RUSAL

United Company RUSAL Plc

Consolidated Interim Condensed Financial Information for the three- and six-month periods ended 30 June 2015

JSC "KPMG"
10 Presnenskaya Naberezhnaya
Moscow, Russia 123317

Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

Independent Auditors' Report on review of Consolidated Interim Condensed Financial Information

To the Board of Directors

United Company RUSAL Plc *(Incorporated in Jersey with limited liability)*

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of United Company RUSAL Plc (the "Company") and its subsidiaries (the "Group") as at 30 June 2015, and the related consolidated interim condensed statements of income and comprehensive income for the three- and six-month periods ended 30 June 2015, changes in equity and cash flows for the six-month period ended 30 June 2015, and notes to the interim financial information (the "consolidated interim condensed financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of consolidated interim condensed financial information to be in compliance with the relevant provisions thereof and International Financial Reporting Standard IAS 34, *Interim Financial Reporting*. The directors are responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial information consists of making inquiries, 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 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 consolidated interim condensed financial information as at 30 June 2015 and for the three- and six-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Matter

In our report dated 26 August 2015, we expressed a conclusion on the Group's consolidated interim condensed financial information as at and for the three- and six-month periods ended 30 June 2015 that was qualified for the possible effects of adjustments that might have been found necessary had we been able to obtain and review consolidated interim financial information of the Group's significant equity investee, PJSC MMC Norilsk Nickel as at and for the three- and six-month periods ended 30 June 2015. Since that date, management has obtained the required information and has determined that it is not necessary to adjust the accounting for the equity investee as described in note 22 to the consolidated interim condensed financial information. We have reviewed management's assertion that no further adjustments are necessary and nothing has come to our attention that causes us to believe that any adjustments are required.

Shvetsov A.V.

For and on behalf of JSC "KPMG"

Recognized Auditor

4 September 2015

Moscow, Russian Federation

		Three months ended 30 June		Six months ended 30 June	
		2015 (unaudited)	2014 (unaudited)	2015 (unaudited)	2014 (unaudited)
	Note	**USD million**	**USD million**	**USD million**	**USD million**
Revenue	6	2,273	2,261	4,750	4,384
Cost of sales		(1,563)	(1,864)	(3,221)	(3,656)
Gross profit		**710**	**397**	**1,529**	**728**
Distribution expenses		(87)	(103)	(162)	(206)
Administrative expenses		(152)	(156)	(280)	(293)
Loss on disposal of property, plant and equipment		(2)	(5)	(2)	(6)
Impairment of non-current assets		(14)	(29)	(32)	(56)
Other operating expenses		(17)	(35)	(32)	(68)
Results from operating activities		**438**	**69**	**1,021**	**99**
Finance income	7	5	16	17	12
Finance expenses	7	(269)	(224)	(601)	(637)
Share of profits of associates	10	204	291	440	361
Share of profits/(losses) and impairment of joint ventures	11	2	3	(6)	15
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary	1(b)	-	-	155	-
Profit/(loss) before taxation		**380**	**155**	**1,026**	**(150)**
Income tax	8	(73)	(39)	(147)	(59)
Profit/(loss) for the period		**307**	**116**	**879**	**(209)**
Attributable to:					
Shareholders of the Company		**307**	**116**	**879**	**(209)**
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per share (USD)	9	0.0202	0.0076	0.0579	(0.0138)

The consolidated interim condensed statement of income is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

		Three months ended 30 June		Six months ended 30 June	
		2015 (unaudited)	**2014 (unaudited)**	**2015 (unaudited)**	**2014 (unaudited)**
	Note	**USD million**	**USD million**	**USD million**	**USD million**
Profit/(loss) for the period		**307**	**116**	**879**	**(209)**
Other comprehensive income					
Items that will never be reclassified subsequently to profit or loss:					
Actuarial (loss)/gain on post retirement benefit plans	16	(2)	5	(2)	5
		(2)	**5**	**(2)**	**5**
Items that are or may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associate	10	-	12	1	1
Change in fair value of cash flow hedges		50	(19)	143	(28)
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary	1(b)	-	-	(155)	-
Foreign currency translation differences on foreign operations		84	163	88	57
Foreign currency translation differences for equity-accounted investees		430	536	188	(235)
		564	**692**	**265**	**(205)**
Other comprehensive income for the period		**562**	**697**	**263**	**(200)**
Total comprehensive income for the period		**869**	**813**	**1,142**	**(409)**
Attributable to:					
Shareholders of the Company		**869**	**813**	**1,142**	**(409)**

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

	Note	30 June 2015 (unaudited) USD million	31 December 2014 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		3,896	3,953
Intangible assets		2,586	2,572
Interests in associates	10	4,535	4,470
Interests in joint ventures	11	374	409
Derivative financial assets	17	20	30
Deferred tax assets		45	57
Other non-current assets		63	80
Total non-current assets		**11,519**	**11,571**
Current assets			
Inventories		1,916	1,998
Trade and other receivables	12	772	686
Derivative financial assets	17	27	32
Cash and cash equivalents		904	570
Total current assets		**3,619**	**3,286**
Total assets		**15,138**	**14,857**

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

	Note	30 June 2015 (unaudited) USD million	31 December 2014 USD million
EQUITY AND LIABILITIES			
Equity	13		
Share capital		152	152
Shares held for vesting		(1)	(1)
Share premium		15,786	15,786
Other reserves		2,821	2,679
Currency translation reserve		(8,558)	(8,679)
Accumulated losses		(6,821)	(7,700)
Total equity		3,379	2,237
Non-current liabilities			
Loans and borrowings	14	7,991	8,847
Bonds	15	-	113
Provisions	16	515	507
Deferred tax liabilities		504	515
Derivative financial liabilities	17	307	350
Other non-current liabilities		58	48
Total non-current liabilities		9,375	10,380
Current liabilities			
Loans and borrowings	14	890	303
Bonds	15	28	144
Current tax liabilities		12	41
Trade and other payables	18	1,197	1,321
Derivative financial liabilities	17	155	318
Provisions	16	102	113
Total current liabilities		2,384	2,240
Total liabilities		11,759	12,620
Total equity and liabilities		15,138	14,857
Net current assets		1,235	1,046
Total assets less current liabilities		12,754	12,617

