RUSAL

United Company RUSAL Plc

Consolidated Interim Condensed Financial Information for the three- and nine-month periods ended 30 September 2019

JSC "KPMG"
10 Presnenskaya Naberezhnaya
Moscow, Russia 123112
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 September 2019, and the related consolidated interim condensed statements of income and comprehensive income for the three- and nine-month periods ended 30 September 2019 and the related consolidated interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2019 and notes to the consolidated interim condensed 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 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.

Reviewed entity: United Company RUSAL Plc

Registration No. 94939

Jersey, British Channels Islands.

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities 1027700125628.

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.

Basis for Qualified Conclusion

We were unable to obtain and review consolidated interim condensed financial information of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"), supporting the Group's estimate of the share of profit of USD304 million and USD1,095 million for the three- and nine-month periods ended 30 September 2019 and USD310 million and USD768 million for the three- and nine-month periods ended 30 September 2018, respectively, other comprehensive income of USD nil million for both the three- and nine-month periods ended 30 September 2019 and USD nil million for both the three- and nine-month periods ended 30 September 2018, the foreign currency translation loss of USD70 million and the foreign currency translation gain of USD250 million for the three- and nine-month periods ended 30 September 2019 and foreign currency translation loss of USD181 million and USD537 million for the three- and nine-month periods ended 30 September 2018, respectively, and the carrying value of the Group's investment in the investee stated at USD3,262 million as at 30 September 2019 and USD3,099 million as at 30 September 2018. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 September 2019, and for the three- and nine-month periods ended 30 September 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Yerkozha Akylbek
JSC "KPMG"
Moscow, Russia
7 November 2019

		Three months ended 30 September		Nine months ended 30 September	
		2019 (unaudited)	**2018 (unaudited)**	**2019 (unaudited)**	**2018 (unaudited)**
	Note	**USD million**	**USD million**	**USD million**	**USD million**
Revenue	5	2,486	2,918	7,222	7,915
Cost of sales	6(a)	(2,081)	(2,068)	(6,012)	(5,672)
Gross profit		**405**	**850**	**1,210**	**2,243**
Distribution expenses	6(b)	(149)	(132)	(400)	(348)
Administrative expenses	6(b)	(138)	(129)	(368)	(415)
Impairment of non-current assets	6(b)	(22)	(43)	(71)	(166)
Net other operating expenses	6(b)	(32)	(53)	(106)	(67)
Results from operating activities		**64**	**493**	**265**	**1,247**
Finance income	7	12	23	30	139
Finance expenses	7	(171)	(156)	(509)	(502)
Share of profits of associates and joint ventures	10	323	316	1,157	809
Profit before taxation		**228**	**676**	**943**	**1,693**
Income tax expense	8	(34)	(79)	(124)	(144)
Profit for the period		**194**	**597**	**819**	**1,549**
Attributable to Shareholders of the Company		194	597	819	1,549
Profit for the period		**194**	**597**	**819**	**1,549**
Earnings per share					
Basic and diluted earnings per share (USD)	9	0.013	0.039	0.054	0.102
Adjusted EBITDA	6(c)	237	676	765	1,800

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 36.

	Note	Three months ended 30 September		Nine months ended 30 September	
		2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
		USD million	USD million	USD million	USD million
Profit for the period		**194**	**597**	**819**	**1,549**
Other comprehensive (loss)/income					
Items that will never be reclassified subsequently to profit or loss:					
Actuarial (loss)/gain on postretirement benefit plans	14	-	-	(1)	3
		-	**-**	**(1)**	**3**
Items that are or may be reclassified subsequently to profit or loss:					
Disposal of subsidiary		-	-	4	-
Change in fair value of cash flow hedges	15	(2)	-	(7)	-
Share of other comprehensive income of associate	10	-	-	-	-
Foreign currency translation differences on foreign operations		(11)	(27)	56	(94)
Foreign currency translation differences for equity-accounted investees	10	(82)	(185)	290	(589)
		(95)	**(212)**	**343**	**(683)**
Other comprehensive (loss)/income for the period, net of tax		**(95)**	**(212)**	**342**	**(680)**
Total comprehensive income for the period		**99**	**385**	**1,161**	**869**
Attributable to:					
Shareholders of the Company		**99**	**385**	**1,161**	**869**

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 36.

	Note	30 September 2019 (unaudited) USD million	31 December 2018 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		4,558	4,421
Intangible assets		2,516	2,409
Interests in associates and joint ventures	10	4,002	3,698
Deferred tax assets		107	93
Derivative financial assets	15	41	33
Other non-current assets		58	57
Total non-current assets		**11,282**	**10,711**
Current assets			
Inventories		2,631	3,006
Short-term investments		114	105
Trade and other receivables	11(a)	1,304	1,102
Dividends receivable		583	-
Derivative financial assets	15	19	9
Cash and cash equivalents		1,616	844
Total current assets		**6,267**	**5,066**
Total assets		**17,549**	**15,777**

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 36.

