RUSAL

United Company RUSAL Plc

Consolidated Interim Condensed Financial Information for the three- and six-month periods ended 30 June 2017

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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 2017, and the related consolidated interim condensed statements of income and comprehensive income for the three- and six-month periods ended 30 June 2017, changes in equity and cash flows for the six-month period ended 30 June 2017, 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 2017 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*.

Yerkozha Akylbek

For and on behalf of JSC "KPMG"

Recognised Auditors

24 August 2017

		Three months ended 30 June		Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
	Note	USD million	USD million	USD million	USD million
Revenue	5	2,467	1,982	4,764	3,896
Cost of sales	6(a)	(1,790)	(1,507)	(3,478)	(3,053)
Gross profit		**677**	**475**	**1,286**	**843**
Distribution expenses	6(b)	(114)	(85)	(210)	(162)
Administrative expenses	6(b)	(147)	(143)	(292)	(257)
Impairment of non-current assets	6(b)	(64)	(36)	(81)	(55)
Net other operating expenses	6(b)	(35)	(13)	(43)	(1)
Results from operating activities		**317**	**198**	**660**	**368**
Finance income	7	110	7	32	14
Finance expenses	7	(180)	(323)	(491)	(526)
Share of profits of associates and joint ventures	10	79	257	297	439
Profit before taxation		**326**	**139**	**498**	**295**
Income tax	8	(43)	(4)	(28)	(34)
Profit for the period		**283**	**135**	**470**	**261**
Attributable to Shareholders of the Company		283	135	470	261
Profit for the period		**283**	**135**	**470**	**261**
Earnings per share					
Basic and diluted earnings per share (USD)	9	0.0186	0.0089	0.0309	0.0172
Adjusted EBITDA	6(c)	510	344	985	656

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 34.

		Three months ended 30 June		Six months ended 30 June	
		2017 (unaudited)	**2016 (unaudited)**	**2017 (unaudited)**	**2016 (unaudited)**
	Note	**USD million**	**USD million**	**USD million**	**USD million**
Profit for the period		**283**	**135**	**470**	**261**
Other comprehensive income					
Items that will never be reclassified subsequently to profit or loss:					
Actuarial loss on post retirement benefit plans	14	-	(2)	-	(2)
		-	**(2)**	**-**	**(2)**
Items that are or may be reclassified subsequently to profit or loss:					
Change in fair value of cash flow hedges		-	20	-	23
Share of other comprehensive income of associate		(28)	-	(28)	-
Foreign currency translation differences on foreign operations		(72)	128	(11)	177
Foreign currency translation differences for equity-accounted investees	10	(170)	199	122	473
		(270)	**347**	**83**	**673**
Other comprehensive income for the period, net of tax		**(270)**	**345**	**83**	**671**
Total comprehensive income for the period		**13**	**480**	**553**	**932**
Attributable to:					
Shareholders of the Company		**13**	**480**	**553**	**932**

There was no significant tax effect relating to each component of other comprehensive income.

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 34.

	Note	30 June 2017 (unaudited) USD million	31 December 2016 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		4,057	4,065
Intangible assets		2,521	2,470
Interests in associates and joint ventures	10	4,183	4,147
Deferred tax assets		62	51
Derivative financial assets	15	67	51
Other non-current assets		58	52
Total non-current assets		**10,948**	**10,836**
Current assets			
Inventories		2,127	1,926
Trade and other receivables	11(a)	907	819
Dividends receivable		316	311
Derivative financial assets	15	29	16
Cash and cash equivalents		619	544
Total current assets		**3,998**	**3,616**
Total assets		**14,946**	**14,452**

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 34.

	Note	30 June 2017 (unaudited) USD million	31 December 2016 USD million
EQUITY AND LIABILITIES			
Equity	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,854	2,882
Currency translation reserve		(8,947)	(9,058)
Accumulated losses		(5,993)	(6,463)
Total equity		**3,852**	**3,299**
Non-current liabilities			
Loans and borrowings	13	7,983	7,532
Provisions	14	418	423
Deferred tax liabilities		552	585
Derivative financial liabilities	15	31	3
Other non-current liabilities		62	51
Total non-current liabilities		**9,046**	**8,594**
Current liabilities			
Loans and borrowings	13	971	1,433
Trade and other payables	11(b)	998	1,054
Derivative financial liabilities	15	38	32
Provisions	14	41	40
Total current liabilities		**2,048**	**2,559**
Total liabilities		**11,094**	**11,153**
Total equity and liabilities		**14,946**	**14,452**
Net current assets		**1,950**	**1,057**
Total assets less current liabilities		**12,898**	**11,893**

Approved and authorised for issue by the board of directors on 24 August 2017.

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 34.

