690	58%	40,863	35,740	14%

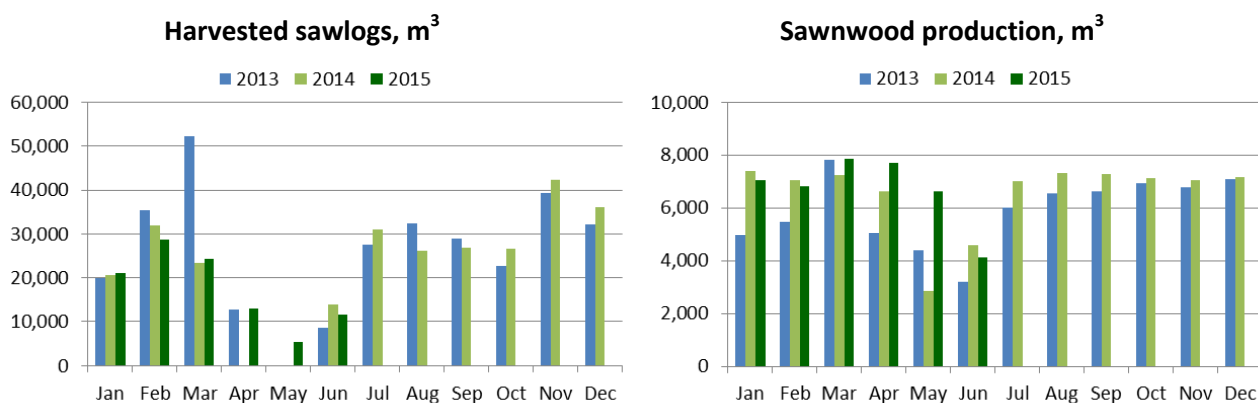
* Ust-Ilimsk operations

** Magistralny operations

In Q2 2015, RusForest harvested 29,704 m^3 of sawlogs, compared with 13,802 m^3 in Q2 2014 (+115%). Quite low harvested volumes in Q2 2014 were caused by extremely poor weather conditions in spring 2014.

In Q2 2015, RusForest produced 18,467 m^3 of sawnwood, compared with 14,113 m^3 in Q2 2014 (+31%). The result was achieved due to stable sawmilling during Q2 including May (in contrast to May 2014).

In Q2 2015, RusForest's subcontractors harvested 82,816 m^3 of sawlogs in the Ust-Ilimsk forest lease areas. In Q2 2014, there were no harvesting operations. The large harvested volume was caused primarily by favourable weather conditions both in Q1 and Q2 2015.



RusForest's sales

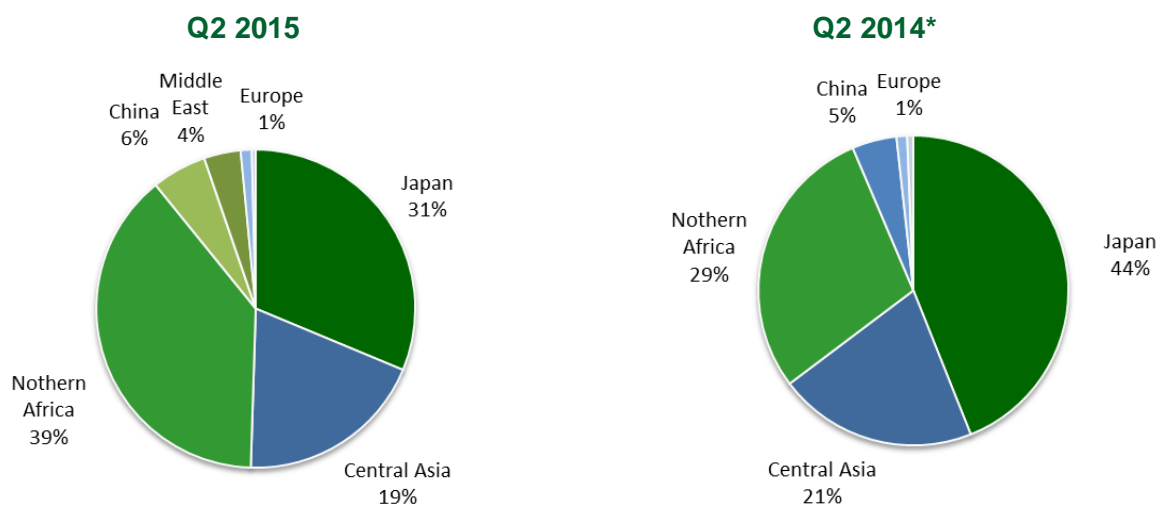
In Q2 2015 RusForest sold 21,572 m³ of sawnwood from Magistralny compared with 13,690 m³ in Q2 2014 (+58%). The Company also sold 11,476 m³ of sawlogs compared with 7,939 m³ in Q2 2014 (+45%).

In spite of difficult market conditions in Q2 2015, RusForest was able to increase sales volumes of both sawnwood and sawlogs compared with the same period in 2014. At the same time, low sales volumes in Q2 2014 were caused by the shutdown of sawmilling in May 2014.

In Q2 2015 the share of sawnwood sales to Japanese market decreased to 31% compared with 44% in Q2 2014. The main reason for the reduction was the shortage of high-quality sawlogs for sawing in May, June which led to lower output that met Japanese specification. In addition, the difficult situation on the Japanese market allowed importers to tighten quality requirements for sawnwood.

As a result of the continuingly difficult market conditions and an increased share of the North African market in total sales, the average sawnwood price realised (price 'on wagon') decreased by 31% in Q2 2015 compared with Q2 2014 to 156.4 USD/m³.

RusForest Magistralny sawnwood sales by region



*The proportion of Group sales to the Japanese market in Q2 2014 was originally 12% when including the now divested Arkhangelsk business segment.

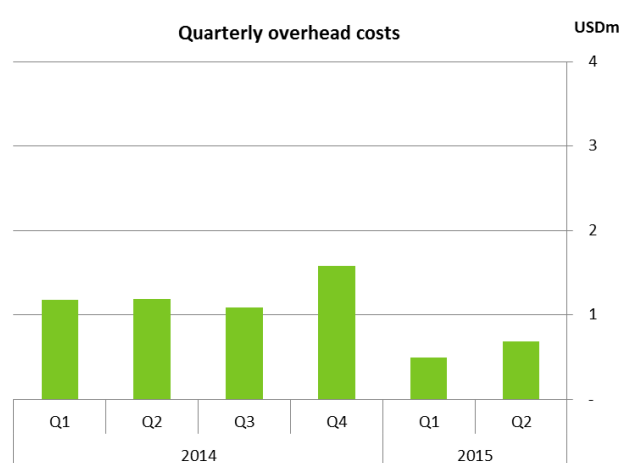
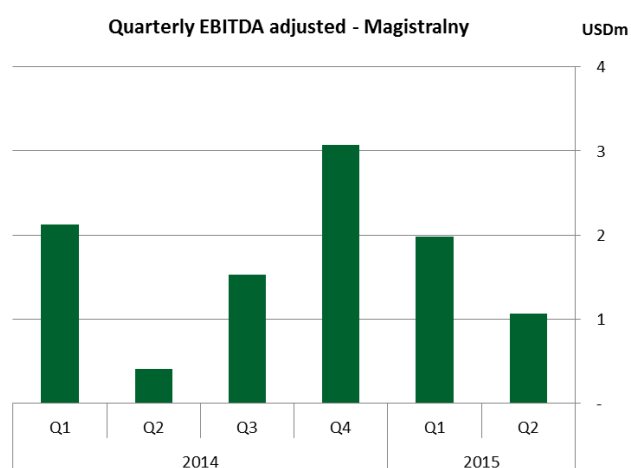
Financial Review

EBITDA development

in thousands of USD	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
IFRS results						
Continuing operations						
Revenue (gross, at ports)	4,932	5,613	7,137	7,384	4,789	8,381
Operating profit/(loss)	(739)	1,221	445	(1,501)	(4,529)	(305)
add back depreciation and amortization non-cash expense	1,045	749	966	1,576	1,712	1,689
EBITDA unadjusted, continuing operations	306	1,970	1,411	75	(2,817)	1,384
a. Doubtful receivables	121	7	27	31	360	52
b. Disposal of non-current assets	24	(92)	127	11	766	77
c. Non-recoverable income (Ust-Ilimsk)	-	-	-	-	266	(266)
d. Other items	(50)	47	(14)	9	(19)	61
Non-recurring items	95	(38)	140	51	1,373	(76)
EBITDA adjusted, continuing operations	401	1,932	1,551	126	(1,444)	1,308
Ust-Ilimsk	16	441	56	(314)	(666)	360
Magistralny	1,067	1,986	3,074	1,532	405	2,128
Unallocated (overhead)	(682)	(495)	(1,579)	(1,092)	(1,183)	(1,180)
EBITDA adjusted, by segments	401	1,932	1,551	126	(1,444)	1,308

Earnings before interest, taxes, depreciation and amortisation (EBITDA) from continuing operations and adjusted for non-recurring items (adjusted EBITDA) improved significantly year-on-year, with adjusted EBITDA of USD 0.4 million in Q2 2015 compared with negative USD 1.4 million in Q2 2014. Magistralny improved its results despite the weak market, with an adjusted EBITDA of USD 1.1 million, compared with USD 0.4 million in Q2 2014. The average sawnwood price decreased substantially year-on-year therefore the improved EBITDA comes from increased volumes and lower costs. Ust-Ilimsk also showed a positive EBITDA in Q2 2015 due to increased subcontracted harvesting. Another driver for the improved adjusted EBITDA was the significant reduction in overhead costs, which were reduced to USD 0.7 million in Q2 2015 compared with USD 1.2 million in Q2 2014. The overhead cost development year-on-year was helped by a weaker rouble (RUB) in Q2 2015 compared with Q2 2014.