	Note	30 September 2019 (unaudited) USD million	31 December 2018 USD million
EQUITY AND LIABILITIES			
Equity	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,859	2,863
Currency translation reserve		(9,404)	(9,750)
Accumulated losses		(3,023)	(3,842)
Total equity		**6,370**	**5,209**
Non-current liabilities			
Loans and borrowings	13	7,773	7,372
Provisions	14	380	366
Deferred tax liabilities		493	502
Derivative financial liabilities	15	24	24
Other non-current liabilities		69	50
Total non-current liabilities		**8,739**	**8,314**
Current liabilities			
Loans and borrowings	13	676	914
Trade and other payables	11(b)	1,686	1,274
Derivative financial liabilities	15	34	7
Provisions	14	44	59
Total current liabilities		**2,440**	**2,254**
Total liabilities		**11,179**	**10,568**
Total equity and liabilities		**17,549**	**15,777**
Net current assets		**3,827**	**2,812**
Total assets less current liabilities		**15,109**	**13,523**

Approved and authorised for issue by the board of directors on 7 November 2019.

Evgenii V. Nikitin

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 36.

	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 2019	**152**	**15,786**	**2,863**	**(9,750)**	**(3,842)**	**5,209**
Profit for the period (unaudited)	-	-	-	-	819	819
Other comprehensive income for the period (unaudited)			(4)	346	-	342
Total comprehensive income for the period (unaudited)	**-**	**-**	**(4)**	**346**	**819**	**1,161**
Balance at 30 September 2019 (unaudited)	**152**	**15,786**	**2,859**	**(9,404)**	**(3,023)**	**6,370**
Balance at 1 January 2018	**152**	**15,786**	**2,847**	**(8,801)**	**(5,540)**	**4,444**
Profit for the period (unaudited)	-	-	-	-	1,549	1,549
Other comprehensive loss for the period (unaudited)	-	-	3	(683)	-	(680)
Total comprehensive income for the period (unaudited)	**-**	**-**	**3**	**(683)**	**1,549**	**869**
Balance at 30 September 2018 (unaudited)	**152**	**15,786**	**2,850**	**(9,484)**	**(3,991)**	**5,313**

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 36.

	Note	Nine months ended 30 September 2019 (unaudited) USD million	2018 (unaudited) USD million
OPERATING ACTIVITIES			
Profit for the period		**819**	**1,549**
Adjustments for:			
Depreciation	6	412	377
Amortisation	6	3	6
Impairment of non-current assets	6(b)	71	166
Impairment of trade and other receivables	6(b)	17	29
Reversal of impairment of inventories		(10)	(12)
Provision for legal claims	6(b)	14	4
Reversal of site restoration provision		-	(1)
(Reversal of)/pension provision		(7)	2
Change in fair value of derivative financial instruments	7	13	(123)
Net foreign exchange loss		25	63
Loss on disposal of property, plant and equipment	6(b)	14	4
Interest expense	7	440	370
Interest income	7	(30)	(16)
Income tax expense	8	124	144
Share of profits of associates and joint ventures	10	(1,157)	(809)
Cash from operating activities before changes in working capital and provisions		**748**	**1,753**
Decrease/(increase) in inventories		401	(285)
Increase in trade and other receivables		(225)	(114)
Decrease in prepaid expenses and other assets		-	8
Increase/(decrease) in trade and other payables		530	(514)
Decrease in provisions		(6)	(18)
Cash generated from operations before income tax paid		**1,448**	**830**
Income taxes paid		(218)	(88)
Net cash generated from operating activities		**1,230**	**742**

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 36.

	Nine months ended 30 September	
	2019 (unaudited)	2018 (unaudited)
	USD million	USD million
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	38	12
Interest received	20	14
Acquisition of property, plant and equipment	(526)	(564)
Acquisition of intangible assets	(30)	(16)
Cash received from/(paid for) other investments	(1)	(111)
Return of prepayment for investment in associate	44	-
Contribution to joint venture	(70)	-
Acquisition of a subsidiary	(29)	(11)
Dividends from associates and joint ventures	544	406
Changes in restricted cash	2	(10)
Net cash used in investing activities	**(8)**	**(280)**
FINANCING ACTIVITIES		
Proceeds from borrowings	1,134	1,996
Repayment of borrowings	(1,148)	(2,049)
Refinancing fees and other expenses	-	(6)
Interest paid	(420)	(363)
Settlement of derivative financial instruments	(24)	95
Net cash used in financing activities	**(458)**	**(327)**
Net increase in cash and cash equivalents	**764**	**135**
Cash and cash equivalents at the beginning of the period	801	814
Effect of exchange rate fluctuations on cash and cash equivalents	10	(33)
Cash and cash equivalents at the end of the period	**1,575**	**916**

Restricted cash amounted to USD41 million and USD43 million at 30 September 2019 and 31 December 2018, 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 36.

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 has filed the application for the delisting of its global depositary receipts ("GDSs") with the Euronext Paris. The GDSs were delisted on 7 May 2018.

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

The extraordinary general meeting of the Company held on 1 August 2019 approved the application by the Company to the regulatory authorities in the Russian Federation (the "New Jurisdiction") for continuance as a company with the status of an International Company established under the laws of the New Jurisdiction. The Company is currently in process of completing relevant actions for approved redomiciliation.