	Share capital	Share premium	Other reserves	Currency translation reserve	Accumulated losses	Total equity
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Balance at 1 January 2017	**152**	**15,786**	**2,882**	**(9,058)**	**(6,463)**	**3,299**
Profit for the period (unaudited)	-	-	-	-	470	470
Other comprehensive income for the period (unaudited)	-	-	(28)	111	-	83
Total comprehensive income for the period (unaudited)	**-**	**-**	**(28)**	**111**	**470**	**553**
Balance at 30 June 2017 (unaudited)	**152**	**15,786**	**2,854**	**(8,947)**	**(5,993)**	**3,852**
Balance at 1 January 2016	**152**	**15,786**	**2,823**	**(9,978)**	**(7,392)**	**1,391**
Profit for the period (unaudited)	-	-	-	-	261	261
Other comprehensive income for the period (unaudited)	-	-	21	650	-	671
Total comprehensive income for the period (unaudited)	**-**	**-**	**21**	**650**	**261**	**932**
Balance at 30 June 2016 (unaudited)	**152**	**15,786**	**2,844**	**(9,328)**	**(7,131)**	**2,323**

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 34.

	Note	Six months ended 30 June 2017 (unaudited) USD million	2016 (unaudited) USD million
OPERATING ACTIVITIES			
Profit for the period		**470**	**261**
Adjustments for:			
Depreciation	6	239	224
Amortisation	6	4	7
Impairment of non-current assets	6(b)	81	55
Impairment/ (reversal of impairment) of trade and other receivables	6(b)	1	(6)
(Reversal of impairment)/impairment of inventories		(3)	1
Provision/(reversal of provision) for legal claims	6(b)	3	(1)
Pension provision		2	1
Change in fair value of derivative financial instruments	7	138	119
Net foreign exchange (gain)/loss	7	(23)	108
Loss on disposal of property, plant and equipment	6(b)	1	2
Interest expense	7	353	299
Interest income	7	(9)	(14)
Income tax expense	8	28	34
Share of profits of associates and joint ventures	10	(297)	(439)
Cash from operating activities before changes in working capital and provisions		**988**	**651**
(Increase)/decrease in inventories		(179)	102
Increase in trade and other receivables		(47)	(1)
Increase in prepaid expenses and other assets		-	(6)
Decrease in trade and other payables		(139)	(103)
Decrease in provisions		(10)	(13)
Cash generated from operations before income tax paid		**613**	**630**
Income taxes paid		(44)	(33)
Net cash generated from operating activities		**569**	**597**

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 34.

	Six months ended 30 June	
	2017 (unaudited)	**2016 (unaudited)**
	USD million	**USD million**
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	2
Interest received	4	14
Loans granted	(9)	(3)
Acquisition of property, plant and equipment	(313)	(190)
Acquisition of intangible assets	(8)	(4)
Acquisition of a subsidiary	(1)	-
Dividends from associates and joint ventures	325	180
Changes in restricted cash	(4)	2
Net cash generated from investing activities	**8**	**1**
FINANCING ACTIVITIES		
Proceeds from borrowings	4,310	1,311
Repayment of borrowings	(4,418)	(1,286)
Refinancing fees and other expenses	(36)	(14)
Interest paid	(261)	(211)
Settlement of derivative financial instruments	(101)	(197)
Net cash used in financing activities	**(506)**	**(397)**
Net increase in cash and cash equivalents	**71**	**201**
Cash and cash equivalents at the beginning of the period	531	494
Effect of exchange rate fluctuations on cash and cash equivalents	-	5
Cash and cash equivalents at the end of the period	**602**	**700**

Restricted cash amounted to USD17 million and USD13 million at 30 June 2017 and 31 December 2016, 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 34.

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 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 company 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 March 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".

The shareholding structure of the Company as at 30 June 2017 and 31 December 2016 was as follows:

	30 June 2017	**31 December 2016**
En+ Group Limited ("En+")	48.13%	48.13%
SUAL Partners Limited ("SUAL Partners")	15.80%	15.80%
Onexim Holdings Limited ("Onexim")	13.70%	17.02%
Amokenga Holdings Limited ("Amokenga Holdings")	8.75%	8.75%
Held by Directors	0.25%	0.25%
Publicly held	13.37%	10.05%
Total	**100%**	**100%**

Ultimate beneficiary of En+ is Mr. Oleg Deripaska. Ultimate beneficiary of Onexim is Mr. Mikhail Prokhorov. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik. Amokenga Holdings is a wholly owned subsidiary of Glencore International Plc ("Glencore").

In February 2017 Onexim has disposed of 3.32% of its shares in the Company which resulted in decrease of its shareholding to 13.70% and increase of publicly held shareholding to 13.37%.