Approved and authorised for issue by the board of directors on 4 September 2015.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

	Share capital	Shares held for vesting	Share premium	Other reserves	Currency translation reserve	Accumulated losses	Total equity
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Balance at 1 January 2015	**152**	**(1)**	**15,786**	**2,679**	**(8,679)**	**(7,700)**	**2,237**
Profit for the period (unaudited)	-	-	-	-	-	879	879
Other comprehensive income for the period (unaudited)	-	-	-	142	121	-	263
Total comprehensive income for the period (unaudited)	**-**	-	**-**	**142**	**121**	**879**	**1,142**
Balance at 30 June 2015 (unaudited)	**152**	**(1)**	**15,786**	**2,821**	**(8,558)**	**(6,821)**	**3,379**
Balance at 1 January 2014	**152**	**(1)**	**15,786**	**2,740**	**(4,518)**	**(7,609)**	**6,550**
Loss for the period (unaudited)	-	-	-	-	-	(209)	(209)
Other comprehensive income for the period (unaudited)	-	-	-	(22)	(178)	-	(200)
Total comprehensive income for the period (unaudited)	**-**	-	**-**	**(22)**	**(178)**	**(209)**	**(409)**
Balance at 30 June 2014 (unaudited)	**152**	**(1)**	**15,786**	**2,718**	**(4,696)**	**(7,818)**	**6,141**

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

		Six months ended 30 June	
		2015 (unaudited)	**2014** (unaudited)
	Note	**USD million**	**USD million**
OPERATING ACTIVITIES			
Profit/(loss) for the period		**879**	**(209)**
Adjustments for:			
Depreciation		227	225
Amortisation		7	7
Impairment of non-current assets		32	56
Change in fair value of derivative financial instruments		72	124
(Reversal of impairment)/ impairment of trade and other receivables		(1)	5
Impairment of inventories		15	2
Debtors write-off		-	(9)
Provision for legal claims		6	-
Pension provision		2	2
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary	1(b)	(155)	-
Loss on disposal of property, plant and equipment		2	6
Foreign exchange loss		140	82
Interest expense		345	396
Interest income		(17)	(12)
Income tax expense	8	147	59
Share of profits of associates	10	(440)	(361)
Share of losses/(profits) of joint ventures	11	6	(15)
Cash from operating activities before changes in working capital and provisions		**1,267**	**358**
Decrease in inventories		77	127
Increase in trade and other receivables		(18)	(30)
Decrease in prepaid expenses and other assets		9	4
Decrease in trade and other payables		(149)	(220)
Decrease in provisions		(12)	(9)
Cash generated from operations		**1,174**	**230**
Income taxes paid		(154)	(47)
Net cash generated from operating activities		**1,020**	**183**

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

	Six months ended 30 June	
	2015 (unaudited)	**2014** (unaudited)
	USD million	**USD million**
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	10	16
Interest received	16	11
Acquisition of property, plant and equipment	(211)	(230)
Acquisition of intangible assets	(6)	(7)
Dividends from associates	535	5
Dividends from joint ventures	14	20
Changes in restricted cash	(3)	(138)
Net cash generated from/ (used in) investing activities	**355**	**(323)**
FINANCING ACTIVITIES		
Proceeds from borrowings	211	1,177
Repayment of borrowings	(781)	(969)
Restructuring fees and other expenses	-	(21)
Interest paid	(282)	(366)
Settlement of derivative financial instruments	(145)	(153)
Net cash used in financing activities	**(997)**	**(332)**
Net increase/(decrease) in cash and cash equivalents	**378**	**(472)**
Cash and cash equivalents at 1 January	557	701
Effect of exchange rate fluctuations on cash and cash equivalents	(47)	(5)
Cash and cash equivalents at the end of the period	**888**	**224**

Restricted cash amounted to USD16 million and USD13 million at 30 June 2015 and 31 December 2014, respectively.

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 38.

1 Background

(a) Organisation

United Company RUSAL Plc (the "Company" or "UC RUSAL") was established by the controlling shareholder of RUSAL Limited ("RUSAL") as a limited liability company under the laws of Jersey on 26 October 2006. On 27 January 2010, the Company has successfully completed a dual placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Professional Segment of NYSE Euronext Paris ("Euronext Paris") (the "Global Offering") and changed its legal form from a limited liability to a public limited company.

On 23 March 2015, the shares of the Company were admitted to listing on PJSC Moscow Exchange MICEX-RTS ("Moscow Exchange") in the First Level quotation list. The trading of shares on Moscow Exchange commenced on 30 June 2015. There was no issue of new shares.

The Company's registered office is 44 Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands.

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

Upon the successful completion of the Global Offering, the Company issued 1,636,363,646 new shares in the form of shares listed on the Stock Exchange, and in the form of global depositary shares ("GDS") listed on Euronext Paris representing 10.81% of the Company's issued and outstanding shares, immediately prior to the Global Offering.