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 September 2019 and 31 December 2018 was as follows:

	30 September 2019	31 December 2018
EN+ GROUP IPJSC ("EN+", former En+ Group Plc)	50.10%	48.13%
SUAL Partners Limited ("SUAL Partners")	22.50%	22.50%
Zonoville Investments Limited ("Zonoville")	4.00%	4.00%
Amokenga Holdings Limited ("Amokenga Holdings")	6.78%	8.75%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	16.61%	16.61%
Total	**100.00%**	**100.00%**

At 30 September 2019 and 31 December 2018 the directors consider the immediate parent of the Group to be EN+, which was incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands. On 9 July 2019 the Parent Company changed its domicile to Russian Federation with a registration as EN+ GROUP International public joint-stock company (EN+GROUP IPJSC). As at the reporting date the Parent Company's registered office is Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

Based on the information provided by EN+, at the reporting date there is no individual that has an indirect prevailing ownership interest in EN+ GROUP IPJSC exceeding 50%, who could exercise voting rights in respect of more than 35% of EN+ GROUP IPJSC's issued share capital or has an opportunity to exercise control over EN+ GROUP IPJSC. As at 30 September 2019 Mr. Oleg Deripaska beneficially controls and exercises voting rights in respect of 35% of the voting shares of EN+ GROUP IPJSC and cannot exceed his direct or indirect shareholding over 44.95% of the shares of the Company.

According to the information disclosed at the Stock Exchange of Hong Kong Limited Zonoville Investments Limited and SUAL Partners Limited are associates. Amokenga Holdings is ultimately controlled by Glencore International Plc. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik.

Based on publicly available information at the Company's disposal at the date of these financial statements there is no individual that has an indirect prevailing ownership interest in the Company exceeding 25% or has an opportunity to exercise control over the Company.

Related party transactions are disclosed in note 17.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available at the Company's website www.rusal.com.

(b) Seasonality

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

(c) OFAC Sanctions

On 6 April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated, amongst others, the Company, as a Specially Designated National ("SDN") (the "OFAC Sanctions").

As a result, all property or interests in property of the Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, must have been frozen, and could not be transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licenses were issued at the time of the designation and later on authorizing certain transactions with the Company, its majority shareholder EN+ , and with their respective debt and equity.

On 27 January 2019 OFAC announced removal of the Company and EN+ from OFAC's SDN List with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions including, but not limited to, corporate governance changes, including, inter alia, overhauling the composition of the Board to ensure that independent directors constitute the majority of the Board, stepping down of the Chairman of the Board, and ongoing reporting and certifications by the Company to OFAC concerning compliance with the conditions for removal.

2 Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard ("IAS") 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 2018.

The Group has also no updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group's consolidated financial statements.

3 Significant accounting policies

Except as described below, the accounting policies applied in this consolidated interim condensed financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new standards or amendments to existing standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. Amended accounting policies, method and effects of transition to IFRS 16 are disclosed in consolidated interim condensed financial information as at and for the three- and six-month periods ended 30 June 2019.

The consolidated interim condensed financial information of the Group as at and for the three- and six-month periods ended 30 June 2019 are available at the Company's website www.rusal.com.

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised USD32 million of right-of-use assets and USD37 million of lease liabilities as at 30 September 2019. USD25 million of lease liabilities (including USD4 million of related parties – companies related through parent company) are long-term and included in other non-current liabilities, USD12 million of lease liabilities (including USD4 million of related parties – companies related through parent company) are short-term and included in other payables.

Also in relation to these leases under IFRS 16, the Group has recognised USD7 million of depreciation charges and USD3 million of interest costs for the nine months ended 30 September 2019 and USD2 million and USD1 million for three months ended 30 September 2019 respectively. USD5 million of right-of-use assets have been impaired during nine months ended 30 September 2019. The Group's total cash outflow for leases was in the amount of USD10 million.

The expense relating to short-term leases in amount of USD16 million is included in cost of sales or administrative expenses depending on type of underlying asset.

Carrying amount of right-of-use as at 30 September 2019 amounts to USD32 million including USD16 million land and buildings and USD16 million machinery and equipment.

Future cash outflows to which the Group is potentially exposed that are not recognised in right-to-use assets and are not reflected in the measurement of lease liabilities and which arise from variable lease payments not linked to index or rate are in the amount of USD41 million.

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.

(i) Reportable segments

Three months ended 30 September 2019

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	2,087	232	-	-	**2,319**
Inter-segment revenue	61	678	-	-	**739**
Total segment revenue	**2,148**	**910**	**-**	**-**	**3,058**
Segment profit	**106**	**64**	**-**	**-**	**170**
Reversal of impairment/(impairment) of non-current assets	1	(30)	-	-	**(29)**
Share of profits of associates and joint ventures	-	-	19	304	**323**
Depreciation/amortisation	(98)	(39)	-	-	**(137)**
Non-cash income	1	3	-	-	**4**
Additions to non-current segment assets during the period	141	45	-	-	**186**
Non-cash adjustments to non-current segment assets related to site restoration	(1)	1	-	-	**-**

Three months ended 30 September 2018

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	2,388	346	-	-	**2,734**
Inter-segment revenue	47	986	-	-	**1,033**
Total segment revenue	**2,435**	**1,332**	**-**	**-**	**3,767**
Segment profit	**135**	**471**	**-**	**-**	**606**
Impairment of non-current assets	-	(40)	-	-	**(40)**
Share of profits of associates and joint ventures	-	-	8	310	**318**
Depreciation/amortisation	(99)	(32)	-	-	**(131)**
Non-cash expense	(1)	-	-	-	**(1)**
Additions to non-current segment assets during the period	63	55	-	-	**118**
Non-cash adjustments to non-current segment assets related to site restoration	-	(2)	-	-	**(2)**