In August 2017 Onexim sold 7.0% of its shares in the Company to SUAL Partners. As a result, shareholding of Onexim decreased to 6.7% while shareholding of SUAL Partners increased to 22.8%.

At 30 June 2017 and 31 December 2016, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands. En+ is controlled by Fidelitas International Investments Corp. (a company incorporated in Panama) through its wholly-owned subsidiary. Mr. Oleg V. Deripaska is the founder, the trustee and a principal beneficiary of a discretionary trust, which controls Fidelitas International Investments Corp. None of these entities produce financial statements available for public use.

Related party transactions are disclosed in note 17.

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 are available at the Company's website www.rusal.com.

(b) Seasonality

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

2 Basis of preparation

(a) 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 2016.

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:

Amendments to IAS 7: *Disclosure Initiative*

Amendments to IFRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

Annual Improvements to IFRSs, 2014-2016 cycle: Amendments to IFRS 12 *Disclosure of Interests in Other Entities*

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 2016. The adoption of other new standards and amendments did not have a significant impact on the Group.

4 Segment reporting

(a) 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 aluminium 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 PJSC MMC Norilsk Nickel (“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 meet 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.

(b) 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 excluding impairment.

The measure used for reporting segment results is the statement of income before income tax adjusted 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 profits/(losses) 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 six months ended 30 June 2017 the Group has revised its approach to segment allocation for management review and financial reporting purposes. The comparative information in respect of segment assets and liabilities as at 31 December 2016 has been revised accordingly.

(i) Reportable segments

Three months ended 30 June 2017

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	2,099	250	-	-	**2,349**
Inter-segment revenue	51	592	-	-	**643**
Total segment revenue	**2,150**	**842**	**-**	**-**	**2,992**
Segment profit	**351**	**109**	**-**	**-**	**460**
Impairment of non-current assets	(19)	(38)	-	-	**(57)**
Share of profits of associates and joint ventures	-	-	12	67	**79**
Depreciation/amortisation	(92)	(30)	-	-	**(122)**
Non-cash income/expense	2	(1)	-	-	**1**
Additions to non-current segment assets during the period	82	57	-	-	**139**
Non-cash additions to non-current segment assets related to site restoration	(1)	(1)	-	-	**(2)**

Three months ended 30 June 2016

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	1,640	159	-	-	**1,799**
Inter-segment revenue	33	344	96	-	**473**
Total segment revenue	**1,673**	**503**	**96**	**-**	**2,272**
Segment profit/(loss)	**279**	**(15)**	**-**	**-**	**264**
Impairment of non-current assets	(14)	(22)	-	-	**(36)**
Share of profits of associates and joint ventures	-	-	9	248	**257**
Depreciation/amortisation	(90)	(18)	-	-	**(108)**
Non-cash expense	(3)	-	-	-	**(3)**
Additions to non-current segment assets during the period	51	52	-	-	**103**
Non-cash additions to non-current segment assets related to site restoration	6	12	-	-	**18**

Six months ended 30 June 2017

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	4,030	519	-	-	**4,549**
Inter-segment revenue	101	1,164	-	-	**1,265**
Total segment revenue	**4,131**	**1,683**	**-**	**-**	**5,814**
Segment profit	**667**	**237**	**-**	**-**	**904**
Impairment of non-current assets	(38)	(31)	-	-	**(69)**
Share of profits of associates and joint ventures	-	-	53	244	**297**
Depreciation/amortisation	(172)	(56)	-	-	**(228)**
Non-cash income	2	-	-	-	**2**
Additions to non-current segment assets during the period	139	102	-	-	**241**
Non-cash movements in non-current segment assets related to site restoration	1	(1)	-	-	**-**

Six months ended 30 June 2016

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	3,234	312	-	-	**3,546**
Inter-segment revenue	52	642	96	-	**790**
Total segment revenue	**3,286**	**954**	**96**	**-**	**4,336**
Segment profit/(loss)	**509**	**(27)**	**-**	**-**	**482**
Impairment of non-current assets	(25)	(30)	-	-	**(55)**
Share of profits of associates and joint ventures	-	-	69	370	**439**
Depreciation/amortisation	(188)	(39)	-	-	**(227)**
Non-cash income	4	3	-	-	**7**
Additions to non-current segment assets during the period	126	55	-	-	**181**
Non-cash movements in non-current segment assets related to site restoration	20	12	-	-	**32**

At 30 June 2017

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	6,528	2,064	-	316	**8,908**
Interests in associates and joint ventures	-	-	609	3,570	**4,179**
Total segment assets					**13,087**
Segment liabilities	(575)	(640)	(9)	-	**(1,224)**
Total segment liabilities					**(1,224)**