The shareholding structure of the Company as at 30 June 2015 and 31 December 2014 was as follows:

	30 June	**31 December**
	2015	**2014**
En+ Group Limited ("En+")	48.13%	48.13%
Onexim Holdings Limited ("Onexim")	17.02%	17.02%
SUAL Partners Limited ("SUAL Partners")	15.80%	15.80%
Amokenga Holdings Limited ("Amokenga Holdings")	8.75%	8.75%
Held by Directors	0.25%	0.25%
Shares held for vesting	0.00%*	0.00%*
Publicly held	10.05%	10.05%
Total	**100%**	**100%**

* As at 30 June 2015 and 31 December 2014 the Group held 514,056 ordinary shares for long term incentive plan ("LTIP") (note 13(b)).

En+ is controlled by Mr. Oleg Deripaska. Onexim is controlled by Mr. Mikhail Prokhorov. SUAL Partners is controlled by Mr. Viktor Vekselberg and Mr. Len Blavatnik together. Amokenga Holdings is a wholly owned subsidiary of Glencore International Plc ("Glencore").

Related party transactions are detailed in note 20.

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 are available at the Company's website www.rusal.com.

(b) Deconsolidation of subsidiary

On 11 March 2015, the Supreme Court of Ukraine denied the Group's appeal to reconsider the previous court decision that 68% of shares of PJSC Zaporozhye Aluminium Combine ('ZALK'), an indirect subsidiary of UC RUSAL PLc, should be deprivatized and returned to the State of Ukraine.

On 9 June 2015 ZALK shares were written off the Company's account and transferred to the State of Ukraine.

The Company intends to pursue all available legal alternatives, including, but not limited to, the European Court on Human Rights, to overturn the above decision. However as a result of the Supreme Court ruling the Group no longer has the rights to varying returns from ZALK or the ability to control this entity to affect those returns.

The assets and liabilities of ZALK have been deconsolidated which resulted in recognition of USD9 million gain in this consolidated interim condensed financial information. Additionally, USD155 million of foreign currency translation gain arising on the translation of ZALK accumulated from 2007 was recycled through profit and loss.

2 Basis of preparation

Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

This consolidated interim condensed financial information does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this consolidated interim condensed financial information, the Group has adopted these new and revised IFRSs where applicable:

Annual Improvements to IFRSs 2010-2012 Cycle

Annual Improvements to IFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current and the prior periods have been prepared and presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Significant accounting policies

The accounting policies and judgments applied by the Group in this consolidated interim condensed financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014. The adoption of other new standards and amendments did not have a significant impact on the Group.

4 Seasonality

There are no material seasonal events in business activity of the Group.

5 Segment reporting

Reportable segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

Aluminium. The Aluminium segment is involved in the production and sale of primary aluminum and related products.

Alumina. The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina.

Energy. The Energy segment includes the Group companies and projects engaged in the mining and sale of coal and the generation and transmission of electricity produced from various sources. Where the generating facility is solely a part of an alumina or aluminium production facility it is included in the respective reportable segment.

Mining and Metals. The Mining and Metals segment includes the equity investment in Norilsk Nickel.

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meets any of the quantitative thresholds for determining reportable segments.

The Aluminium and Alumina segments are vertically integrated whereby the Alumina segment supplies alumina to the Aluminium segment for further refining and smelting with limited sales of alumina outside the Group. Integration between the Aluminium, Alumina and Energy segments also includes shared servicing and distribution.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of income tax assets and corporate assets. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments. Loans and borrowings are not allocated to individual segments as they are centrally managed by the head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment results is the profit before income tax adjusted for impairment of non-current assets and for items not specifically attributed to individual segments, such as finance income, costs of loans and borrowings and other head office or corporate administration costs. The segment profit or loss is included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), the carrying value of investments and share of (losses)/profits of associates and joint ventures, depreciation, amortisation, impairment and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

During the three months ended 30 June 2015 the Company reconsidered classification of certain transactions for the purposes of segment reporting. The respective numbers for the three months ended 31 March 2015 were reclassified accordingly.

(i) Reportable segments

Three months ended 30 June 2015

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	1,882	170	1	-	**2,053**
Inter-segment revenue	42	409	-	-	**451**
Total segment revenue	**1,924**	**579**	**1**	**-**	**2,504**
Segment profit/(loss)	**498**	**29**	**(1)**	**-**	**526**
Impairment of non-current assets	(12)	(2)	-	-	**(14)**
Share of (losses)/profits of associates	-	(1)	-	205	**204**
Share of profits of joint ventures	1	-	1	-	**2**
Depreciation/amortisation	(88)	(24)	-	-	**(112)**
Non-cash income	(28)	(17)	-	-	**(45)**
Additions to non-current segment assets during the period	82	31	1	(8)	**106**

Three months ended 30 June 2014

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	1,888	133	1	-	**2,022**
Inter-segment revenue	41	297	-	-	**338**
Total segment revenue	**1,929**	**430**	**1**	**-**	**2,360**
Segment profit/(loss)	**227**	**(53)**	**-**	**-**	**174**
Impairment of non-current assets	(2)	(27)	-	-	**(29)**
Share of (losses)/profits of associates	-	(3)	-	294	**291**
Share of profits of joint ventures	1	-	2	-	**3**
Depreciation/amortisation	(93)	(21)	-	-	**(114)**
Non-cash income	6	15	-	-	**21**
Additions to non-current segment assets during the period	65	49	3	-	**117**
Non-cash movements in non-current segment assets related to site restoration	**-**	8	**-**	-	**8**

Six months ended 30 June 2015

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	4,032	316	1	-	**4,349**
Inter-segment revenue	83	765	-	-	**848**
Total segment revenue	**4,115**	**1,081**	**1**	**-**	**5,197**
Segment profit/(loss)	**1,138**	**96**	**(2)**	**-**	**1,232**
Impairment of non-current assets	(18)	(14)	-	-	**(32)**
Share of (losses)/profits of associates	-	(4)	-	444	**440**
Share of (losses)/profits of joint ventures	(19)	-	13	-	**(6)**
Depreciation/amortisation	(187)	(43)	-	-	**(230)**
Non-cash income	(28)	(16)	-	-	**(44)**
Additions to non-current segment assets during the period	137	55	1	-	**193**
Non-cash movements in non-current segment assets related to site restoration	-	10	-	-	**10**