The improvement was even more significant for the first six months of the year, for which the adjusted EBITDA amounted to USD 2.3 million compared with a negative adjusted EBITDA of USD -0.1 million for the same period in 2014. In addition to the significant improvements in Magistralny and Ust-Ilimsk, the aggregate overhead costs for the first six months of 2015 were reduced by more than 50% compared with the same period in 2014.

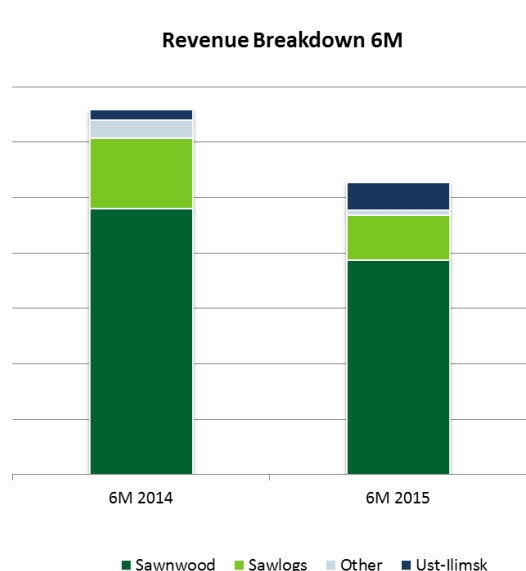


Revenue

		Sales volume (m ³ /tonnes)			Revenue per m ³ /tonne (USD)			Revenue (USD thousand)				
		2015	2014	Δ%	2015	2014	Δ%	2015	2014	Δ%		
Q2	Sawnwood	21,572	13,690	58%	Sawnwood	185	273	-32%	Sawnwood	3,986	3,735	7%
	Sawlogs	11,476	7,939	45%	Sawlogs	49	73	-34%	Sawlogs	558	582	-4%
6 M	Sawnwood	40,863	35,740	14%	Sawnwood	189	269	-30%	Sawnwood	7,727	9,611	-20%
	Sawlogs	27,886	35,791	-22%	Sawlogs	58	70	-17%	Sawlogs	1,627	2,519	-35%

Sales volumes of sawnwood increased by 58% in Q2 2015 compared with Q2 2014 and sawlog volumes increased by 45%. Sales volumes of both sawnwood and sawlogs increased mainly due to improved operational planning and execution in Q2 2015 compared with last year, which led to increased harvesting and production. As stated on page 4 of this report, the average price for sawnwood “on wagon” for Magistralny in Q2 2015 decreased by 31% to USD 156/m³ compared with USD 226/m³ in Q2 2014. The reduction in average price is due to both general market weakness and sales mix. North African markets comprised 39% of sales in Q2 2015 compared with 29% in Q2 2014, together with a reduction in sales to the Japanese 6M market from 44% in Q2 2014 to 31% in Q2 2015. Sawnwood revenue per cubic meter for Magistralny, as the average generated revenue across all types of contracts and sales terms per cubic meter, decreased by 32% in Q2 2015, compared with Q2 2014. The increase in volumes but decrease in price resulted in a 7% increase in sawnwood revenue in Q2 2015, to USD 4.0 million, compared with USD 3.7 million in Q2 2014. Group revenue in Q2 2015 increased by 4% compared with Q2 2014.

For the first six months of 2015, revenue from sawnwood decreased by 20% compared with the same period in 2014 because of lower prices. Sawlog revenue in the first six months of 2015 decreased by 35% due to lower prices, while Ust-Ilimsk revenue increased substantially because of increased subcontracting activity.



Revenue (USD thousand)			
	Q2 2015	Q2 2014	Δ%
Sawnwood	3,986	3,735	7%
Sawlogs	558	582	-4%
Ust-Ilimsk	320	4	7900%
Other revenue	68	431	-84%
Total	4,932	4,752	4%

Revenue (USD thousand)			
	6M 2015	6M 2014	Δ%
Sawnwood	7,727	9,611	-20%
Sawlogs	1,627	2,519	-35%
Ust-Ilimsk	1,002	377	166%
Other revenue	189	663	-71%
Total	10,545	13,170	-20%

The Q2 and 6M 2014 sales volume and revenue figures have been restated to exclude the Arkhangelsk business segment which was divested in Q4 2014.

Costs

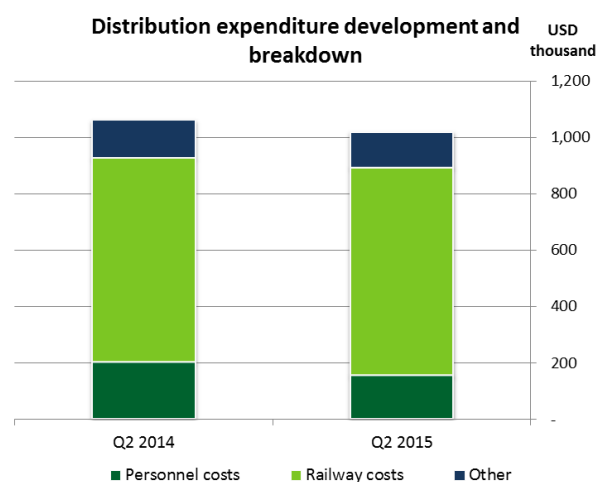
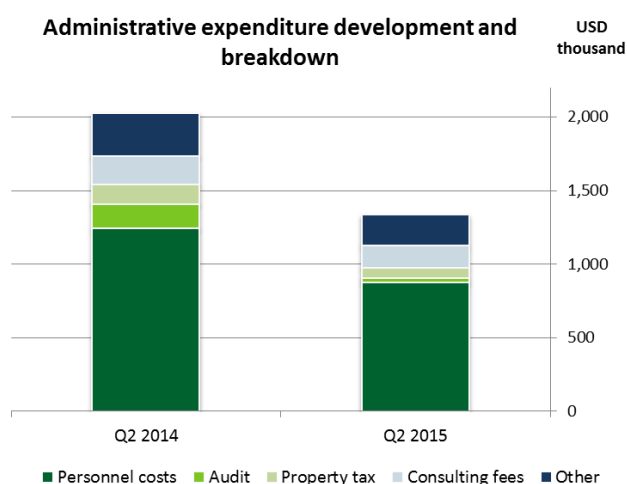
In Q2 2015 the Company continued to benefit from a weaker RUB on the cost side, as the average USD-to-RUB rate in Q2 2015 was 52.4 compared with 35.0 in Q2 2014, a weakening of RUB by 33% year-on-year. However, the effect was less significant than in Q1 2015 because the Russian rouble actually strengthened in Q2. The average USD-to-RUB rate for first six months of 2015 was 57.8 compared with 35.0 in the same period in 2014, a weakening of RUB by 39% year-on-year. However, after the end of Q2

2015 the rouble started falling again. The most significant effect from a weaker RUB in Q2 2015 is in cost of sales, where the influence of change in the USD average rate represents a decrease in cost of sales of approximately USD 1.7 million, out of a total reduction of USD 1.4 million year-on-year. Consequently there was an increase of about USD 0.3 million in underlying RUB costs.

The cost of sales in continuing operations decreased by 31% to USD 3.2 million in Q2 2015, compared with USD 4.7 million in Q2 2014. This reduction is mainly due to a weaker RUB as stated above, but also the result of efficiency improvements, such as the exclusion of external harvesting services and purchased sawlogs and managing cost inflation in the wake of a weaker RUB.

Distribution expenses in continuing operations decreased by 4% to USD 1.0 million in Q2 2015, compared with USD 1.1 million in Q2 2014. For the first six months of 2015 distribution expenses decreased by 29%, mainly due to a weaker RUB.