31 December 2016

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	6,321	2,002	13	306	**8,642**
Interests in associates and joint ventures	-	-	552	3,592	**4,144**
Total segment assets					**12,786**
Segment liabilities	(566)	(601)	(10)	-	**(1,177)**
Total segment liabilities					**(1,177)**

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

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	USD million	USD million	USD million	USD million
Revenue				
Reportable segment revenue	2,992	2,272	5,814	4,336
Elimination of inter-segment revenue	(637)	(473)	(1,259)	(790)
Unallocated revenue	112	183	209	350
Consolidated revenue	**2,467**	**1,982**	**4,764**	**3,896**

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	USD million	USD million	USD million	USD million
Profit				
Reportable segment profit	460	264	904	482
Impairment of non-current assets	(64)	(36)	(81)	(55)
Share of profits of associates and joint ventures	79	257	297	439
Finance income	110	7	32	14
Finance expenses	(180)	(323)	(491)	(526)
Unallocated expense	(79)	(30)	(163)	(59)
Consolidated profit before taxation	**326**	**139**	**498**	**295**

	30 June 2017	31 December 2016
	USD million	USD million
Assets		
Reportable segment assets	13,087	12,786
Unallocated assets	1,859	1,666
Consolidated total assets	**14,946**	**14,452**

	30 June 2017	31 December 2016
	USD million	USD million
Liabilities		
Reportable segment liabilities	(1,224)	(1,177)
Unallocated liabilities	(9,870)	(9,976)
Consolidated total liabilities	**(11,094)**	**(11,153)**

5 Revenue

	Three months ended 30 June		Six months ended 30 June	
	2017	**2016**	**2017**	**2016**
	USD million	**USD million**	**USD million**	**USD million**
Sales of primary aluminium and alloys	**2,085**	**1,640**	**4,005**	**3,234**
Third parties	*1,414*	*1,069*	*2,665*	*1,952*
Related parties – companies capable of exerting significant influence	*624*	*536*	*1,258*	*1,218*
Related parties – companies under common control	*47*	*35*	*82*	*64*
Sales of alumina and bauxite	**179**	**160**	**371**	**313**
Third parties	*105*	*84*	*216*	*182*
Related parties – companies capable of exerting significant influence	*47*	*52*	*103*	*88*
Related parties – associates and joint ventures	*27*	*24*	*52*	*43*
Sales of foil and other products	**82**	**62**	**141**	**113**
Third parties	*82*	*62*	*141*	*112*
Related parties – companies under common control	-	-	-	*1*
Other revenue including energy and transportation services	**121**	**120**	**247**	**236**
Third parties	*98*	*95*	*205*	*187*
Related parties – companies capable of exerting significant influence	*2*	*2*	*5*	*8*
Related parties – companies under common control	*8*	*6*	*13*	*10*
Related parties – associates and joint ventures	*13*	*17*	*24*	*31*
	2,467	**1,982**	**4,764**	**3,896**

6 Cost of sales and operating expenses

(a) Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2017	**2016**	**2017**	**2016**
	USD million	**USD million**	**USD million**	**USD million**
Cost of alumina, bauxite and other materials	**(763)**	**(728)**	**(1,518)**	**(1,404)**
Third parties	*(687)*	*(646)*	*(1,348)*	*(1,261)*
Related parties – companies capable of exerting significant influence	*(33)*	*(41)*	*(82)*	*(64)*
Related parties – companies under common control	*(15)*	*(10)*	*(30)*	*(19)*
Related parties – associates and joint ventures	*(28)*	*(31)*	*(58)*	*(60)*
Purchases of primary aluminium	**(167)**	**(66)**	**(329)**	**(148)**
Third parties	*(91)*	*(6)*	*(186)*	*(31)*
Related parties – companies capable of exerting significant influence	*(3)*	-	*(5)*	-
Related parties – companies under common control	*(4)*	*(3)*	*(6)*	*(5)*
Related parties – associates and joint ventures	*(69)*	*(57)*	*(132)*	*(112)*
Energy costs	**(514)**	**(400)**	**(1,049)**	**(795)**
Third parties	*(276)*	*(281)*	*(621)*	*(480)*
Related parties – companies capable of exerting significant influence	*(3)*	*(1)*	*(6)*	*(2)*
Related parties – companies under common control	*(230)*	*(115)*	*(414)*	*(208)*
Related parties – associates and joint ventures	*(5)*	*(3)*	*(8)*	*(105)*
Personnel costs	**(146)**	**(134)**	**(286)**	**(257)**
Depreciation and amortisation	**(125)**	**(106)**	**(234)**	**(221)**
Change in finished goods	**(26)**	**(23)**	**40**	**(125)**
Other costs	**(49)**	**(50)**	**(102)**	**(103)**
Third parties	*(40)*	*(42)*	*(85)*	*(90)*
Related parties – companies under common control	*(9)*	*(8)*	*(17)*	*(13)*
	(1,790)	**(1,507)**	**(3,478)**	**(3,053)**