Six months ended 30 June 2014

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	3,632	288	2	-	**3,922**
Inter-segment revenue	81	687	-	-	**768**
Total segment revenue	**3,713**	**975**	**2**	**-**	**4,690**
Segment profit/(loss)	**371**	**(103)**	**-**	**-**	**268**
Impairment of non-current assets	(9)	(47)	-	-	**(56)**
Share of (losses)/profits of associates	-	(10)	-	371	**361**
Share of profits of joint ventures	1	-	14	-	**15**
Depreciation/amortisation	(185)	(42)	-	-	**(227)**
Non-cash income	3	1	-	-	**4**
Additions to non-current segment assets during the period	126	103	4	-	**233**
Non-cash movements in non-current segment assets related to site restoration	-	13	-	-	**13**

At 30 June 2015

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Segment assets	7,919	1,698	71	-	**9,688**
Interests in associates	-	302	-	4,230	**4,532**
Interests in joint ventures	-	-	374	-	**374**
Total assets					**14,594**
Segment liabilities	(1,715)	(780)	(101)	-	**(2,596)**
Total liabilities					**(2,596)**

At 31 December 2014

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Segment assets	7,919	1,675	28	-	**9,622**
Interests in associates	-	327	-	4,141	**4,468**
Interests in joint ventures	20	-	389	-	**409**
Total segment assets					**14,499**
Segment liabilities	(1,958)	(847)	(101)	-	**(2,906)**
Total segment liabilities					**(2,906)**

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	USD million	USD million	USD million	USD million
Revenue				
Reportable segment revenue	2,504	2,360	5,197	4,690
Elimination of inter-segment revenue	(451)	(338)	(848)	(768)
Unallocated revenue	220	239	401	462
Consolidated revenue	**2,273**	**2,261**	**4,750**	**4,384**

	Three months ended 30 June		**Six months ended 30 June**	
	2015	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**
Profit				
Reportable segment profit	526	174	1,232	268
Impairment of non-current assets	(14)	(29)	(32)	(56)
Share of profits of associates	204	291	440	361
Share of profits/(losses) of joint ventures	2	3	(6)	15
Finance income	5	16	17	12
Finance expenses	(269)	(224)	(601)	(637)
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary	-	-	155	-
Unallocated expense	(74)	(76)	(179)	(113)
Consolidated profit/(loss) before taxation	**380**	**155**	**1,026**	**(150)**

	30 June	**31 December**
	2015	**2014**
	USD million	**USD million**
Assets		
Reportable segment assets	14,594	14,499
Elimination of inter-segment receivables	(377)	(165)
Unallocated assets	921	523
Consolidated total assets	**15,138**	**14,857**
Liabilities		
Reportable segment liabilities	(2,596)	(2,906)
Elimination of inter-segment payables	377	165
Unallocated liabilities	(9,540)	(9,879)
Consolidated total liabilities	**(11,759)**	**(12,620)**

6 Revenue

	Three months ended 30 June		Six months ended 30 June	
	2015	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**
Sales of primary aluminium and alloys	**1,882**	**1,888**	**4,032**	**3,632**
Third parties	*1,072*	*1,144*	*2,201*	*2,184*
Related parties – companies capable of exerting significant influence	*770*	*676*	*1,755*	*1,322*
Related parties – companies under common control	*40*	*55*	*75*	*98*
Related parties - associates	-	*13*	*1*	*28*
Sales of alumina and bauxite	**170**	**133**	**316**	**288**
Third parties	*109*	*75*	*194*	*182*
Related parties – companies capable of exerting significant influence	*52*	*58*	*113*	*106*
Related parties – associates	9	-	9	-
Sales of foil	**74**	**78**	**142**	**149**
Third parties	*74*	*76*	*140*	*145*
Related parties – companies under common control	-	*2*	*2*	*4*
Other revenue including energy and transportation services	**147**	**162**	**260**	**315**
Third parties	*121*	*140*	*227*	*264*
Related parties – companies capable of exerting significant influence	*6*	*7*	*7*	*17*
Related parties – companies under common control	*3*	*9*	*6*	*14*
Related parties – associates	*17*	*6*	*20*	*20*
	2,273	**2,261**	**4,750**	**4,384**

7 Finance income and expenses

	Three months ended 30 June		Six months ended 30 June	
	2015	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**
Finance income				
Interest income on third party loans and deposits	5	7	16	11
Interest income on company loans to related parties – *companies under common control*	-	-	1	1
Change in fair value of derivative financial instruments (Note 17)	-	9	-	-
	5	**16**	**17**	**12**
Finance expenses				
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(72)	(188)	(154)	(382)
Interest expense on bank loans wholly repayable after 5 years	(88)	-	(176)	-
Interest expense on company loans from related parties - *companies capable of exerting significant influence*	(4)	(7)	(8)	(7)
Net foreign exchange loss	(58)	(26)	(184)	(117)
Change in fair value of derivative financial instruments (Note 17)	(43)	-	(72)	(124)
Interest expense on provisions	(4)	(3)	(7)	(7)
	(269)	**(224)**	**(601)**	**(637)**

8 Income tax

	Three months ended 30 June		Six months ended 30 June	
	2015	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**
Current tax				
Current tax for the period	73	50	142	63
Deferred tax				
Origination and reversal of temporary differences	-	(11)	5	(4)
Actual tax expense	**73**	**39**	**147**	**59**

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 12.5%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 22% and Italy of 31.4%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and a cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2015 are 9.27% and 14.60% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 30 June 2015 were the same as for the period ended 30 June 2014 and the year ended 31 December 2014 except as noted above.