Administrative expenses decreased by 34% to USD 1.3 million in Q2 2015, compared with USD 2.0 million for the same period in 2014. The decrease in administrative costs for the quarter was mainly driven by lower personnel expenses and audit costs, while all other cost categories were also reduced due to both savings in underlying currencies and the influence of change in the USD average rate as stated above. In Q2 2015, out of a total reduction year-on-year of USD 0.7 million, about 95% was related to change in the USD average rate and 5% was related to reductions in underlying currencies. For first six months of 2015 the administrative costs were reduced by 46% compared with same period in 2014, corresponding figures of change from the USD rate and change in underlying currencies were 67% and 33% out of the total reduction of USD 1.9 million year-on-year. However, Q2 2015 contained some non-recurring costs related to the corporate simplification amongst other things, which limited the reduction in administrative expenses in underlying currencies.



Other expenses decreased significantly in Q2 2015, to USD 0.1 million compared with USD 1.6 million in Q2 2014. Last year's significant Other expenses included some bad debt provisions and losses on sales and disposal of old machinery and equipment, mainly in Ust-Ilimsk.

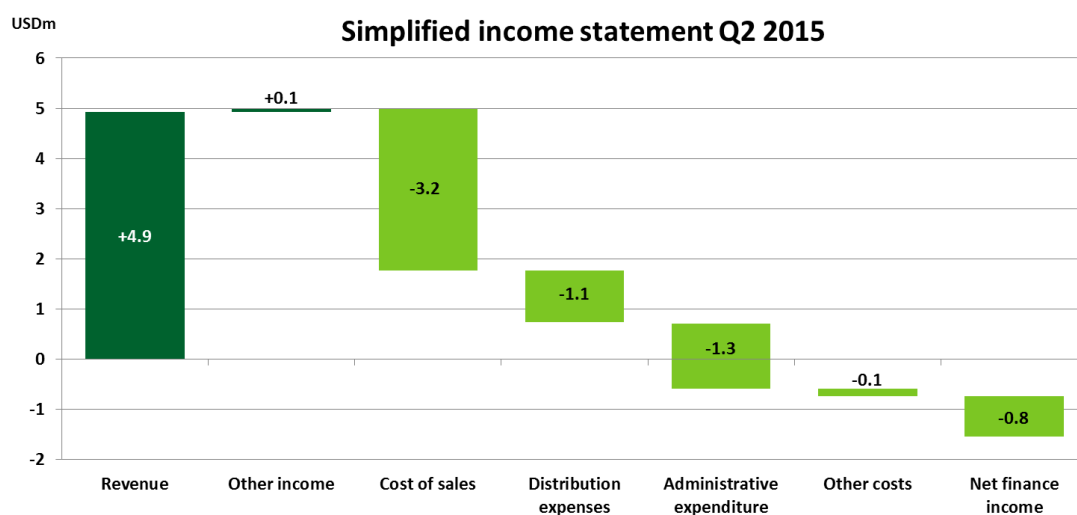
Net finance costs of USD 0.4 million in Q2 2014 increased to USD 0.8 in Q2 2015. The increase was mainly due to foreign exchange losses, while finance costs decreased considerably because of a significant reduction in financing costs due to repayment of virtually all interest-bearing debt in 2014. The foreign exchange loss stems from large cash deposits in USD mainly, which weakened in the quarter compared to the group companies' functional currencies, which are RUB and SEK.

For the first six months of 2015, net finance costs decreased by 71% compared with the same period in 2014, mainly due to reduced exchange losses and savings on finance costs.

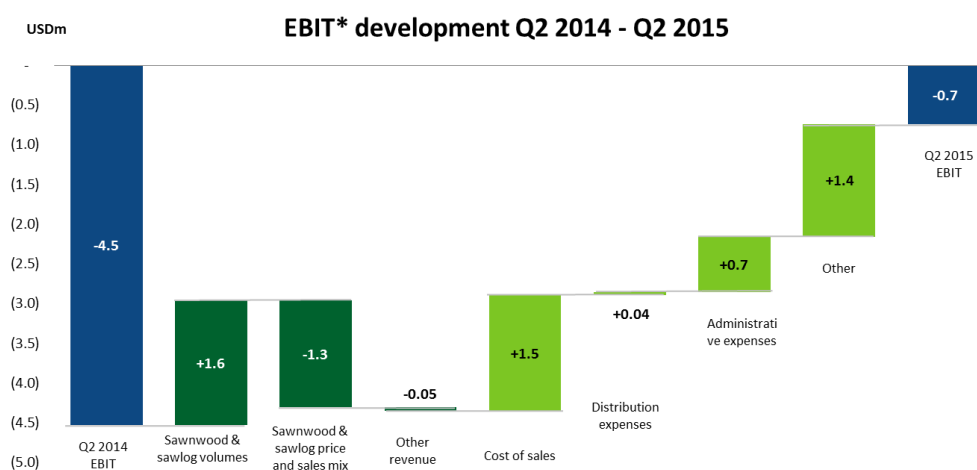
Earnings

The company's continuing operations achieved a gross profit of USD 1.7 million in Q2 2015. Thus representing a 34% gross profit margin, compared with gross profit of USD 0.1 million and a gross profit margin of 1% in Q2 2014. The company achieved a positive adjusted EBITDA from continuing operations of USD 0.4 million, representing an EBITDA margin of 8%, compared with a negative adjusted EBITDA of USD -1.4 million in Q2 2014. The operating loss in continuing operations was USD 0.7 million in Q2 2015, compared with a loss of USD 4.5 million in Q2 2014. In Q2 2015, there were no discontinued operations. However, in the comparative period of Q2 2014 the discontinued operations, which consisted of Boguchany forest and harvesting operations as well as Arkhangelsk operations, generated a profit after tax of USD 1.1 million. Loss for the period in Q2 2015 amounted to USD 1.6 million, compared with a loss of USD 3.8 million in Q2 2014.

For the first six months of 2015 gross profit amounted to USD 4.6 million, representing a gross profit margin of 44%, compared with a gross profit of USD 3 million and gross profit margin of 23% in first six months 2014. For the first six month of 2015, the company achieved an adjusted EBITDA of USD 2.3 million, representing an EBITDA margin of 22%, compared with a negative EBITDA of USD 0.1 million in the same period in 2014. For the first six months of 2015, the company generated a net profit of USD 0.2 million, compared with a net loss of USD 7.1 in the same period in 2014.



The chart below summarises positive/(negative) year-on-year changes in cost and revenue categories contributing to the positive turnaround from an operating loss of USD 4.5 million in Q2 2014 to an operating loss of USD 0.7 million in Q2 2015.