Nine months ended 30 September 2019

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	5,994	736	-	-	**6,730**
Inter-segment revenue	177	2,208	-	-	**2,385**
Total segment revenue	**6,171**	**2,944**	**-**	**-**	**9,115**
Segment profit	**125**	**428**	**-**	**-**	**553**
Reversal of impairment/(impairment) of non-current assets	9	(70)	-	-	**(61)**
Share of profits of associates and joint ventures	-	-	62	1,095	**1,157**
Depreciation/amortisation	(279)	(113)	-	-	**(392)**
Non-cash (expense)/income	4	5	-	-	**9**
Additions to non-current segment assets during the period	343	161	-	-	**504**
Non-cash adjustments in non-current segment assets related to site restoration	(3)	(8)	-	-	**(11)**

Nine months ended 30 September 2018

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	6,467	972	-	-	**7,439**
Inter-segment revenue	171	2,509	-	-	**2,680**
Total segment revenue	**6,638**	**3,481**	**-**	**-**	**10,119**
Segment profit	**697**	**940**	**-**	**-**	**1,637**
Reversal of impairment/(impairment) of non-current assets	1	(122)	-	-	**(121)**
Share of profits of associates and joint ventures	-	-	43	768	**811**
Depreciation/amortisation	(265)	(97)	-	-	**(362)**
Non-cash (expense)/income	(2)	13	-	-	**11**
Additions to non-current segment assets during the period	188	223	-	-	**411**
Non-cash adjustments in non-current segment assets related to site restoration	(1)	-	-	-	**(1)**

At 30 September 2019

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	7,207	2,614	9	-	**9,830**
Interests in associates and joint ventures	-	-	666	3,262	**3,928**
Total segment assets					**13,758**
Segment liabilities	(994)	(614)	(11)	-	**(1,619)**
Total segment liabilities					**(1,619)**

31 December 2018

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	6,864	2,656	-	-	**9,520**
Interests in associates and joint ventures	-	-	594	3,101	**3,695**
Total segment assets					**13,215**
Segment liabilities	(634)	(568)	(10)	-	**(1,212)**
Total segment liabilities					**(1,212)**

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Revenue				
Reportable segment revenue	3,058	3,767	9,115	10,119
Elimination of inter-segment revenue	(739)	(1,033)	(2,385)	(2,680)
Unallocated revenue	167	184	492	476
Consolidated revenue	**2,486**	**2,918**	**7,222**	**7,915**

	Three months ended 30 September		Nine months ended 30 September	
	2019	**2018**	**2019**	**2018**
	USD million	**USD million**	**USD million**	**USD million**
Profit				
Reportable segment profit	170	606	553	1,637
Impairment of non-current assets	(22)	(43)	(71)	(166)
Share of profits of associates and joint ventures	323	316	1,157	809
Finance income	12	23	30	139
Finance expenses	(171)	(156)	(509)	(502)
Unallocated expense	(84)	(70)	(217)	(224)
Consolidated profit before taxation	**228**	**676**	**943**	**1,693**

	30 September	31 December
	2019	**2018**
	USD million	**USD million**
Assets		
Reportable segment assets	13,758	13,215
Unallocated assets	3,791	2,562
Consolidated total assets	**17,549**	**15,777**

	30 September	31 December
	2019	**2018**
	USD million	**USD million**
Liabilities		
Reportable segment liabilities	(1,619)	(1,212)
Unallocated liabilities	(9,560)	(9,356)
Consolidated total liabilities	**(11,179)**	**(10,568)**

5 Revenue

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Revenue from contracts with customers	**2,486**	**2,918**	**7,222**	**7,915**
Sales of products	**2,454**	**2,876**	**7,097**	**7,769**
Sales of primary aluminium and alloys	2,069	2,379	5,946	6,438
Sales of alumina and bauxite	163	274	504	726
Sales of foil and other aluminium products	112	104	317	274
Sales of other products	110	119	330	331
Provision of services	**32**	**42**	**125**	**146**
Supply of energy	17	24	85	97
Provision of transportation services	3	2	7	6
Provision of other services	12	16	33	43
Total revenue by types of customers	**2,486**	**2,918**	**7,222**	**7,915**
Third parties	1,860	1,722	4,737	4,950
Related parties – companies capable of exerting significant influence	499	1,091	2,132	2,617
Related parties – companies related through parent company	35	33	111	136
Related parties – associates and joint ventures	92	72	242	212
Total revenue by primary regions	**2,486**	**2,918**	**7,222**	**7,915**
Europe	1,299	1,467	3,509	3,659
CIS	679	727	1,941	2,196
America	151	290	618	964
Asia	343	431	1,111	1,082
Other	14	3	43	14

Revenue from sale of primary aluminium and alloys relates to aluminium segment (Note 4). Revenue from sales of alumina and bauxite relates to alumina segment which also includes sale of other products. Revenue from sale of foil and other aluminium products and other products and services relates mostly to the revenue of non-reportable segments.