9 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders for the three and six months ended 30 June 2015 and 30 June 2014.

Weighted average number of shares:

	Three months ended 30 June	
	2015	**2014**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(2,700,950)	(4,542,410)
Weighted average number of shares at end of the period	**15,190,313,912**	**15,188,472,452**
Profit for the period, USD million	**307**	**116**
Basic and diluted earnings per share, USD	**0.0202**	**0.0076**

	Six months ended 30 June	
	2015	**2014**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(2,700,950)	(4,421,773)
Weighted average number of shares at end of the period	**15,190,313,912**	**15,188,593,089**
Profit/(loss) for the period, USD million	**879**	**(209)**
Basic and diluted earnings/(losses) per share, USD	**0.0579**	**(0.0138)**

There were no outstanding dilutive instruments during the six-month periods ended 30 June 2015 and 30 June 2014.

No dividends were declared and paid during the periods presented.

10 Interests in associates

	Three months ended 30 June	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the period	**4,475**	**7,496**
Group’s share of profits	204	291
Dividends	(576)	(313)
Group’s share of other comprehensive income	-	12
Foreign currency translation	432	538
Balance at the end of the period	**4,535**	**8,024**
Goodwill included in interests in associates	2,886	4,688

	Six months ended 30 June	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the period	**4,470**	**8,175**
Group’s share of profits	440	361
Dividends	(576)	(313)
Group’s share of other comprehensive income	1	1
Foreign currency translation	200	(200)
Balance at the end of the period	**4,535**	**8,024**
Goodwill included in interests in associates	2,886	4,688

Investment in Norilsk Nickel

The market value of the investment in Norilsk Nickel at 30 June 2015 is USD7,512 million (31 December 2014: USD6,388 million). The market value is determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

11 Interests in joint ventures

	Three months ended 30 June	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the period	**377**	**562**
Group’s share of profits	2	3
Dividends	(3)	(18)
Foreign currency translation	(2)	(2)
Balance at the end of the period	**374**	**545**

	Six months ended 30 June	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the period	**409**	**585**
Group’s share of (losses)/profits	(6)	15
Dividends	(17)	(20)
Foreign currency translation	(12)	(35)
Balance at the end of the period	**374**	**545**

12 Trade and other receivables

	30 June 2015 USD million	31 December 2014 USD million
Trade receivables from third parties	214	167
Impairment loss on trade receivables	(18)	(18)
Net trade receivables from third parties	**196**	**149**
Trade receivables from related parties, including:	**84**	**61**
Related parties - companies capable of exerting significant influence	*62*	*43*
Related parties - companies under common control	*6*	*14*
Related parties – associates	*16*	*4*
VAT recoverable	238	219
Impairment loss on VAT recoverable	(26)	(31)
Net VAT recoverable	**212**	**188**
Advances paid to third parties	73	85
Impairment loss on advances paid	(4)	(4)
Net advances paid to third parties	**69**	**81**
Advances paid to related parties, including:	**57**	**66**
Related parties - companies capable of exerting significant influence	-	*2*
Related parties - companies under common control	*5*	*3*
Related parties - associates	*52*	*61*
Prepaid expenses	**14**	**21**
Prepaid income tax	**24**	**15**
Prepaid other taxes	**15**	**27**
Other receivables from third parties	89	73
Impairment loss on other receivables	(5)	(14)
Net other receivables from third parties	**84**	**59**
Other receivables from related parties, including:	**17**	**19**
Related parties - companies under common control	*4*	*5*
Related parties - associates	*13*	*14*
	772	**686**

All of the trade and other receivables are expected to be settled or recognised as an expense within one year or are repayable on demand.

(a) Ageing analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the reporting dates:

	30 June 2015	31 December 2014
	USD million	USD million
Current	235	193
Past due 0-90 days	37	11
Past due 91-365 days	6	5
Past due over 365 days	2	1
Amounts past due	45	17
	280	**210**

Trade receivables are on average due within 60 days from the date of billing. The receivables that are neither past due nor impaired (i.e. current) relate to a wide range of customers for whom there has been no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recognised unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for doubtful debts during the periods, including both specific and collective loss components, is as follows:

	Three months ended 30 June 2015	Three months ended 30 June 2014
	USD million	USD million
Balance at the beginning of the period	(18)	(46)
Impairment	-	(1)
Balance at the end of the period	**(18)**	**(47)**

	Six months ended 30 June 2015	Six months ended 30 June 2014
	USD million	USD million
Balance at the beginning of the period	(18)	(53)
Impairment	-	(7)
Uncollectible amount written off	-	13
Balance at the end of the period	**(18)**	**(47)**

As at 30 June 2015 and 31 December 2014, the Group's trade receivables of USD18 million and USD18 million, respectively, were individually determined to be impaired. Management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

13 Equity

(a) Share capital

	Six months ended 30 June 2015		**Six months ended 30 June 2014**	
	USD	**Number of shares**	**USD**	**Number of shares**
Ordinary shares at the end of the period, authorised	200 million	20 billion	200 million	20 billion
Ordinary shares at 1 January	151,930,148	15,193,014,862	151,930,148	15,193,014,862
Ordinary shares at the end of the period USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	**151,930,148**	**15,193,014,862**

(b) Share-based compensation

As at 30 June 2015 and 31 December 2014 the Group held 2,700,950 of its own shares, which were acquired on the open market for the share-based incentive plans ("Shares held for vesting").