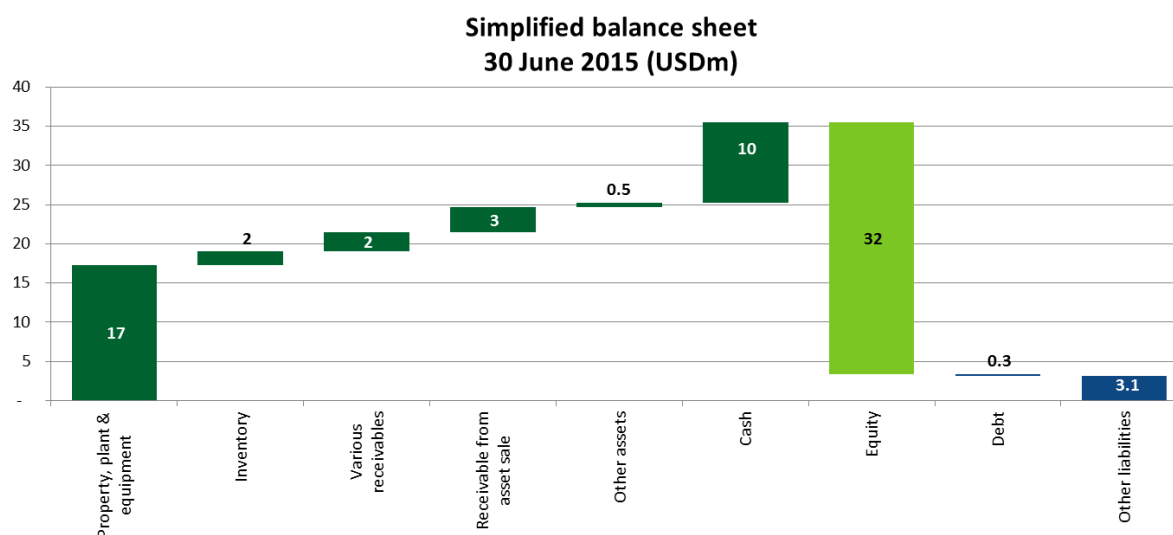


EBIT = Earnings before interest and taxes

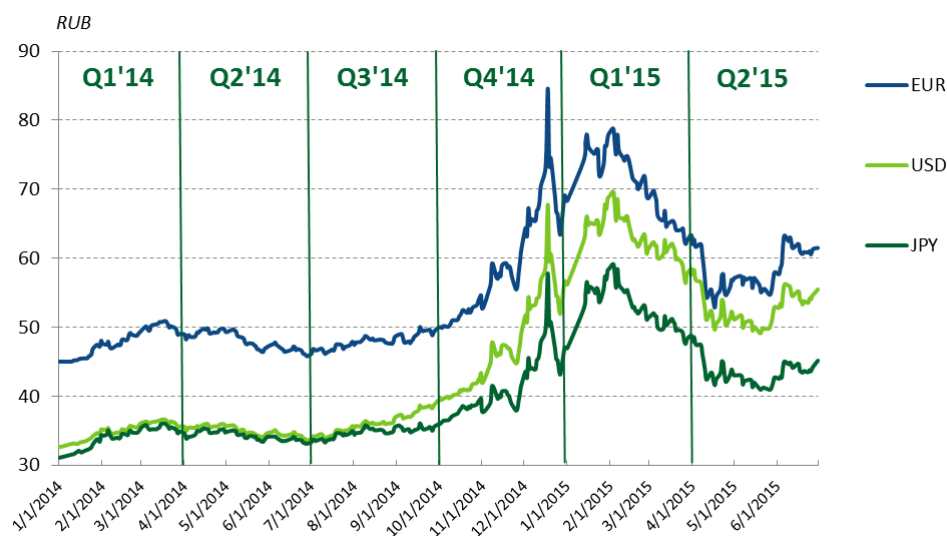
Balance Sheet and Cash Flow

As of 30 June 2015, the company's total assets amounted to USD 35.5 million. Property, plant and equipment constituted the largest component of assets at USD 17.2 million. As of 30 June 2015, the company recorded a receivable from asset sales of USD 3.2 million related to payments for the Arkhangelsk sale, which is still to be received in 2015. A payment of USD 2 million for Arkhangelsk was received in Q2 2015. The balance sheet as of 30 June 2015 also included an advance of USD 0.5 million for the purchase of non-controlling interest in subsidiaries, which is related to the buyout of minority interests in Ust-Ilimsk. Working capital was USD 4.8 million as of 30 June 2015, compared with USD 7.2 million as of 31 December 2014. The company's cash and cash equivalents totalled USD 10.3 million as of 30 June 2015, compared with USD 10.0 million as of 31 December 2014.

Non-current loans and borrowings amounted to USD 0.3 million as of 30 June 2015, compared with USD 0.5 million as of 31 December 2014. The USD 0.3 million in non-current loans and borrowings recognised on 30 June 2015, comprises the remainder of the SEK bond, a zero-coupon bond maturing in 2018. In Q2 2015, the company repurchased bonds to a nominal value of SEK 2.2 million or USD 0.3 million at a 30% discount on the nominal value. The debt-to-equity ratio at the end of Q2 2015 was 0.01.

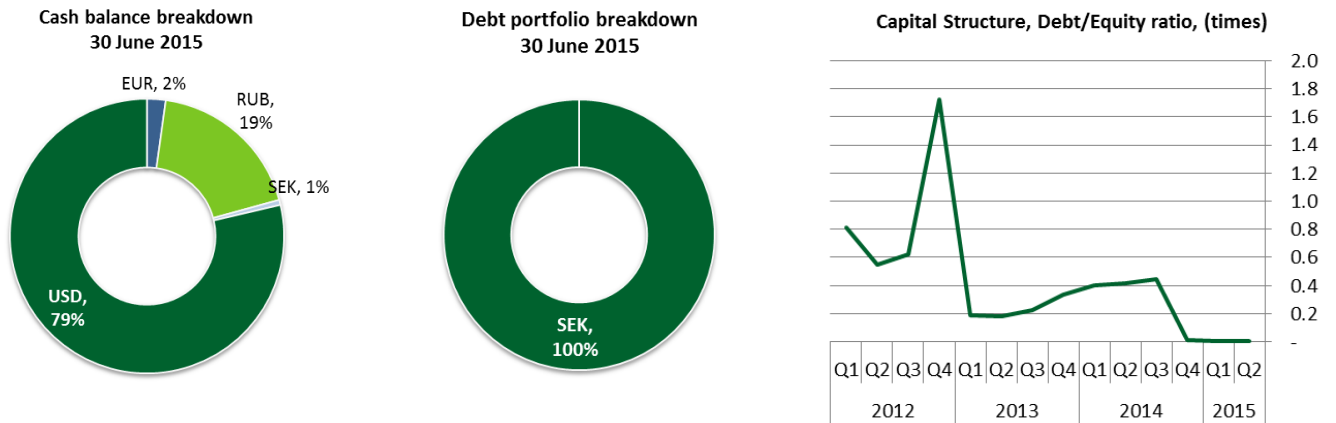


The values in USD of Russian assets and liabilities on the balance sheet are affected by the fluctuations in the RUB. At 30 June 2015, the RUB had appreciated by 1% against the USD compared with 31 December 2014.



Source: Russian Central Bank

As of 30 June 2015, the company held its cash predominantly in USD (79%), given the recent depreciation and volatility of the RUB.





In Q2 2015, the company generated positive cash flow from continuing operating activities of USD 0.8 million, compared with USD 1.1 million in Q2 2014. Investing activities in Q2 2015 consisted of a cash outflow of USD 0.7 million, compared with an outflow of USD 2.1 million in Q2 2014. The largest items in investing activities were USD 2 million received from the Arkhangelsk sale and investment in equipment of USD 2.9 million, mainly related to the new pellet mill being built in Magistralny. The main item affecting cash flow from financing activities in Q2 2015 was USD 0.3 million for the buyout of the 49% minority shareholder in LLC «Vanavarales». Total cash flow in Q2 2015 was an outflow of USD 0.3 million.

In the first six months of 2015 cash flow from operating activities amounted to USD 2.5 million. A total of USD 4.1 million was invested in the pellet mill project and additional machinery, a total of USD 3.0 million in proceeds were received from the Arkhangelsk divestment and a total of USD 0.7 million was used for buying out minority interests in Ust-Ilimsk.

Markets in Q2 2015

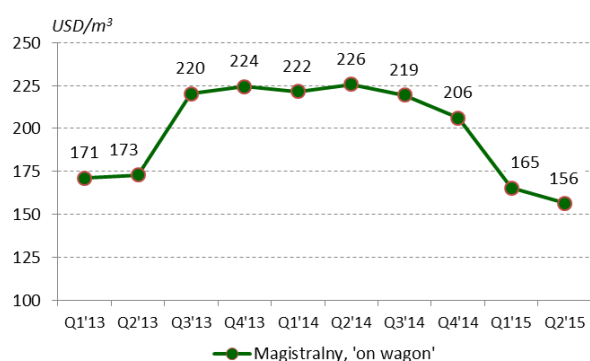
Market trends

RusForest's prices

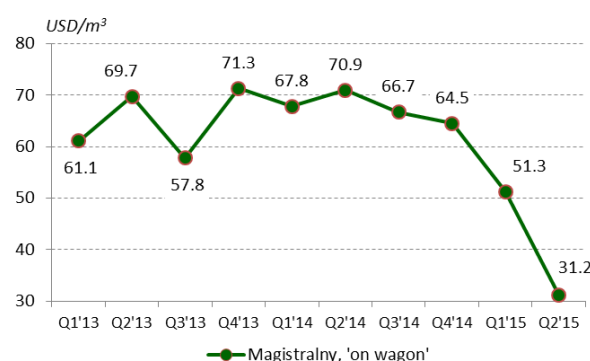
Product	Q2 2015	Q1 2015	Q2 2015 vs. Q1 2015
Sawnwood*	156.4	165.4	-5.4% 
Sawlogs*	31.2	51.3	-39.2% 

* Magistralny, 'on wagon', USD/m³

RusForest's sawnwood price dynamics



RusForest's sawlogs price dynamics



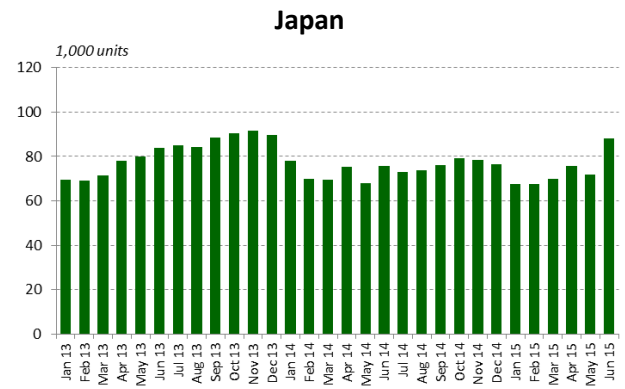
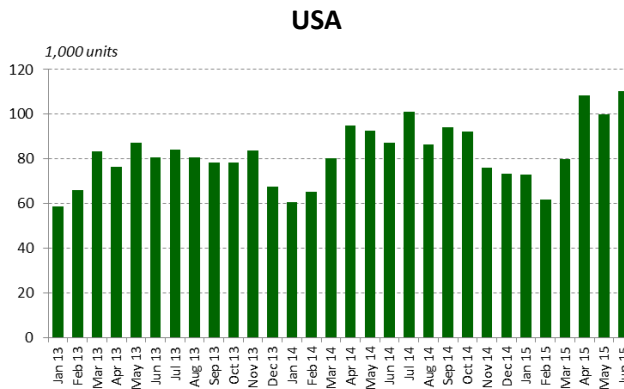
RusForest sawnwood markets