6 Cost of sales and operating expenses

(a) Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Cost of alumina, bauxite and other materials	**(828)**	**(937)**	**(2,561)**	**(2,826)**
Third parties	*(809)*	*(902)*	*(2,475)*	*(2,722)*
Related parties – companies capable of exerting significant influence	*(17)*	*(22)*	*(54)*	*(60)*
Related parties – companies related through parent company	*(2)*	*(13)*	*(32)*	*(44)*
Purchases of primary aluminium	**(146)**	**(114)**	**(358)**	**(379)**
Third parties	*(12)*	*(6)*	*(22)*	*(135)*
Related parties – companies related through parent company	*(4)*	*(3)*	*(8)*	*(10)*
Related parties – associates and joint ventures	*(130)*	*(105)*	*(328)*	*(234)*
Energy costs	**(450)**	**(489)**	**(1,566)**	**(1,618)**
Third parties	*(291)*	*(294)*	*(940)*	*(956)*
Related parties – companies capable of exerting significant influence	*(1)*	*(1)*	*(3)*	*(3)*
Related parties – companies related through parent company	*(151)*	*(186)*	*(599)*	*(632)*
Related parties – associates and joint ventures	*(7)*	*(8)*	*(24)*	*(27)*
Personnel costs	**(123)**	**(141)**	**(382)**	**(441)**
Depreciation and amortisation	**(139)**	**(135)**	**(402)**	**(372)**
Change in finished goods	**(223)**	**(149)**	**(299)**	**251**
Other costs	**(172)**	**(103)**	**(444)**	**(287)**
Third parties	*(135)*	*(56)*	(336)	*(148)*
Related parties – companies related through parent company	*(8)*	*(8)*	(22)	*(26)*
Related parties – associates and joint ventures	*(29)*	*(39)*	(86)	*(113)*
	(2,081)	**(2,068)**	**(6,012)**	**(5,672)**

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Transportation expenses	(120)	(113)	(323)	(288)
Personnel costs	(63)	(60)	(178)	(206)
Impairment of non-current assets	(22)	(43)	(71)	(166)
Consulting and legal expenses	(23)	(24)	(53)	(58)
Security	(9)	(5)	(23)	(17)
Short-term lease and variable lease payments	(4)	(6)	(12)	(19)
Taxes other than on income	(10)	(9)	(22)	(30)
Packaging materials	(11)	(8)	(31)	(25)
Charitable donations	(7)	-	(23)	(9)
Repair and other services	(6)	(4)	(16)	(13)
Depreciation and amortization	(4)	(4)	(13)	(11)
Loss on disposal of property, plant and equipment	(8)	(1)	(14)	(4)
Auditors' remuneration	(2)	(2)	(5)	(5)
Impairment of trade and other receivables	(10)	(29)	(17)	(29)
Provision for legal claims	(4)	(4)	(14)	(4)
Other expenses	(38)	(45)	(130)	(112)
	(341)	**(357)**	**(945)**	**(996)**

(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 September		Nine months ended 30 September	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Results from operating activities	64	493	265	1,247
Add:				
Amortisation and depreciation	143	139	415	383
Impairment of non-current assets	22	43	71	166
Loss on disposal of property, plant and equipment	8	1	14	4
Adjusted EBITDA	**237**	**676**	**765**	**1,800**

7 Finance income and expenses

	Three months ended 30 September		Nine months ended 30 September	
	2019	**2018**	**2019**	**2018**
	USD million	**USD million**	**USD million**	**USD million**
Finance income				
Interest income on third party loans and deposits	12	6	29	15
Interest income on loans to related parties – *companies related through parent company*	-	-	1	1
Change in fair value of derivative financial instruments (refer to note 15)	-	17	-	123
	12	**23**	**30**	**139**
Finance expenses				
Interest expense on bank loans and bonds wholly repayable within 5 years and other bank charges	(54)	(61)	(177)	(175)
Interest expense on bank loans and bonds wholly repayable after 5 years	(83)	(65)	(248)	(191)
Interest expense on company loans from related parties – *companies exerting significant influence*	(7)	-	(9)	(1)
Interest expense on provisions	(1)	(2)	(3)	(3)
Net foreign exchange loss	(5)	(28)	(56)	(132)
Leases interest costs	(1)	-	(3)	-
Change in fair value of derivative financial instruments (refer to note 15)	(20)	-	(13)	-
	(171)	**(156)**	**(509)**	**(502)**

8 Income tax expense

	Three months ended 30 September		Nine months ended 30 September	
	2019	**2018**	**2019**	**2018**
	USD million	**USD million**	**USD million**	**USD million**
Current tax				
Current tax for the period	50	74	144	159
Deferred tax				
Origination and reversal of temporary differences	(16)	5	(20)	(15)
Actual tax expense	**34**	**79**	**124**	**144**

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 21.4% 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 are 9.55% and 14.35% 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 September 2018 and the year ended 31 December 2018 were the same as for the period ended 30 September 2019 except for tax rates for subsidiaries domiciled in Sweden which amounted to 22% and tax rates for subsidiaries domiciled in Switzerland which amounted to 9.6% and 14.51% accordingly.

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 nine-months periods ended 30 September 2019 and 30 September 2018.