During the six months ended 30 June 2015 trustee acquired no shares on the open market (2014: 1,750,886 shares). For the six-month periods ended 30 June 2015 and 30 June 2014, the Group recognized an additional employee expense of nil and USD1 million in relation to the long-term incentive plans of the Company, respectively.

(c) Other reserves

Other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, change in fair value of cash flow hedges and share of other comprehensive income of equity-accounted investees other than foreign currency translation.

(d) Distributions

In accordance with the Companies (Jersey) Law 1991 (the "Law"), the Company may make distributions at any time in such amounts as are determined by the Company out of the assets of the Company other than the capital redemption reserves and nominal capital accounts, provided that the directors of the Company make a solvency statement in accordance with that Law of Jersey at the time the distributions are proposed. Dividend pay-outs are restricted in accordance with the credit facility agreements.

(e) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and equity-accounted investees.

14 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings.

	30 June 2015	**31 December 2014**
	USD million	**USD million**
Non-current liabilities		
Secured bank loans	7,892	8,651
Secured loans from related parties	99	196
	7,991	**8,847**
Current liabilities		
Secured bank loans	687	102
Secured loans from related parties	175	153
Accrued interest	28	48
	890	**303**

The Group's bank loans are secured by pledges of shares of the Group's subsidiaries and by pledges of the shares of an associate, the details of which are disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2014. During the six months period ended 30 June 2015, the Group temporarily pledged 23.6% shares of RUSAL Sayanogorsk.

The secured bank loans are also secured by the following:

- inventory with a carrying value of USD32 million (31 December 2014: USD3 million);
- property, plant and equipment, inventory, receivables with a carrying amount of USD513 million (Aughinish Alumina Limited and UC RUSAL Aughinish Holdings Limited) (31 December 2014: USD526 million).

As at 30 June 2015 and 31 December 2014 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility.

The nominal value of the Group's loans and borrowings was USD9,050 million at 30 June 2015 (31 December 2014: USD9,346 million).

As at 30 June 2015 the Group made a principal repayment via cash sweep in total amounts of USD247 million, RUB620 million (USD11 million) and EUR8 million (USD9 million) under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank and Gazprombank as prepayments.

15 Bonds

On 3 March and 18 April 2011, the Company's subsidiary RUSAL Bratsk issued two tranches of rouble denominated bonds, each including 15 million bonds, with a par value of 1,000 roubles each, trading on MICEX. Maturity of the first tranche is seven years subject to a put option exercisable in March 2014. Maturity of the second tranche is ten years subject to a put option exercisable in April 2015.

Simultaneously, the Group entered into cross-currency swaps with an unrelated financial institution in relation to each tranche whereby the first tranche with semi-annual coupon payments of 8.3% p.a. was transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% p.a. and the second tranche with semi-annual coupon payments of 8.5% p.a. was transformed into a USD obligation with a matching maturity of USD533 million bearing interest at 5.09% p. a. The proceeds of the bond issues were used for repayment of part of the Group's outstanding debts.

On 25 February 2014 RUSAL Bratsk entered into a bond sale agreement for the purpose of selling up to 5,000,000 (five million) series 07 bonds which were expected to be bought back on a bondholders' put-option realization date scheduled for 3 March 2014. The selling price under the terms of bonds sale agreement was RUB998.356, or 99.8356% of the par value of each bond. Simultaneously United Company RUSAL Aluminium Limited entered into a put-option transaction which may be exercised for up to 5,000,000 (five million) series 07 bonds at a strike price which will be a function of the announced coupon rate, purchase price, tenor and the expected yield of the transaction, and is exercisable on 22 February 2016. At the Company's request this transaction was early terminated in full and settled on 30 June 2015.

On 26 February 2014 cross-currency swap in relation to the first tranche expired.

On 28 February 2014 RUSAL Bratsk announced a coupon rate in respect to the series 07 bond issue at the level of 12% per annum for the 7-10 semi-annual coupon periods after which the series 07 bonds will be subject to a put option and coupon rate revision.

On 3 March 2014 RUSAL Bratsk successfully performed its obligations under the terms of bondholders' put-option. As result of the put-option being exercised 10,947,149 series 07 bonds (about 73% of the issue) were purchased back by the issuer.

On 6 April 2015 RUSAL Bratsk announced a coupon rate in respect to the series 08 bonds at the level of 12% per annum for the 9-12 semi-annual coupon periods after which the series 08 bonds will be subject to a put option and coupon rate revision.

On 13 April 2015 cross-currency swap in relation to the second tranche expired.

On 15 April 2015 RUSAL Bratsk fulfilled its obligations under a bondholders' put option in regard to the series 08 bonds. 8,067,213 bonds were repurchased from bondholders at the bondholders' request.

As of 30 June 2015 1,482,448 series 07 bonds and 53,680 series 08 bonds were outstanding (traded in the market).

The closing market price at 30 June 2015 was RUB985.9 and RUB973.0 per bond for the first and second tranches, respectively.

16 Provisions

	Pension liabilities	Site resto-ration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
	USD million	USD million	USD million	USD million	USD million	USD million
Balance at 31 March 2015	**58**	**355**	**15**	**65**	**100**	**593**
Provisions made during the period	1	4	15	-	-	20
Provisions reversed during the period	-	-	(9)	-	-	(9)
Actuarial loss	2	-	-	-	-	2
Provisions utilised during the period	(1)	-	(5)	(3)	-	(9)
Foreign currency translation	6	14	-	-	-	20
Balance at 30 June 2015	**66**	**373**	**16**	**62**	**100**	**617**
Non-current	*60*	*359*	-	*35*	*61*	*515*
Current	*6*	*14*	*16*	*27*	*39*	*102*
Balance at 31 March 2014	**103**	**472**	**14**	**68**	**100**	**757**
Provisions made during the period	2	9	-	-	-	11
Provisions reversed during the period	-	-	(2)	-	-	(2)
Actuarial gain	(5)	-	-	-	-	(5)
Provisions utilised during the period	(2)	(2)	-	-	-	(4)
Foreign currency translation	3	7	-	-	-	10
Balance at 30 June 2014	**101**	**486**	**12**	**68**	**100**	**767**
Non-current	*91*	*471*	-	*39*	*71*	*672*
Current	*10*	*15*	*12*	*29*	*29*	*95*