- Japan – During Q2 2015 the conditions in the Japanese sawnwood market were still difficult. At the same time, contrary to expectations, the number of new housing projects in Japan in Q2 2015 were notably higher compared with Q2 2014. Moreover, towards the end of Q2 2015 sawnwood stocks in Japanese ports were estimated as not being immoderately high. For these reasons the demand for softwood sawnwood at the end of Q3 and Q4 of this year is expected to be higher than for the same period in 2014.
- MENA – Softwood markets in Q2 2015 remained weak compared with the previous year. Even in the weeks prior to the start of Ramadan, there was no significant upswing in business activity in the market. The volumes under contracts concluded at the end of Q2 for delivery in August are at their usual level for the time of year. Sawnwood prices increased slightly at the beginning of Q2 and remained mostly stable until Ramadan. We expect a seasonal market revival in the early autumn.
- China – After low imports in Q1 China significantly increased sawnwood deliveries in Q2. Overall during Jan-Jun 2015 China imported 8.69 million m³ of softwood sawnwood (+2% compared with 2014), 4.07 million m³ of which were imported from Russia (+18%). It is expected that deliveries from Russia will increase further in the second half of 2015.
- Europe – The situation in the European sawnwood market during Q2 remained stable, but weaker compared with expectations. Prices declined in April and remained mostly unchanged until the end of Q2 (-3.5% compared with Q2 2014). Currently, there are no noticeable signs of an upturn in the market in Q3.

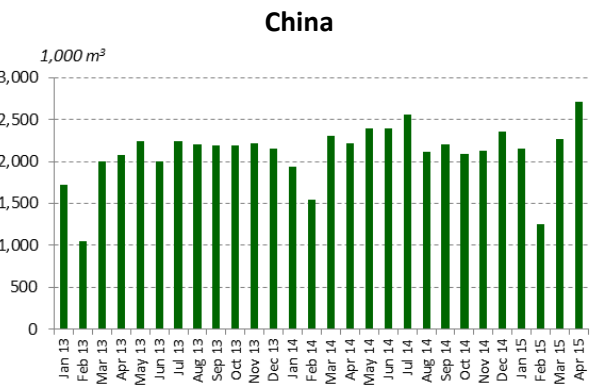
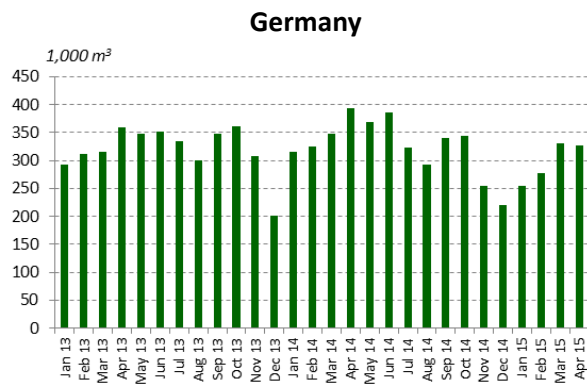
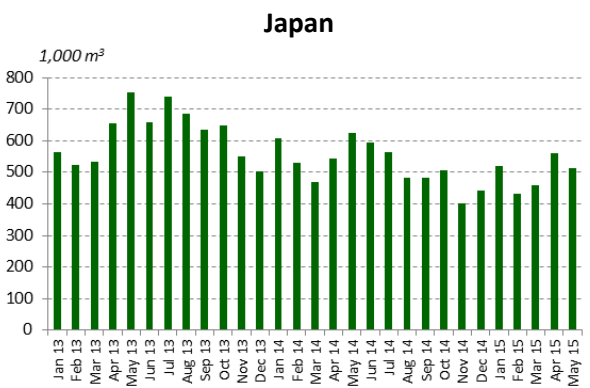
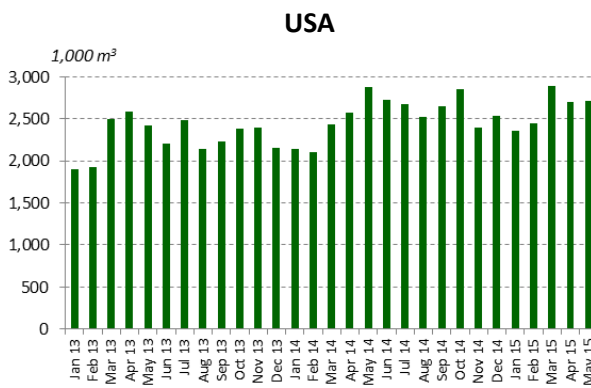
- US – A seasonal upswing in demand (an increasing number of new housing projects) in connection with the stoppages carried out by US and Canadian producers in the first five months of this year, has driven up the average price on the US softwood sawnwood market by 12% from mid-April to the end of Q2.

Our short-term outlook for Q3 2015 is cautiously optimistic. We still do not expect any strong movement in RusForest’s key markets. At the same time, we believe that markets have already hit rock bottom and market conditions will start to improve slightly at the end of Q3.