(b) Distribution, administrative and other operating expenses, and impairment of non-current assets

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	USD million	USD million	USD million	USD million
Personnel costs	(68)	(79)	(154)	(133)
Transportation expenses	(96)	(80)	(172)	(146)
Impairment of non-current assets	(64)	(36)	(81)	(55)
Lease and security	(14)	(12)	(27)	(20)
Taxes other than on income	(10)	(12)	(21)	(23)
Consulting and legal expenses	(20)	(10)	(30)	(24)
Packaging materials	(8)	(7)	(16)	(13)
Repair and other services	(10)	(7)	(14)	(14)
Depreciation and amortisation	(4)	(5)	(9)	(10)
Charitable donations	(7)	(4)	(9)	(6)
Auditors' remuneration	(1)	(1)	(3)	(3)
Gain/ (loss) on disposal of property, plant and equipment	-	1	(1)	(2)
(Impairment)/ reversal of impairment of trade and other receivables	(1)	(1)	(1)	6
(Provision)/ reversal of provision for legal claims	(3)	-	(3)	1
Other expenses	(54)	(24)	(85)	(33)
	(360)	**(277)**	**(626)**	**(475)**

Other expenses in amount USD54 million during three- and six-month periods ended 30 June 2017 include penalties of USD22 million that relate to the amount paid by the Group in relation to the legal claim from Swedish electricity supplier.

(c) EBITDA and operating effectiveness measures

Adjusted EBITDA is the key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness.

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	USD million	USD million	USD million	USD million
Results from operating activities	317	198	660	368
Add:				
Amortisation and depreciation	129	111	243	231
Impairment of non-current assets	64	36	81	55
(Gain)/ loss on disposal of property, plant and equipment	-	(1)	1	2
Adjusted EBITDA	**510**	**344**	**985**	**656**

7 Finance income and expenses

	Three months ended 30 June		Six months ended 30 June	
	2017	**2016**	**2017**	**2016**
	USD million	**USD million**	**USD million**	**USD million**
Finance income				
Interest income on third party loans and deposits	6	7	8	13
Interest income on loans to related parties – *companies under common control*	-	-	1	1
Net foreign exchange gain	-	-	23	-
Change in fair value of derivative financial instruments (refer to note 15)	104	-	-	-
	110	**7**	**32**	**14**
Finance expenses				
Interest expense on bank loans and bonds wholly repayable within 5 years and other bank charges	(170)	(74)	(346)	(144)
Interest expense on bank loans and bonds wholly repayable after 5 years	(4)	(75)	(4)	(146)
Interest expense on company loans from related parties – *companies exerting significant influence*	-	-	(1)	(5)
Interest expense on provisions	(2)	(3)	(2)	(4)
Net foreign exchange loss	(4)	(58)	-	(108)
Change in fair value of derivative financial instruments (refer to note 15)	-	(113)	(138)	(119)
	(180)	**(323)**	**(491)**	**(526)**

8 Income tax

	Three months ended 30 June		Six months ended 30 June	
	2017	**2016**	**2017**	**2016**
	USD million	**USD million**	**USD million**	**USD million**
Current tax				
Current tax for the period	30	26	71	51
Deferred tax				
Origination and reversal of temporary differences	13	(22)	(43)	(17)
Actual tax expense	**43**	**4**	**28**	**34**

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 27.9%. 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 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 2017 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 2017 were the same as for the period ended 30 June 2016 and the year ended 31 December 2016, except for Italy where the tax rate was 30.4%.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the three- and six-months periods ended 30 June 2017 and 30 June 2016.

Weighted average number of shares:

	Three months ended 30 June	
	2017	**2016**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	-	(4,773)
Weighted average number of shares at end of the period	15,193,014,862	15,193,010,089
Profit for the period, USD million	**283**	**135**
Basic and diluted earnings per share, USD	**0.0186**	**0.0089**

	Six months ended 30 June	
	2017	**2016**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	-	(4,773)
Weighted average number of shares at end of the period	15,193,014,862	15,193,010,089
Profit for the period, USD million	**470**	**261**
Basic and diluted earnings per share, USD	**0.0309**	**0.0172**

There were no outstanding dilutive instruments during the periods ended 30 June 2017 and 30 June 2016.

No dividends were declared and paid during the periods presented.