Weighted average number of shares:

	Three months ended 30 September	
	2019	**2018**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	-	-
Weighted average number of shares at end of the period	15,193,014,862	15,193,014,862
Profit for the period, USD million	**194**	**597**
Basic and diluted earnings per share, USD	**0.013**	**0.039**

	Nine months ended 30 September	
	2019	**2018**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	-	-
Weighted average number of shares at end of the period	15,193,014,862	15,193,014,862
Profit for the period, USD million	**819**	**1,549**
Basic and diluted earnings per share, USD	**0.054**	**0.102**

There were no outstanding dilutive instruments during the periods ended 30 September 2019 and 30 September 2018.

10 Interests in associates and joint ventures

	Three months ended 30 September	
	2019	**2018**
	USD million	**USD million**
Balance at the beginning of the period	**4,350**	**4,112**
Group's share of profits	323	316
Dividends	(618)	(504)
Acquisition of investments	70	-
Return of prepayment	(41)	-
Foreign currency translation	(82)	(185)
Balance at the end of the period	**4,002**	**3,739**
Goodwill included in interests in associates	2,333	2,291

	Nine months ended 30 September	
	2019	**2018**
	USD million	**USD million**
Balance at the beginning of the period	**3,698**	**4,448**
Group's share of profits	1,157	809
Dividends	(1,172)	(929)
Acquisition of investments	70	-
Return of prepayment	(41)	-
Foreign currency translation	290	(589)
Balance at the end of the period	**4,002**	**3,739**
Goodwill included in interests in associates	2,333	2,291

Investment in Norilsk Nickel

At the date of this consolidated interim condensed financial information the Group was unable to obtain consolidated interim financial information of Norilsk Nickel as at and for the nine-month period ended 30 September 2019. Consequently the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the period ended 30 September 2019 based on publicly available information reported by Norilsk Nickel.

The Group has estimated its share of profit of Norilsk Nickel at the level of USD304 million and USD1,095 million for the three- and nine-month periods ended 30 September 2019, respectively, other comprehensive income at the level of USD nil million for both the three- and nine-month periods ended 30 September 2019, the foreign currency translation loss of USD70 million and gain of USD250 million for the three- and nine-month periods ended 30 September 2019, respectively. The carrying value of the Group's investment in the investee comprises USD3,262 million as at 30 September 2019.

The market value of the investment in Norilsk Nickel at 30 September 2019 is USD11,406 million (31 December 2018: USD8,286 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 September 2019 USD million	31 December 2018 USD million
Trade receivables from third parties	544	384
Impairment loss on trade receivables	(33)	(33)
Net trade receivables from third parties	**511**	**351**
Trade receivables from related parties, including:	**122**	**87**
Related parties – companies capable of exerting significant influence	*58*	*76*
Impairment loss on trade receivables from related parties - companies capable of exerting significant influence	*(1)*	*(6)*
Net trade receivables from related parties - companies capable of exerting significant influence	*57*	*70*
Related parties – companies related through parent company	*20*	*13*
Related parties – associates and joint ventures	*46*	*4*
Impairment loss on trade receivables from related parties – associates and joint ventures	*(1)*	*-*
Net trade receivables from related parties – associates and joint ventures	*45*	*4*
VAT recoverable	352	305
Impairment loss on VAT recoverable	(33)	(33)
Net VAT recoverable	**319**	**272**
Advances paid to third parties	106	185
Impairment loss on advances paid	(1)	(1)
Net advances paid to third parties	**105**	**184**
Advances paid to related parties, including:	**50**	**51**
Related parties – companies capable of exerting significant influence	*-*	*1*
Related parties – companies related through parent company	*1*	*1*
Related parties – associates and joint ventures	*49*	*49*
Prepaid expenses	**4**	**4**
Prepaid income tax	**12**	**22**
Prepaid other taxes	**24**	**22**
Other receivables from third parties	175	112
Impairment loss on other receivables	(32)	(10)
Net other receivables from third parties	**143**	**102**
Other receivables from related parties, including:	**14**	**7**
Related parties – companies related through parent company	*13*	*10*

	30 September 2019 USD million	31 December 2018 USD million
Impairment loss on other receivables from related parties - companies related through parent company	*-*	*(3)*
Net other receivables to related parties - companies related through parent company	*13*	*7*
Related parties – associates and joint ventures	*1*	*-*
	1,304	**1,102**

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 September 2019 USD million	31 December 2018 USD million
Current (not past due)	518	358
1–30 days past due	87	62
31–60 days past due	21	6
61–90 days past due	3	2
More than 90 days past due	4	10
Amounts past due	115	80
	633	**438**

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. 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 September	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	(24)	(15)
Impairment loss recognised	(11)	(28)
Balance at the end of the period	**(35)**	**(43)**

	Nine months ended 30 September	
	2019	**2018**
	USD million	**USD million**
Balance at the beginning of the period	(39)	(16)
Reversal of impairment/ (impairment loss recognised)	4	(27)
Balance at the end of the period	**(35)**	**(43)**

The Group does not hold any collateral over the receivables balances that are recognised to be credit impaired both as at 30 September 2019 and 31 December 2018.