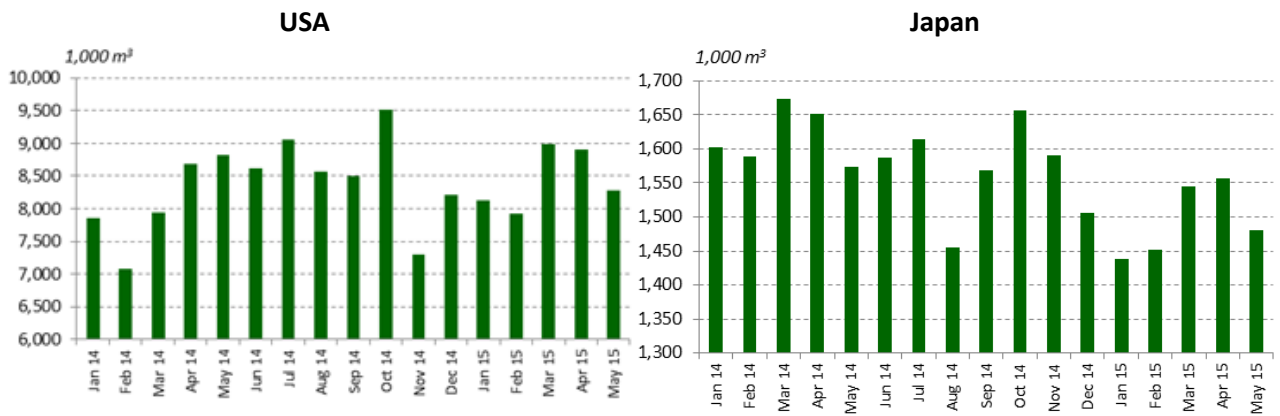
Construction - housing starts



Imports



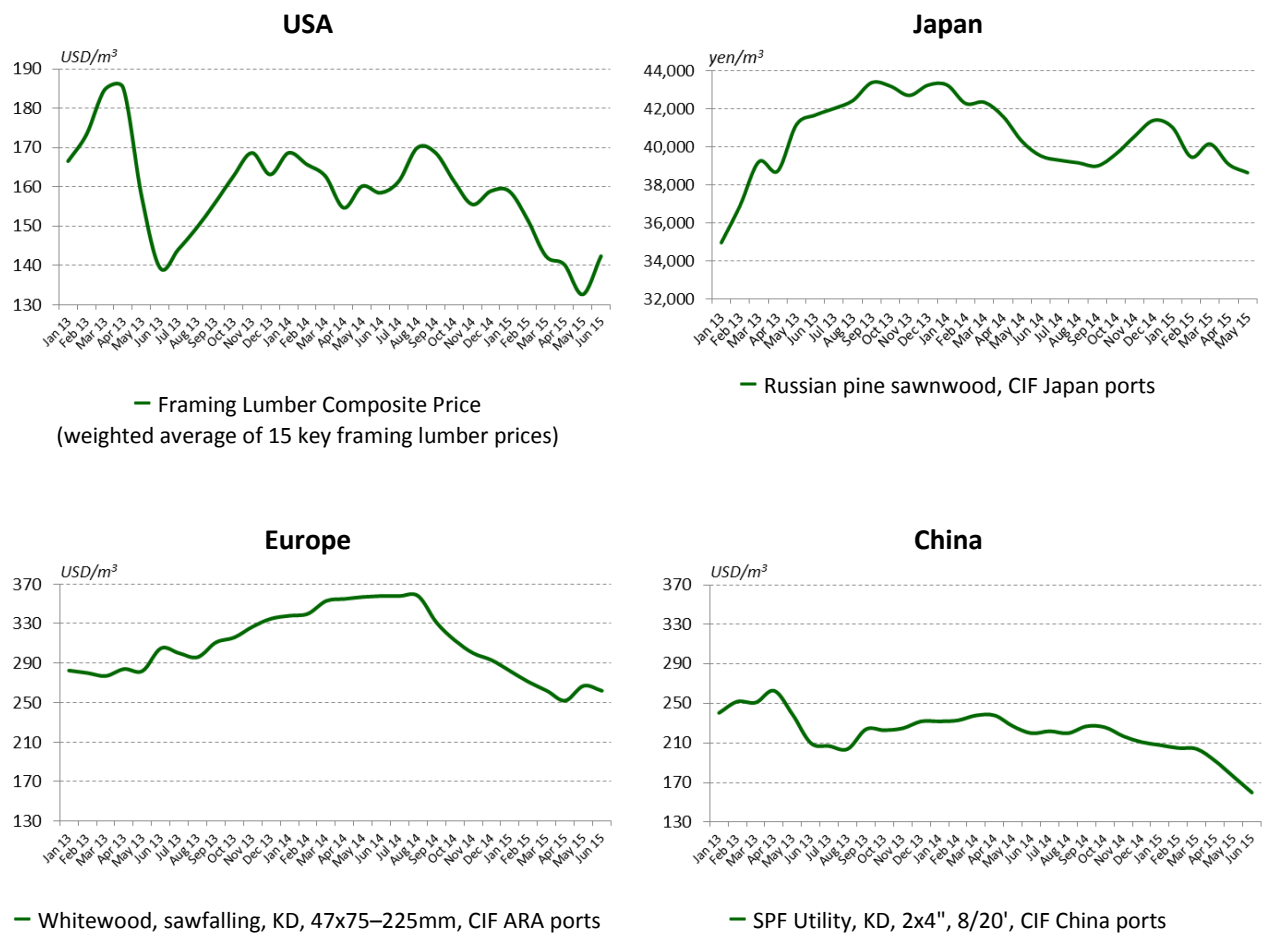
Consumption



Sources: International Trade Centre (ITC), US Census Bureau, Japanese Ministry of Finance, General Customs Administration of China, Eurostat

Prices

Sawnwood



Sources: Random Lengths, Wood Markets, Japan Lumber Journal

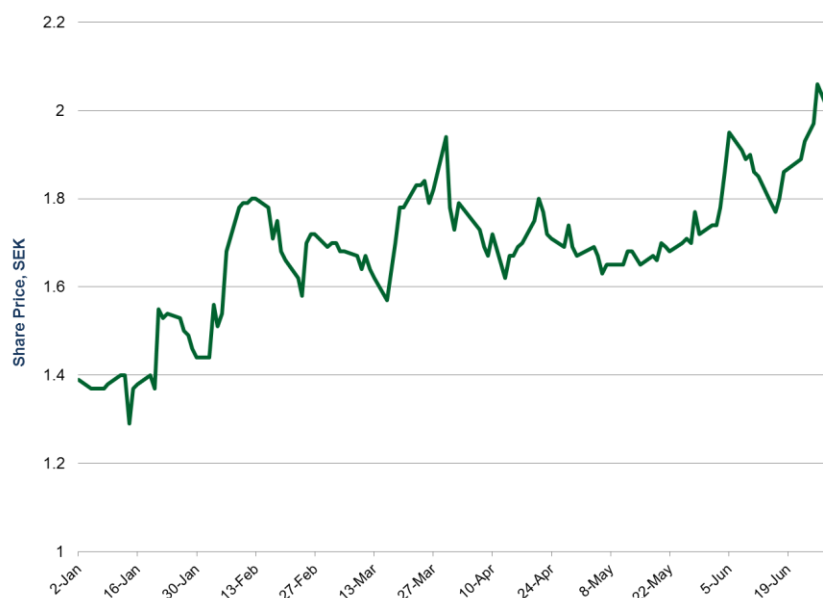
The Share

The RusForest AB shares are listed on NASDAQ First North Stockholm. At the close of the period, the share price was SEK 1.98 (0.24 USD) and the Company's market capitalisation was approximately SEK 265 million or USD 32 million. The Company's certified adviser on First North is Pareto Securities AB, which also acts as a market maker in RusForest shares.

Summary shareholder information			Shareholder		
Official listing:	NASDAQ First North		Nova Capital	33,500,000	25.4%
Outstanding shares:	132,033,881		Merrill Lynch International	12,360,799	9.4%
Round lot:	1		Avanza pension	10,936,382	8.3%
Sector:	Basic Resources		Nordnet Pension	3,821,268	2.9%
ISIN:	SE0001732728		Credit Suisse Sec Europé Ltd	3,015,175	2.3%
Short name:	RUSF		Swedbank AS	2,739,689	2.1%
Reuters:	RUSF.ST		Morgan Stanley and CO LLC, W9	2,568,388	1.9%
Bloomberg:	RUSF:SS		Jeffrey Adams secrest revokable trust	1,979,037	1.5%
			Banque Carnegie Luxembourg	1,936,405	1.5%
			Jesihemma Limited	1,785,409	1.4%
			Client Long Timer Hill	1,747,204	1.3%
			Miura Holdings Ltd	1,297,249	1.0%
			UBS Switzerland Client Acc.	1,000,600	0.8%
			Alexander Rudik	994,259	0.8%
			Maxator Holding	923,125	0.7%
			Other	51,428,892	39.0%
			Total	132,033,881	100%

6 months 2015 share data averages		
Daily Turnover (SEK)	No of Traded Shares	No of daily trades
412,835	239,507	47

RusForest share price performance 6M 2015



Source: NASDAQ OMX First North Stockholm

RusForest share			
Price SEK/share 30 Jun 2015	Change 1 Month	Change 3 months	52 week high
1.98	15.1%	11.2%	2.14
	Change 6 Months	Change 1 year	52 week low
	41.4%	10.0%	1.15



Accounting Policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and related parts of the Annual Accounts Act. The Group and parent company have applied the same accounting and valuation principles as in the most recent Annual Report. Since the Q1 2014 report, RusForest has reported Group consolidated financials in US dollars instead of Swedish krona, while parent company financials continue to be reported in Swedish krona. Items included in the Group's financial statements are initially measured in Russian roubles (RUB), as the currency of the primary economic environment in which the entity operates, and then translated into United States Dollars (USD). Assets and liabilities are translated at the closing rate, and income and expenses are translated at the appropriate average rate for the period. All financial information presented in USD has been rounded to the nearest thousand.

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

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

Non-derivative financial liabilities: Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.


Risks

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes, which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

The ongoing conflict in Ukraine and related events have increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, have resulted in an increased economic uncertainty including more volatile equity markets, the depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state-owned banks to finance their operations. The longer-term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

The Company and the Company's products remain directly unaffected by the current situation with sanctions against Russia, with the exception of the general fluctuations in the rouble exchange rate and a noticeable downturn in credit activity throughout the Russian financial system. The Company



continues to monitor the situation closely. Although the Company is exposed to the effect of fluctuations in the Russian rouble, such exposure is still limited in terms of the negative impact on the financial performance of the Group. A more detailed description of general risks, as well as a sensitivity analysis of the weakening of the rouble, can be found in the Company's 2014 annual report. The risks are indirectly the same for the parent company as for the Group.

Subsequent events

- In August RusForest initiated a project for digital mapping and geographic information database development for its key forest areas in Magistralny and Ust-Ilimsk.

Condensed Consolidated Income Statement

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
Continuing operations					
Revenue	4,932	4,752	10,545	13,170	27,429
Cost of sales	(3,230)	(4,686)	(5,931)	(10,128)	(18,204)
Gross profit	1,702	66	4,614	3,042	9,225
Other income	57	42	170	213	422
Distribution expenses	(1,019)	(1,061)	(1,830)	(2,594)	(4,891)
Administrative expenditure	(1,334)	(2,025)	(2,249)	(4,146)	(8,477)
Other expenses	(145)	(1,551)	(223)	(1,349)	(1,526)
Operating profit/(loss)	(739)	(4,529)	482	(4,834)	(5,247)
Exchange gain/loss	(878)	(380)	(347)	(571)	2,878
Financing income	92	190	126	199	455
Financing cost	(25)	(225)	(48)	(569)	(969)
Net financing income/(cost)	(811)	(415)	(269)	(941)	2,364
Profit/(loss) before tax from continuing operations	(1,550)	(4,944)	213	(5,775)	(2,883)
<i>Income tax</i>	(2)	20	(32)	(16)	(26)
Profit/(loss) from continuing operations	(1,552)	(4,924)	181	(5,791)	(2,909)
Discontinued operations					
Profit (Loss) after tax from discontinued operations	-	1,085	-	(1,285)	(11,632)
Profit/(loss) for the period	(1,552)	(3,839)	181	(7,076)	(14,541)
Attributable to:					
Equity holders of the parent	(1,560)	(3,858)	144	(7,061)	(14,493)
Non-controlling interests	8	19	37	(15)	(48)
Profit/(loss) for the period	(1,552)	(3,839)	181	(7,076)	(14,541)
Profit/(loss) per share	(0.01)	(0.03)	0.00	(0.05)	(0.11)

*The Q2 and 6M 2014 Income Statement and Cash Flow statements have been restated to show the Arkhangelsk business segment, which was divested in Q4 2014, as discontinued operations.