10 Interests in associates and joint ventures

	Three months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Balance at the beginning of the period	**4,657**	**3,613**
Group's share of profits	79	257
Dividends	(355)	(156)
Group's share of other comprehensive income of associate	(28)	-
Foreign currency translation	(170)	199
Balance at the end of the period	**4,183**	**3,913**
Goodwill included in interests in associates	2,543	2,339

	Six months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Balance at the beginning of the period	**4,147**	**3,214**
Group's share of profits	297	439
Dividends	(355)	(163)
Reversal of provision for guarantee included in share of profits	-	(50)
Group's share of other comprehensive income of associate	(28)	-
Foreign currency translation	122	473
Balance at the end of the period	**4,183**	**3,913**
Goodwill included in interests in associates	2,543	2,339

Investment in Norilsk Nickel

The market value of the investment in Norilsk Nickel at 30 June 2017 is USD6,012 million (31 December 2016: USD7,348 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 Non-derivative financial instruments

(a) Trade and other receivables

	30 June 2017 USD million	**31 December 2016 USD million**
Trade receivables from third parties	320	252
Impairment loss on trade receivables	(14)	(14)
Net trade receivables from third parties	**306**	**238**
Trade receivables from related parties, including:	**48**	**73**
Related parties – companies capable of exerting significant influence	*28*	*56*
Related parties – companies under common control	*15*	*8*
Related parties – associates and joint ventures	*5*	*9*
VAT recoverable	287	243
Impairment loss on VAT recoverable	(26)	(26)
Net VAT recoverable	**261**	**217**
Advances paid to third parties	93	85
Impairment loss on advances paid	(3)	(3)
Net advances paid to third parties	**90**	**82**
Advances paid to related parties, including:	**60**	**51**
Related parties – companies under common control	*8*	*7*
Related parties – associates and joint ventures	*52*	*44*
Prepaid expenses	**4**	**4**
Prepaid income tax	**27**	**32**
Prepaid other taxes	**17**	**16**
Other receivables from third parties	98	107
Impairment loss on other receivables	(8)	(7)
Net other receivables from third parties	**90**	**100**
Other receivables from related parties, including:	**4**	**6**
Related parties – companies under common control	*3*	*4*
Related parties – associates and joint ventures	*1*	*2*
	907	**819**

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.

(i) 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 2017 USD million	31 December 2016 USD million
Current	290	273
Past due 0-90 days	57	32
Past due 91-365 days	5	4
Past due over 365 days	2	2
Amounts past due	64	38
	354	**311**

Aging analysis is performed based on number of days receivable is overdue. 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 was 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.

(ii) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account 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 year, including both specific and collective loss components, is as follows:

	Three months ended 30 June	
	2017	2016
	USD million	USD million
Balance at the beginning of the period	(14)	(18)
Reversal of impairment	-	-
Balance at the end of the period	**(14)**	**(18)**
	Six months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Balance at the beginning of the period	(14)	(25)
Reversal of impairment	-	7
Balance at the end of the period	**(14)**	**(18)**

As at 30 June 2017 and 31 December 2016, the Group's trade receivables of USD14 million and USD14 million, respectively, were individually determined to be impaired. Management assessed that the receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

(b) Trade and other payables

	30 June 2017 USD million	31 December 2016 USD million
Accounts payable to third parties	**434**	**423**
Accounts payable to related parties, including:	**87**	**69**
Related parties – companies capable of exerting significant influence	*18*	*18*
Related parties – companies under common control	*43*	*26*
Related parties – associates and joint ventures	*26*	*25*
Advances received	**164**	**141**
Advances received from related parties, including:	**100**	**165**
Related parties – companies capable of exerting significant influence	*100*	*165*
Other payables and accrued liabilities	**117**	**139**
Other payable and accrued liabilities related parties, including:	**9**	**8**
Related parties – associates and joint ventures	*9*	*8*
Current tax liabilities	**10**	**13**
Other taxes payable	**77**	**96**
	998	**1,054**

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

12 Equity

(a) Share capital

	Six months ended 30 June 2017		Six months ended 30 June 2016	
	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 of USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	**151,930,148**	**15,193,014,862**

(b) Other reserves

Other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, the effective portion of the accumulative net change in fair value of cash flow hedges and the Group's share of other comprehensive income of associates.

(c) 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 facilities.

(d) Currency translation reserve

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

13 Loans and borrowings

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

	30 June 2017	**31 December 2016**
	USD million	**USD million**
Non-current liabilities		
Secured bank loans	6,479	6,991
Unsecured bank loans	147	346
Bonds	1,357	195
	7,983	**7,532**
Current liabilities		
Secured bank	895	1,365
Bonds	31	1
Accrued interest	45	67
	971	**1,433**

(a) Loans and borrowings

Certain bank loans of the Group 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 2016.

During the six month period ended 30 June 2017 the Group released 25% less two shares of each of RUSAL Bratsk, RUSAL Sayanogorsk, 25% plus one share of SUAL, 50% less one share of RUSAL Krasnoyarsk and 40% plus one share of RUSAL Novokuznetsk from the pledge due to refinancing the Combined PXF Facility.