	Pension liabilities	**Site resto-ration**	**Provisions for legal claims**	**Tax provisions**	**Provision for guarantee**	**Total**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Balance at 1 January 2015	**63**	**377**	**15**	**65**	**100**	**620**
Provisions made during the period	4	15	15	-	-	34
Provisions reversed during the period	-	-	(9)	-	-	(9)
Actuarial loss	2	-	-	-	-	2
Provisions utilised during the period	(3)	(1)	(5)	(3)	-	(12)
Foreign currency translation	-	(18)	-	-	-	(18)
Balance at 30 June 2015	**66**	**373**	**16**	**62**	**100**	**617**
Non-current	*60*	*359*	-	*35*	*61*	*515*
Current	*6*	*14*	*16*	*27*	39	102
Balance at 1 January 2014	**116**	**491**	**12**	**68**	**100**	**787**
Provisions made during the period	6	16	2	-	-	24
Provisions reversed during the period	-	-	(2)	-	-	(2)
Actuarial gain	(5)	-	-	-	-	(5)
Provisions utilised during the period	(6)	(3)	-	-	-	(9)
Foreign currency translation	(10)	(18)	-	-	-	(28)
Balance at 30 June 2014	**101**	**486**	**12**	**68**	**100**	**767**
Non-current	*91*	*471*	-	*39*	*71*	*672*
Current	*10*	*15*	*12*	*29*	29	95

17 Derivative financial assets and liabilities

	30 June 2015		31 December 2014	
	USD million		USD million	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Cross-currency swaps	-	304	-	446
Petroleum coke supply contracts and other raw materials	36	3	45	-
Interest rate swaps	-	10	-	30
Forward contracts for aluminium and other instruments	11	-	17	26
Cross-currency option on loan	-	145	-	166
Total	**47**	**462**	**62**	**668**

On 16 December 2013 the Group entered into a new credit facility up to RUB15 billion with VTB Capital Plc with a maturity of 5 years and an interest rate of 3M Mosprime + 4.0% and drew down RUB10.1 billion (USD309 million) on 17 December 2013. The credit facility includes an option which may be exercised by the bank two years from the date of entering into the credit facility to convert the credit facility to USD with a 3M LIBOR + 5.05% interest rate. On 30 June 2015 the Group's exposure under this option was USD145 million.

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. There were no changes in valuation techniques as well as no transfers between levels of the fair value hierarchy during three and six-month periods ended 30 June 2015. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. The following significant assumptions were used in estimating derivative instruments:

	2015	2016	2017
LME Al Cash, USD per tonne	1,690	1,737	1,779
Platt's FOB Brent, USD per barrel	65	68	69
Forward exchange rate, RUB to USD	56.9494	62.7588	66.5198
Forward 1Y LIBOR, %	0.58	0.86	-

The fair value of VTB Capital loan option is estimated using Black-Scholes model. As at 30 June 2015 the following assumptions were used:

Conversion rate, RUB to USD	32.8
Spot price, RUB to USD	55.3
Volatility, %	20.6
Risk free rate for RUB, %	10.2
Risk free rate for USD, %	1.2

The movement in the balance of Level 3 fair value measurements of derivatives is as follows:

	Three months ended 30 June	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the period	(452)	(319)
Unrealised changes in fair value recognised in other comprehensive income during the period	72	42
Unrealised changes in fair value recognised in statement of income (finance (expense)/ income) during the period	(81)	9
Realised portion of electricity, coke and raw material contracts	46	(25)
Balance at the end of the period	**(415)**	**(293)**

	Six months ended 30 June	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the period	(606)	(288)
Unrealised changes in fair value recognised in other comprehensive income during the period	121	(51)
Unrealised changes in fair value recognised in statement of income (finance income/(expense)) during the period	(72)	(124)
Realised portion of electricity, coke and raw material contracts	142	170
Balance at the end of the period	**(415)**	**(293)**

Sensitivity analysis showed that derivative financial instruments are not particularly sensitive to changes in main inputs.

18 Trade and other payables

	30 June 2015	31 December 2014
	USD million	**USD million**
Accounts payable to third parties	**429**	**454**
Accounts payable to related parties, including:	**40**	**51**
Related parties – companies capable of exerting significant influence	*20*	*24*
Related parties – companies under common control	*18*	*25*
Related parties – associates	*2*	*2*
Advances received from third parties	**220**	**169**
Advances received from related parties, including:	**278**	**405**
Related parties – companies capable of exerting significant influence	*276*	*404*
Related parties – companies under common control	*1*	*-*
Related parties - associates	*1*	*1*
Other payables and accrued liabilities third parties	**128**	**138**
Other payable and accrued liabilities related parties, including:	**11**	**10**
Related parties – companies capable of exerting significant influence	*4*	*3*
Related parties – associates	*7*	*7*
Other taxes payable	**90**	**93**
Non-trade payables to third parties	**1**	**1**
	1,197	**1,321**

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as at the reporting date.

	30 June 2015	31 December 2014
	USD million	**USD million**
Due within twelve months or on demand	469	505

19 Commitments and contingencies

(a) Capital commitments

In May 2006, the Group signed a Co-operation agreement with OJSC HydroOGK and RAO UES. Under this Co-operation agreement OJSC HydroOGK and the Group have jointly committed to finance the construction and future operating of the BEMO Project including BoGES and an aluminium plant, the planned main customer of the hydropower station. The parties established two joint companies with 50:50 ownership, into which the Group is committed to invest USD1,216 million by the end of 2015 (31 December 2014: USD1,215 million).