Condensed Consolidated Statement of Comprehensive Income

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
Profit/(loss) for the period	(1,552)	(3,839)	181	(7,076)	(14,541)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Currency translation difference	1,557	4,417	413	(2,267)	(29,818)
Other comprehensive income/(loss) for the period, net of tax	1,557	4,417	413	(2,267)	(29,818)
Total comprehensive income/(loss) for the period, net of tax	5	578	594	(9,343)	(44,359)
Attributable to:					
Equity holders of the parent	6	537	560	(9,315)	(44,181)
Non-controlling interests	(1)	41	34	(28)	(178)
Total comprehensive income/(loss) for the period, net of tax	5	578	594	(9,343)	(44,359)

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
Profit/(loss) from continuing operations	(1,552)	(4,924)	181	(5,791)	(2,909)
Attributable to:					
Equity holders of the parent	(1,560)	(4,830)	144	(5,727)	(2,850)
Non-controlling interests	8	(94)	37	(64)	(59)
Loss from discontinued operations	-	1,085	-	(1,285)	(11,632)
Attributable to:					
Equity holders of the parent	-	972	-	(1,334)	(11,643)
Non-controlling interests	0	113	0	49	11

*The Q2 and 6M 2014 Income Statement and Cash Flow statements have been restated to show the Arkhangelsk business segment, which was divested in Q4 2014, as discontinued operations.

Per Share Data

Per Share Data	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
USD					
Earnings	(0.01)	(0.03)	0.00	(0.05)	(0.11)
Shareholders' Equity (end of period)	0.24	0.51	0.24	0.51	0.24
Number of Shares	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
Beginning of period	132,033,881	132,033,881	132,033,881	132,033,881	132,033,881
End of Period	132,033,881	132,033,881	132,033,881	132,033,881	132,033,881
Average number of shares	132,033,881	132,033,881	132,033,881	132,033,881	132,033,881

USD for 1 unit of foreign currency	RUB
March 31, 2014	0.028021
June 30, 2014	0.029735
September 30, 2014	0.025389
December 31, 2014	0.017775
March 31, 2015	0.017104
June 30, 2015	0.018010

source: www.cbr.ru

Condensed Consolidated Statement of Financial Position

In thousands of USD	30 Jun 2015	31 Dec 2014
Assets		
Non-current assets		
Property, plant and equipment	17,232	14,914
Intangible assets	74	98
Deferred tax asset	1	6
Total non-current assets	17,307	15,018
Current assets		
Inventory	1,801	1,750
Receivable from assets sale	3,242	6,242
Advance for purchase of non-controlling interest in subsidiaries	450	-
VAT refundable	1,246	1,530
Trade and other receivables	1,136	1,563
Current tax assets	5	52
Loans receivable	19	93
Cash and cash equivalents	10,274	9,987
Total current assets	18,173	21,217
Total assets	35,480	36,235
EQUITY		
Equity and reserves		
Share capital	20,683	20,683
Other paid in capital	358,448	358,448
Reserves	34	24
Translation reserve	(45,010)	(45,426)
Accumulated loss	(302,139)	(287,310)
Profit/(loss) for the period	144	(14,493)
Total equity attributable to Shareholders of the Group	32,160	31,926
Non-controlling interest	(36)	(106)
Total Equity	32,124	31,820
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	260	479
Deferred tax liability	1	6
Total non-current liabilities	261	485
Current liabilities		
Interest-bearing loans and borrowings	-	6
Trade and other payables	2,775	3,858
Current tax liabilities	35	42
Provisions	285	24
Total current liabilities	3,095	3,930
Total liabilities	3,356	4,415
Total equity and liabilities	35,480	36,235

Condensed Consolidated Statement of Cash Flows

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
Profit/(loss) for the period	(1,552)	(3,839)	181	(7,076)	(14,541)
Adjustment for non-cash items	2,089	2,229	2,357	6,822	16,117
Paid income tax	(8)	(49)	(20)	(49)	(63)
Cash flow from operating activities before changes in working capital	529	(1,659)	2,518	(303)	1,513
Cash flow changes in working capital	262	1,260	23	1,344	1,627
Cash flow from discontinued operations	-	1,499	-	1,153	2,235
Cash flow from operating activities	791	1,100	2,541	2,194	5,375
Investment in equipment	(2,909)	(689)	(4,098)	(703)	(901)
Proceeds from sales of equipment	178	432	299	769	1,339
VAT refund on capital investments	-	-	-	-	49
Acquisition of shares in subsidiaries (less cash balances)	-	(3)	8	(3)	(18)
Proceeds from sale of subsidiaries	2,000	-	3,000	1,475	10,720
Costs related to the sale of subsidiaries	-	-	(330)	-	(832)
Repayment of the loans by related parties	-	-	-	-	4,568
Repayment of the loans by third parties	-	-	7	-	-
Interest received	39	1	69	1	6
Cash flow from discontinued operations	-	(1,898)	-	(941)	477
Cash flow from investing activities	(692)	(2,157)	(1,045)	598	15,408
Acquisition of non-controlling interest in subsidiaries	(300)	-	(699)	-	-
Redemption of the loans of sold subsidiaries	-	-	-	(3,941)	(3,941)
Increase/(decrease) in loans payable	(138)	(360)	(142)	(1,326)	(7,096)
Interest paid	-	(176)	(1)	(458)	(786)
Cash flow from discontinued operations	-	(235)	-	1,302	(2,205)
Cash flow from financing activities	(438)	(771)	(842)	(4,423)	(14,028)
Cash flow during the period	(339)	(1,828)	654	(1,631)	6,755
including continuing operations	(339)	(1,194)	654	(3,145)	6,248
including discontinued operations	-	(634)	-	1,514	507
Cash and cash equivalents, beginning of period	10,752	3,617	9,987	3,760	3,760
including continuing operations	10,752	3,533	9,987	3,637	3,637
including discontinued operations	-	84	-	123	123
Exchange-rate differences on cash balance	(139)	149	(367)	(191)	(528)
Cash and cash equivalents, period end	10,274	1,938	10,274	1,938	9,987
including continuing operations	10,274	1,874	10,274	1,874	9,987
including discontinued operations	-	64	-	64	-

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014	12M 2014
Adjustment for non-cash items					
Depreciation of property, plant and equipment	1,043	1,701	1,786	3,381	5,679
Amortization of intangible assets	2	11	8	20	39
Income tax	2	(20)	32	16	26
Exchange gain/loss	878	380	347	571	(2,878)
Finance income	(92)	(190)	(126)	(199)	(455)
Finance expense	25	225	48	569	969
Net loss on disposal of property, plant and equipment	3	761	(89)	835	926
Net income/loss on disposal of intangible assets	21	8	21	8	7
Bad debts	121	360	128	412	438
Forest restoration provision	135	-	251	-	-
Other comprehensive (profit)/loss from assets held for sale	-	(1,085)	-	1,285	11,632
Other non-cash items	(49)	78	(49)	(76)	(266)
Total	2,089	2,229	2,357	6,822	16,117

*The Q2 and 6M 2014 Income Statement and Cash Flow statements have been restated to show the Arkhangelsk business segment, which was divested in Q4 2014, as discontinued operations.

Condensed Consolidated Statement of Changes in Equity

1 January 2015 – 30 June 2015

In thousands of USD	Attributable to the equity holders of the parents					Non-controlling interest	Total
	Share capital	Other paid in capital	Reserves	Translation reserve	Accumulated loss		
Opening shareholders' equity	20,683	358,448	24	(45,426)	(301,803)	(106)	31,820
Profit/(loss) for the period					1,704	29	1,733
Other comprehensive income/(loss)				(1,150)		6	(1,144)
Total comprehensive income/(loss)	-	-	-	(1,150)	1,704	35	589
Employee stock options			5				5
Shareholders' equity at end of period	20,683	358,448	29	(46,576)	(300,099)	(71)	32,414

*Related to employee stock option programme 2013/2016 implemented at the AGM 2013. Accumulated reserves based on distribution of value Black & Scholes valuation as per date of issue.