The secured bank loans are also secured by the following:

- inventory with a carrying value of USD372 million (31 December 2016: USD392 million);
- property, plant and equipment, receivables with a carrying amount of USD246 million (31 December 2016: USD248 million).

As at 30 June 2017 and 31 December 2016 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 new syndicated Pre-Export Finance Term Facility Agreement (PXF) dated 24 May 2017.

The nominal value of the Group's loans and borrowings was USD7,635 million at 30 June 2017 (31 December 2016: USD8,852 million).

On 17 March 2017 the Group executed amendments to the existing credit facilities with Sberbank. Under USD credit agreements the interest rate was decreased from 3M Libor + 5.75% p.a. (incl. 1.05% PIK) to 3M Libor + 4.75% p.a. (subject to min 3M Libor at the level of 1%), effective from 29 December 2016. Under RUB credit facility outstanding exposure was converted into USD (at the rate of Central Bank of Russia as of the date of conversion). The interest rate of 3M Libor + 4.75% p.a. (subject to min 3M Libor at the level of 1%), is effective from 18 March 2017.

In March 2017 the Group through its subsidiaries entered into the REPO transaction backed by bonds issued by RUSAL Bratsk – in number of 7,527,646 series 08 bonds. As a result of the transactions the Group raised funding in the amount of EUR100 million (USD107 million) with fifteen months maturity at an effective rate of 2.6% p.a.

On 24 May 2017 the Group entered into a new syndicated Pre-Export Finance Term Facility Agreement (PXF) in the amount of USD1.7 billion, interest rate 3M LIBOR+3% per annum, maturity 5 years (repayment starting in 2 years). The proceeds of the facility were used for the purpose of refinancing the Company's current debt.

During the six month period ended 30 June 2017 the Group made a principal repayment in total amounts of USD2,821 million and EUR76 million (USD102 million) under the Combined PXF Facility, credit facilities with Gazprombank, VTB Capital, Sovcombank and Credit Bank of Moscow.

(b) Bonds

As at 30 June 2017 1,821,565 series 07 bonds, 51,509 series 08 bonds and 6,461,320 series BO-01 bonds were outstanding (traded in the market).

The closing market price at 30 June 2017 was RUB1,021, RUB995, RUB1,062 per bond for the first, second and the third tranches, respectively.

In February 2017 the Company completed the debut offering of Eurobonds with the following key terms: principal amount of USD600 million, tenor of 5 years, coupon rate of 5.125% per annum. The bonds proceeds, excluding related expenses, in the amount of USD597 million were applied for partial prepayment of RUSAL's existing pre-export finance facility. The closing market price at 30 June 2017 was USD1,000 per bond.

In February 2017 the Company registered Panda Bond Offering Circular for the total amount of RMB10 billion (c. USD1.5 billion) with the Shanghai Stock Exchange with the right to make placement in tranches with different maturities but not higher than 7 years. In March 2017 the first tranche of RMB1 billion was placed for 3 years and 5.5% per annum. The tranch is subject to put option after 2 years. The funds were used for working capital needs and refinancing of existing debt.

On 3 April 2017 RUSAL Bratsk announced a coupon rate in respect to the series 08 bonds at the level of 9% per annum for the 13-16 semi-annual coupon periods after which the series 08 bonds will be subject to a put option and coupon rate revision. On 12 April 2017 the Company exercised a put option on the outstanding RUB-denominated bonds series 08.

In May 2017 the Company completed the offering of Eurobonds with the following key terms: principal amount of USD500 million, tenor of 6 years, coupon rate of 5.3% per annum. The bonds proceeds were applied for partial prepayment of RUSAL's debt. The closing market price at 30 June 2017 was USD1,011.

14 Provisions

USD million	**Pension liabilities**	**Site restoration**	**Provisions for legal claims**	**Tax provisions**	**Provision for guarantee**	**Total**
Balance at 1 April 2016	**56**	**394**	**12**	**37**	**50**	**549**
Provisions made during the period	1	20	-	-	-	21
Actuarial loss	2	-	-	-	-	2
Provisions utilised during the period	(1)	(1)	(1)	(3)	-	(6)
Foreign currency translation	3	1	-	-	-	4
Balance at 30 June 2016	**61**	**414**	**11**	**34**	**50**	**570**
Non-current	*56*	*400*	-	*28*	*50*	*534*
Current	*5*	*14*	*11*	*6*	-	*36*
Balance at 1 April 2017	**62**	**369**	**-**	**23**	**-**	**454**
Provisions made during the period	2	1	3	-	-	6
Provisions utilised during the period	(1)	-	-	(6)	-	(7)
Foreign currency translation	(2)	8	-	-	-	6
Balance at 30 June 2017	**61**	**378**	**3**	**17**	**-**	**459**
Non-current	*56*	*359*	-	*3*	-	*418*
Current	*5*	*19*	*3*	*14*	-	*41*