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 30 June 2015 and 31 December 2014 approximated USD233 million and USD319 million, respectively. These commitments are due over a number of years.

(b) Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local, regional and federal authorities. Notably recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of the tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. In addition, in some instances, new tax regulations effectively have been given retroactive effect. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 30 June 2015 is USD297 million (31 December 2014: USD357 million).

The Group's major trading companies are incorporated in low tax jurisdictions outside Russia and a significant portion of the Group's profit is realised by these companies. Management believes that these trading companies are not subject to taxes outside their countries of incorporation and that the commercial terms of transactions between them and other Group companies are acceptable to the relevant tax authorities. This consolidated interim condensed financial information has been prepared on this basis. However, as these companies are involved in a significant level of cross border activities, there is a risk that Russian or other tax authorities may challenge the treatment of cross-border activities and assess additional tax charges. It is not possible to quantify the financial exposure resulting from this risk.

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

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

The new transfer pricing rules primarily apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code. In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB3 billion in 2012, RUB2 billion in 2013, and RUB1 billion in 2014 and thereon).

Since there is no practice of applying the new transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect, if any, of the new transfer pricing rules on this consolidated interim condensed financial information.

The Company believes it is compliant with the new rules as it has historically applied the OECD - based transfer pricing principles. Estimating additional tax which may become payable is inherently imprecise. It is, therefore, possible that the amount ultimately payable may exceed the Group's best estimate of the maximum reasonably possible liability; however, the Group considers that the likelihood that this will be the case is remote.

The new controlled foreign company (“CFC”) rules have been introduced in Russia starting from 1 January 2015. The rules apply to undistributed profits of non-Russian CFC controlled by Russian tax-resident shareholders. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 in relation to non-Russian affiliates of the Group where such shareholders directly or indirectly control more than 10% of those affiliates.

(c) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

(d) Legal contingencies

The Group’s business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on an ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated interim condensed financial information (refer to note 16). As at 30 June 2015 the amount of claims, where management assesses outflow as possible approximates USD41 million (31 December 2014: USD111 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion. In January 2014 the court granted the Company's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. The next hearing is currently scheduled for 14 October 2015. Based on a preliminary assessment of the claim, the Company does not expect the case to have any material adverse effect on the Group's financial position or its operation as a whole.

20 Related party transactions

(a) Transactions with management and close family members

Management remuneration

Key management received the following remuneration, which is included in personnel costs:

	Three months ended 30 June		**Six months ended 30 June**	
	2015	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**
Salaries and bonuses	22	15	38	28
Share-based compensation	-	1	-	1
	22	**16**	**38**	**29**

(b) Transactions with other related parties

The Group transacts with other related parties, the majority of which are entities under common control with the Group or under the control of SUAL Partners or its controlling shareholders or Glencore or entities under its control or Onexim or its controlling shareholders.

Sales to related parties for the period are disclosed in note 6, finance income and expenses incurred in transactions with related parties are disclosed in note 7, trade receivables from related parties are disclosed in note 12, accounts payable to related parties are disclosed in note 18, commitments with related parties are disclosed in note 19.

Purchases of raw materials and services from related parties were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**
Purchases of alumina, bauxite and other raw materials – companies under common control	15	25	27	49
Purchases of alumina, bauxite and other raw materials – companies capable of exerting significant influence	35	41	69	95
Purchases of alumina, bauxite and other raw materials – associates	1	-	23	-
Energy costs – companies under common control	121	136	227	266
Energy costs – companies capable of exerting significant influence	7	10	14	22
Energy costs – associates	5	1	8	1
Other costs – companies under common control	5	5	10	8
Other costs – associates	36	38	70	75
Distribution expense – companies under common control	-	-	-	1
	225	**256**	**448**	**517**

As at 30 June 2015, included in non-current assets and non-current liabilities are balances of USD37 million and USD61 million, respectively, of companies which are due from and due to related parties (31 December 2014: USD35 million and USD61 million, respectively).

(c) Pricing policies

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm’s length.

The Group has entered into three categories of related-party transactions: (i) those entered into on an arm’s length basis, (ii) those entered into on non-arm’s length terms but as part of a wider deal resulting from arms' length negotiations with unrelated third parties, and (iii) transactions unique to the Group and the counterparty.

21 Events subsequent to the reporting date

There were no significant events subsequent to the reporting date.

22 Assesment of previously issued financial information

The Group has previously issued interim condensed financial information as at and for the three- and six-month periods ended 30 June 2015 dated 26 August 2015. At that date the Group was unable to obtain consolidated IFRS interim financial information of the Group’s significant equity investee, PJSC MMC Norilsk Nickel, as at and for three- and six-month periods ended 30 June 2015. Consequently management estimated the Group’s share in the profits and comprehensive income of this investee for three- and six-month periods ended 30 June 2015 based on information that was publicly available at that time. On 31 August 2015 PJSC MMC Norilsk Nickel published its unaudited financial information prepared in accordance with IFRS as at and for the six-month period ended 30 June 2015. Management has used this information to reassess the Group’s share in the profits and other comprehensive income of the investee and compare these amounts to their previous estimates. As a result of this comparison, management has concluded that the Group’s share of profits, foreign currency translation gains and losses, and other comprehensive income of associates for the three- and six-month periods ended 30 June 2015 as well as the carrying amount of the Group’s interest in associates as at 30 June 2015 reported in the Group’s interim condensed financial information issued on 26 August 2015 do not require restatement.