1 January 2014 – 30 June 2014

In thousands of USD	Attributable to the equity holders of the parents					Non-controlling interest	Total
	Share capital	Other paid in capital	Reserves	Translation reserve	Accumulated loss		
Opening shareholders' equity	20,683	358,448	-	(15,738)	(287,321)	430	76,502
Profit/(loss) for the period					(7,061)	(15)	(7,076)
Other comprehensive loss				(2,254)		(13)	(2,267)
Total comprehensive loss	-	-	-	(2,254)	(7,061)	(28)	(9,343)
Employee stock options			32				32
Shareholders' equity at end of period	20,683	358,448	32	(17,992)	(294,382)	402	67,191

1 January 2014 – 31 December 2014

In thousands of USD	Attributable to the equity holders of the parent					Non-controlling interest	Total
	Share capital	Other paid in capital	Reserves	Translation reserve	Accumulated loss		
Opening shareholders' equity	20,683	358,448	-	(15,738)	(287,321)	430	76,502
Profit/(loss) for the period					(14,493)	(48)	(14,541)
Other comprehensive loss				(29,688)		(130)	(29,818)
Total comprehensive loss	-	-	-	(29,688)	(14,493)	(178)	(44,359)
Acquired non-controlling interest in subsidiaries					11	(25)	(14)
Disposed non-controlling interest in subsidiaries						(333)	(333)
Employee stock options			24				24
Shareholders' equity at end of period	20,683	358,448	24	(45,426)	(301,803)	(106)	31,820

Parent Company Income Statement

In thousands of SEK	Q2 2015	Q2 2014	6M 2015	6M 2014
Administrative expenditure	(3,101)	(2,053)	(5,288)	(5,631)
Operating loss	(3,101)	(2,053)	(5,288)	(5,631)
Exchange gain/loss	(11,170)	26,118	(11,502)	1,257
Financing income	1,081	1,123	1,579	3,797
Financing cost	(28)	(858)	(291)	(1,751)
Reversal of bad debt provision	153,043	-	231,813	-
Impairment of investments and forgiveness of receivables from subsidiaries	(200)	(135)	(200)	(917)
Net financing income/(cost)	142,726	26,248	221,399	2,386
Profit/(loss) for the period	139,625	24,195	216,111	(3,245)

Parent Company Balance Sheet

In thousands of SEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
Assets			
Non-current assets			
Property, plant and equipment	50	60	56
Investments in subsidiaries	181,626	179,875	55,857
Loans receivable from subsidiaries	-	-	75,298
Total non-current assets	181,676	179,935	131,211
Current assets			
VAT refundable	55	257	109
Receivables from subsidiaries	175,750	33,834	232,340
Trade and other receivable	181	791	363
Current tax assets	-	221	140
Loans receivable from subsidiaries	39,997	32,794	-
Cash and cash equivalents	32,839	3,779	16
Total current assets	248,822	71,676	232,968
Total assets	430,498	251,611	364,179
Equity			
Equity and reserves			
<i>Restricted equity</i>			
Share capital	132,034	132,034	132,034
<i>Non-restricted equity</i>			
Share premium	1,037,511	1,037,511	1,037,511
Retained earnings	(745,554)	(961,749)	(856,567)
Total equity	423,991	207,796	312,978
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	2,163	3,745	3,745
Loans payable to Group companies	1,700	27,851	-
Total-non current liabilities	3,863	31,596	3,745
Current liabilities			
Interest-bearing loans and borrowings	-	-	33,695
Payables to Group companies	1,661	7,602	10,794
Trade and other payables	983	4,617	2,967
Total current liabilities	2,644	12,219	47,456
Total equity and liabilities	430,498	251,611	364,179

As part of an on-going internal group loan restructuring to clean the balance sheets of Cyprus companies set for termination/exclusion from the Group, internal loans between Rusforest AB and Cyprus group entities have been consolidated in Bermuda and forgiven by utilising previous bad debt provisions related to RusForest Bermuda. The income from reversal of bad debt provision will have no tax effect.

Notes to the Financial Statements

Note 1. Cost of sales

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014
Personnel costs	1,040	1,264	1,829	3,038
Purchased sawlogs	-	206	-	406
Depreciation of property, plant and equipment	988	1,643	1,669	3,115
Amortization of intangible assets	2	5	4	14
Materials	143	183	203	343
Energy and fuel	389	487	892	1,689
Repairs and maintenance	257	478	501	809
Transportation services	76	1	225	1
Forest lease	155	241	267	474
Forest restoration	135	-	251	-
Other	45	178	90	239
Total	3,230	4,686	5,931	10,128

Note 2. Distribution expenses

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014
Personnel costs	155	200	295	503
Railway costs	738	726	1,308	1,722
Other	126	135	227	369
Total	1,019	1,061	1,830	2,594

Note 3. Administrative expenditure

In thousands of USD	Q2 2015	Q2 2014	6M 2015	6M 2014
Personnel costs	876	1,240	1,512	2,571
Audit	28	166	59	257
Property tax	73	135	119	276
Consulting fees	150	191	211	479
Other	207	293	348	563
Total	1,334	2,025	2,249	4,146

Note 4. Segment information

The Group's Parent Company has its head office in Stockholm, Sweden. All of the Group's operating companies are located in the Russian Federation.

Operational segments, results for six months ended 30 June 2015

In thousands of USD	External revenue				Total	Impairment loss	Profit/(loss) before tax
	Sawnwood	Sawlogs	Pellets	Other			
Ust-Ilimsk	-	-	-	1,002	1,002	-	481
Magistralny	7,727	1,627	-	189	9,543	-	1,175
Unallocated	-	-	-	-	-	-	(1,443)
Total from continuing operations	7,727	1,627	-	1,191	10,545	-	213
Total	7,727	1,627	-	1,191	10,545	-	213

Operational segments, results for six months ended 30 June 2014

In thousands of USD	External revenue				Total	Impairment loss	Profit/(loss) before tax
	Sawnwood	Sawlogs	Pellets	Other			
Ust-Ilimsk	-	-	-	377	377	-	(1,692)
Magistralny	9,611	2,519	-	663	12,793	-	(1,158)
Unallocated	-	-	-	-	-	-	(2,925)
Total from continuing operations	9,611	2,519	-	1,040	13,170	-	(5,775)
Arkhangelsk	15,486	13	2,835	3,237	21,571	-	(169)
Boguchany	2,452	860	-	119	3,431	-	(210)
Pellets (Sweden & Latvia)	-	-	60	-	60	(853)	(902)
Total from discontinued operations	17,938	873	2,895	3,356	25,062	(853)	(1,281)
Total	27,549	3,392	2,895	4,396	38,232	(853)	(7,056)

Note 5. Assets held for sale and the result of discontinued operations

Consolidated statement of comprehensive income, discontinued operations

In thousands of USD	6M 2015	6M 2014
Discontinued operations		
Revenue	-	25,062
Cost of sales	-	(21,078)
Gross profit	-	3,984
Other income	-	2,982
Distribution expenses	-	(3,958)
Administrative expenditure	-	(2,384)
Other expenses	-	(515)
Impairment loss	-	(853)
Profit from disposal	-	1,333
Operating loss	-	589
Financing income	-	1
Financing cost	-	(1,871)
Net financing income/(cost)	-	(1,870)
Loss before tax from discontinued operations	-	(1,281)
Income tax	-	(4)
Loss after tax from discontinued operations	-	(1,285)

Condensed consolidated statement of cash flows, discontinued operations

In thousands of USD	6M 2015	6M 2014
Cash flow from operating activities	-	1,153
Investment in equipment	-	(2,671)
Proceeds from sales of equipment	-	88
VAT refund on capital investments	-	1,642
Cash flow from investing activities	-	(941)
Increase/(decrease) in loans payable	-	2,635
Interest paid	-	(1,333)
Cash flow from financing activities	-	1,302
Cash flow during the period	-	1,514

Note 6. Related party transactions

	6M 2015
	USD thousand
Lesresurs LLC	
Management services provided by RMG LLC	229
Sales of goods and other services	23
Purchase of goods and services	271
Rent expenses	1
Accounts receivable	7
Accounts payable	128
RMG LLC	
Management services provided to RusForest entities	47
Anton Bogdanov	
Acquisition of 100% share in RMG LLC	56

In January 2015 RusForest Management Group LLC (RMG LLC) was acquired from Anton Bogdanov – CEO of the Management Company at a cost of USD 56 thousand, equal to initial investment/paid in capital into RMG LLC by Anton Bogdanov, and consolidated into the Group and is now a fully owned subsidiary of RusForest AB. RMG LLC is a management service company employing certain specialists. RMG LLC continues to provide management services to one external company: LesResurs LLC. Management service fees from LesResurs are recorded as other income in the profit and loss statement of RusForest and costs related to those assignments as other expenses. Related party transactions stated above in relation to RMG LLC include transactions until date of acquisition of RMG LLC.

Financial Calendar

Interim report Jan – Sep 2015

27 November 2015

This report has not been subject to a review by the Company's auditors.

Stockholm, 28 August 2015

RusForest AB (publ.)
The Board of Directors

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