USD million	**Pension liabilities**	**Site restoration**	**Provisions for legal claims**	**Tax provisions**	**Provision for guarantee**	**Total**
Balance at 1 January 2016	**52**	**365**	**13**	**42**	**100**	**572**
Provisions made during the period	3	34	-	-	-	37
Provisions reversed during the period	-	-	(1)	-	(50)	(51)
Actuarial loss	2	-	-	-	-	2
Provisions utilised during the period	(2)	(1)	(1)	(8)	-	(12)
Foreign currency translation	6	16	-	-	-	22
Balance at 30 June 2016	**61**	**414**	**11**	**34**	**50**	**570**
Non-current	*56*	*400*	-	*28*	*50*	*534*
Current	*5*	*14*	*11*	*6*	-	36

Balance at 1 January 2017	**57**	**381**	**-**	**25**	**-**	**463**
Provisions made during the period	4	4	3	-	-	11
Provisions reversed during the period	-	(28)	-	-	-	(28)
Provisions utilised during the period	(2)	-	-	(8)	-	(10)
Foreign currency translation	2	21		-	-	23
Balance at 30 June 2017	**61**	**378**	**3**	**17**	**-**	**459**
Non-current	*56*	*359*	-	*3*	-	*418*
Current	*5*	*19*	*3*	*14*	-	*41*

15 Derivative financial assets/liabilities

	30 June 2017		**31 December 2016**	
	USD million		**USD million**	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Petroleum coke supply contracts and other raw materials	81	38	62	5
Forward contracts for aluminium and other instruments	15	31	5	30
Total	**96**	**69**	**67**	**35**

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. 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. There were no changes in valuation techniques during three- and six-month periods ended 30 June 2017. The following significant assumptions were used in estimating derivative instruments:

	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
LME Al Cash, USD per tonne	1,920	1,944	1,972	1,996	2,024	2,064	2,112	2,160	2,208
Platt's FOB Brent, USD per barrel	49	51	52	54	55	56	-	-	-

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

	Three months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Balance at the beginning of the period	(74)	(277)
Unrealised changes in fair value recognised in other comprehensive income during the period	-	20
Unrealised changes in fair value recognised in statement of income (finance income/(expense)) during the period	104	(113)
Realised portion of electricity, coke and raw material contracts	(3)	190
Balance at the end of the period	**27**	**(180)**

	Six months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Balance at the beginning of the period	**32**	**(300)**
Unrealised changes in fair value recognised in other comprehensive income during the period	-	23
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	(138)	(119)
Realised portion of electricity, coke and raw material contracts	133	216
Balance at the end of the period	**27**	**(180)**

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

16 Commitments and contingencies

(a) Capital commitments

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 2017 and 31 December 2016 approximated USD180 million and USD157 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.

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 2017 is USD244 million (31 December 2016: USD225 million).

(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 significant 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 the 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 14). As at 30 June 2017 the amount of claims, where management assesses outflow as possible approximates USD37 million (31 December 2016: USD60 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 26 September 2017. 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.

17 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**	
	2017	**2016**	**2017**	**2016**
	USD million	**USD million**	**USD million**	**USD million**
Salaries and bonuses	29	23	42	38
	29	**23**	**42**	**38**

(b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, purchases from associates and joint ventures are disclosed in note 6, accounts receivable from associates and joint ventures as well as accounts payable to associates and joint ventures are disclosed in note 11.

(c) 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 Limited or its controlling shareholders or Glencore International Plc or entities under its control or Onexim Holdings Limited or its controlling shareholders.

Sales to related parties for the period are disclosed in note 5, purchases from related parties are disclosed in note 6, finance income and expenses with related parties are disclosed in note 7, accounts receivable from related parties as well as accounts payable to related parties are disclosed in note 11.

(d) Related parties balances

At 30 June 2017, included in non-current assets are balances of related parties – companies under common control of USD42 million and balances of related parties – associates and joint ventures of USD9 million (31 December 2016: USD41 million and USD nil million, respectively).

(e) 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.

18 Events subsequent to the reporting date

(a) Dividends

On 24 August 2017 the board of directors approved an interim dividend of USD299.3 million (USD0.0197 per ordinary share) for 2017.

(b) Loans and borrowings

The Company has agreed with Sberbank to extend final maturity under loans secured by Norilsk Nickel shares to 2024 and decrease interest margin from 4.75% to 3.75%.

In August the Company executed amendments to Gazprombank facilities, reducing interest margin from 4.5% to 3.5%, extending final maturity and adjusting covenants in line with New PXF.