(b) Trade and other payables

	30 September	**31 December**
	2019	**2018**
	USD million	**USD million**
Accounts payable to third parties	**482**	**520**
Accounts payable to related parties, including:	**94**	**64**
Related parties – companies capable of exerting significant influence	*5*	*5*
Related parties – companies related through parent company	*34*	*35*
Related parties – associates and joint ventures	*55*	*24*
Advances received from third parties	**512**	**32**
Advances received from related parties, including:	**393**	**259**
Related parties – companies capable of exerting significant influence	*393*	*259*
Other payables and accrued liabilities to third parties	**86**	**176**
Other payables and accrued liabilities to related parties, including:	**4**	**-**
Related parties – companies related through parent company	4	-
Current tax liabilities	**14**	**127**
Other taxes payable	**101**	**96**
	1,686	**1,274**

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. Ageing analysis is performed based on number of days payable is overdue.

	30 September 2019 USD million	31 December 2018 USD million
Current	481	502
Past due 0-90 days	64	50
Past due 91-120 days	19	8
Past due over 120 days	12	24
Amounts past due	95	82
	576	**584**

Lease liabilities that are expected to be settled within one year for the amount of USD12 million are included in other payables and accrued liabilities.

12 Equity

(a) Share capital

	Nine months ended 30 September 2019		Nine months ended 30 September 2018	
	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 postretirement 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 September 2019 USD million	31 December 2018 USD million
Non-current liabilities		
Secured bank loans	5,280	5,566
Unsecured bank loans	217	226
Bonds	2,276	1,580
	7,773	**7,372**
Current liabilities		
Secured bank	552	476
Unsecured bank loans	14	12
Bonds	54	377
Accrued interest	56	49
	676	**914**

(a) Loans and borrowings

Certain of 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 2018.

The secured bank loans are also secured by the following:

- property, plant and equipment with a carrying amount of USD40 million (31 December 2018: USD3 million).

The nominal value of the Group's loans and borrowings was USD6,095 million at 30 September 2019 (31 December 2018: USD6,332 million).

As at 30 September 2019 and 31 December 2018 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 syndicated Pre-Export Finance Term Facility Agreement (PXF) dated 24 May 2017.

As at the date of this report the Group through its subsidiaries has outstanding REPO loans backed by Norilsk Nickel shares in number of 1,306,000, in the amount of USD 210 million and maturing in June 2020

During nine months ended 30 September 2019 the Group made a principal repayment in total amounts of USD362 million and RUB577 million (USD9 million) under the syndicated Pre-Export Finance Term Facility Agreement (PXF) and credit facilities with Gazprombank, respectively.

(b) Bonds

As at 30 September 2019 27,751 series 08 bonds and 397,347 series BO-01 bonds and 15,000,000 series BO-001P-01 bonds, 15,000,000 series BO-001P-02 bonds, 15,000,000 series BO-001P-03 bonds were outstanding (traded in the market).

The closing market price at 30 September 2019 was RUB 873, RUB 956 and RUB 1,025, RUB 1,020, RUB 1,006 per bond for the five tranches, respectively.

On 20 March the Group executed the put option under Panda bonds issuance (the first tranche) and redeemed bonds with notional value CNY680 million (USD101 million).

On 29 March 2019 RUSAL Bratsk announced a new coupon rate in respect to the series 08 bonds at the level of 0.01% per annum. On 10 April 2019 the Company exercised a put option on the outstanding RUB-denominated bonds series 08 and redeemed the bonds with notional value of RUB23.8 million.

On 04 April 2019 RUSAL Bratsk announced a new coupon rate in respect to the series BO-01 bonds at the level of 0.01% per annum. On 18 April 2019 the Company exercised a put option on the outstanding RUB-denominated bonds series BO-01 and redeemed the bonds with notional value of RUB 3.8 billion.

On 29 April 2019 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-01 in the amount of RUB15 billion with a coupon rate 9.0% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in April 2022. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.

On 11 July 2019 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-02 in the amount of RUB15 billion with a coupon rate 8.60% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in January 2023. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3.5 years and the interest rate of 4.45%.

On 04 September the Group executed the put option under Panda bonds issuance (the second tranche) and redeemed bonds with notional value CNY480 million (USD67 million).

On 12 September 2019 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-03 in the amount of RUB15 billion with a coupon rate 8.25% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in September 2022. In addition to the placement, the Group entered into 2 cross-currency interest rate swaps, which resulted in the exchange-traded rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3 years for both swaps and the interest rates of 3.82% and 3.85%.

14 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 July 2018	**64**	**365**	**3**	**-**	**432**
Provisions made during the period	2	1	4	-	7
Provisions utilised during the period	(1)	(7)	-	-	(8)
Foreign currency translation	(3)	(5)	-	-	(8)
Balance at 30 September 2018	**62**	**354**	**7**	**-**	**423**
Non-current	*58*	*339*	-	-	*397*
Current	*4*	*15*	*7*	-	*26*

USD million	**Pension liabilities**	**Site restoration**	**Provisions for legal claims**	**Tax provisions**	**Total**
Balance at 1 July 2019	**51**	**366**	**13**	**-**	**430**
Provisions made during the period	2	1	4	-	7
Provisions utilised during the period	(2)	-	-	-	(2)
Foreign currency translation	-	(11)	-	-	(11)
Balance at 30 September 2019	**51**	**356**	**17**	**-**	**424**
Non-current	*47*	*333*	-	-	*380*
Current	*4*	*23*	*17*	-	*44*

USD million	**Pension liabilities**	**Site restoration**	**Provisions for legal claims**	**Tax provisions**	**Total**
Balance at 1 January 2018	**69**	**382**	**3**	**-**	**454**
Provisions made during the period	6	18	4	-	28
Provisions reversed during the period	-	(17)	-	-	(17)
Actuarial gain	(3)	-	-	-	(3)
Provisions utilised during the period	(4)	(7)	-	-	(11)
Foreign currency translation	(6)	(22)	-	-	(28)
Balance at 30 September 2018	**62**	**354**	**7**	**-**	**423**
Non-current	*58*	*339*	-	-	*397*
Current	*4*	*15*	*7*	-	*26*
Balance at 1 January 2019	**54**	**348**	**3**	**20**	**425**
Provisions made during the period	4	25	14	-	43
Provisions reversed during the period	(8)	(11)	-	-	(19)
Actuarial loss	1	-	-	-	1
Provisions utilised during the period	(4)	(2)	-	(20)	(26)
Foreign currency translation	4	(4)	-	-	-
Balance at 30 September 2019	**51**	**356**	**17**	**-**	**424**
Non-current	*47*	*333*	-	-	*380*
Current	*4*	*23*	*17*	-	*44*

15 Derivative financial assets/liabilities

	30 September 2019	**31 December 2018**

	USD million		USD million	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Petroleum coke supply contracts and other raw materials	52	29	42	31
Forward contracts for aluminium and other instruments	7	19	-	-
Cross currency swap	1	10	-	-
Total	**60**	**58**	**42**	**31**

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 nine-month periods ended 30 September 2019. The following significant assumptions were used in estimating derivative instruments:

	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
LME Al Cash, USD per tonne	1,719	1,761	1,849	1,935	2,023	2,097	2,139
Platt's FOB Brent, USD per barrel	61	57	56	56	56	57	-

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

	Three months ended 30 September	
	2019	**2018**
	USD million	**USD million**
Balance at the beginning of the period	**18**	**(38)**
Unrealised changes in fair value recognised in statement of income (finance income/(expense)) during the period	(20)	17
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(2)	-
Realised portion of electricity, coke and raw material contracts and cross currency swap	6	(15)
Balance at the end of the period	**2**	**(36)**

	Nine months ended 30 September	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	**11**	**(50)**
Unrealised changes in fair value recognised in statement of income (finance income/(expense)) during the period	(13)	123
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(7)	-
Realised portion of electricity, coke and raw material contracts and cross currency swap	11	(109)
Balance at the end of the period	**2**	**(36)**

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 September 2019 and 31 December 2018 approximated USD310 million and USD255 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 September 2019 is USD nil million (31 December 2018: USD nil 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 September 2019 the amount of claims, where management assesses outflow as possible approximates USD25 million (31 December 2018: USD31 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 Plc ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG sought compensatory damages in the amount of USD2.8 billion plus interest.

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 last hearing took place on 8 November 2017. The claim was struck out. BFIG may appeal.

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.

In January 2018 one of the Company's subsidiaries, ALSCON and the Bureau of Public Enterprises of Nigeria entered into an addendum to the original sale and purchase contract regarding ALSCON on the key terms and conditions as it was disclosed in the announcement of the Company dated 19 January 2018.

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 September		**Nine months ended 30 September**	
	2019	**2018**	**2019**	**2018**
	USD million	**USD million**	**USD million**	**USD million**
Salaries and bonuses	9	13	54	49
	9	**13**	**54**	**49**

(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 companies related through parent company or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc or entities under its control.

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.

All trade and other receivables and payables with related parties are non-secured and expected to be settled in cash within 12 months after the reporting date.

Other purchases of assets and other non-operating expenses from related parties are the following:

	Three months ended 30 September	
	2019	**2018**
	USD million	**USD million**
Related parties – companies related through parent company	1	-
Related parties – associates and joint ventures	(1)	-
	-	**-**

	Nine months ended 30 September	
	2019	**2018**
	USD million	**USD million**
Related parties – companies capable of exerting significant influence	1	2
Related parties – companies related through parent company	11	17
Related parties – associates and joint ventures	2	1
	14	**20**

(d) Related parties balances

At 30 September 2019, included in non-current assets are balances of related parties — companies related through parent company of USD49 million and balances of related parties — associates and joint ventures of USD4 million (31 December 2018: companies related through parent company of USD46 million and balances of related parties – associates and joint ventures of USD2 million). At 30 September 2019, included in non-current liabilities are balances of related parties – associates and joint ventures of USD11 million (31 December 2018: USD10 million).

At 1 January 2019 the Group adopted IFRS 16 Leases and made appropriate accruals in the accounting, including lease agreement with company related through parent company. At 30 September 2019, included in non-current liabilities are balances of USD4 million and in current liabilities of USD4 million.

(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

On 25 October 2019 the Group entered into a new sustainability-linked pre-export finance facility (PXF2019) in the amount of USD1,085 million, maturity 5 years (repayment starting from the 27th calendar month). The interest rate is subject to a sustainability discount or premium depending on the Company's fulfilment of the sustainability key performance indicators (KPI). The proceeds of the facility were used for partially refinancing of PXF dated 24 May 2017.