United Company RUSAL Plc

Consolidated Interim Condensed Financial Information for the six-month period ended 30 June 2020

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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 2020, and the related consolidated interim condensed statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended, 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.

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 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Maxim Samarin

JSC "KPMG"

Moscow, Russia

12 August 2020

	Note	Six months ended 30 June 2020 (unaudited) USD million	Six months ended 30 June 2019 (unaudited) USD million
Revenue	5	4,015	4,736
Cost of sales	6(a)	(3,520)	(3,931)
Gross profit		**495**	**805**
Distribution expenses	6(b)	(227)	(251)
Administrative expenses	6(b)	(248)	(230)
Impairment of non-current assets	6(b)	(51)	(49)
Net other operating expenses	6(b)	(75)	(74)
Results from operating activities		**(106)**	**201**
Finance income	7	115	25
Finance expenses	7	(240)	(345)
Share of profits of associates and joint ventures	10	27	834
(Loss)/ profit before taxation		**(204)**	**715**
Income tax gain/ (expense)	8	80	(90)
(Loss)/ profit for the period		**(124)**	**625**
Attributable to Shareholders of the Company		(124)	625
(Loss)/ profit for the period		**(124)**	**625**
(Losses)/ earnings per share			
Basic and diluted (losses)/ earnings per share (USD)	9	(0.0082)	0.0411
Adjusted EBITDA	6(c)	219	528

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 33.

	Note	Six months ended 30 June 2020 (unaudited) USD million	Six months ended 30 June 2019 (unaudited) USD million
(Loss)/ profit for the period		**(124)**	**625**
Other comprehensive income or loss			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans	14	7	(1)
		7	**(1)**
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	(58)	(5)
Foreign currency translation differences on foreign operations		(116)	67
Foreign currency translation differences for equity-accounted investees	10	(478)	372
		(652)	**438**
Other comprehensive loss or income for the period, net of tax		**(645)**	**437**
Total comprehensive loss or income for the period		**(769)**	**1,062**
Attributable to:			
Shareholders of the Company		**(769)**	**1,062**

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

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 33.

	Note	30 June 2020 (unaudited) USD million	31 December 2019 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		4,565	4,499
Intangible assets		2,426	2,557
Interests in associates and joint ventures	10	3,443	4,240
Deferred tax assets		232	130
Derivative financial assets	15	44	33
Other non-current assets		82	87
Total non-current assets		**10,792**	**11,546**
Current assets			
Inventories		2,392	2,460
Short-term investments		179	171
Trade and other receivables	11(a)	1,157	1,351
Dividends receivable		-	430
Derivative financial assets	15	106	75
Cash and cash equivalents		2,096	1,781
Total current assets		**5,930**	**6,268**
Total assets		**16,722**	**17,814**

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 33.

	Note	30 June 2020 (unaudited) USD million	31 December 2019 USD million
EQUITY AND LIABILITIES			
Equity	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,841	2,892
Currency translation reserve		(9,795)	(9,201)
Accumulated losses		(3,006)	(2,882)
Total equity		**5,978**	**6,747**
Non-current liabilities			
Loans and borrowings	13	7,234	7,699
Provisions	14	392	403
Deferred tax liabilities		462	465
Derivative financial liabilities	15	15	27
Other non-current liabilities		104	83
Total non-current liabilities		**8,207**	**8,677**
Current liabilities			
Loans and borrowings	13	826	548
Trade and other payables	11(b)	1,545	1,770
Derivative financial liabilities	15	123	27
Provisions	14	43	45
Total current liabilities		**2,537**	**2,390**
Total liabilities		**10,744**	**11,067**
Total equity and liabilities		**16,722**	**17,814**
Net current assets		**3,393**	**3,878**
Total assets less current liabilities		**14,185**	**15,424**

Approved and authorised for issue by the board of directors on 12 August 2020.

Evgenii V. Nikitin
Chief Executive Officer

Alexander V. Popov
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 33.

	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 2020	**152**	**15,786**	**2,892**	**(9,201)**	**(2,882)**	**6,747**
Loss for the period (unaudited)	-	-	-	-	(124)	(124)
Other comprehensive loss for the period (unaudited)	-	-	(51)	(594)	-	(645)
Total comprehensive loss for the period (unaudited)	**-**	**-**	**(51)**	**(594)**	**(124)**	**(769)**
Balance at 30 June 2020 (unaudited)	**152**	**15,786**	**2,841**	**(9,795)**	**(3,006)**	**5,978**
Balance at 1 January 2019	**152**	**15,786**	**2,863**	**(9,750)**	**(3,842)**	**5,209**
Profit for the period (unaudited)	-	-	-	-	625	625
Other comprehensive (loss)/ income for the period (unaudited)	-	-	(2)	439	-	437
Total comprehensive (loss)/ income for the period (unaudited)	**-**	**-**	**(2)**	**439**	**625**	**1,062**
Balance at 30 June 2019 (unaudited)	**152**	**15,786**	**2,861**	**(9,311)**	**(3,217)**	**6,271**

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 33.

	Note	Six months ended 30 June 2020 (unaudited) USD million	2019 (unaudited) USD million
OPERATING ACTIVITIES			
(Loss)/profit for the period		**(124)**	**625**
Adjustments for:			
Depreciation	6	271	269
Amortisation	6	3	3
Impairment of non-current assets	6(b)	51	49
(Reversal of)/ impairment of trade and other receivables	6(b)	(3)	7
Impairment/ (reversal of impairment) of inventories		4	(6)
Provision for legal claims	6(b)	-	10
Pension provision/ (reversal of pension provision)		1	(8)
Change in fair value of derivative financial instruments	7	(12)	(7)
Net foreign exchange (gain)/loss		(87)	67
Loss on disposal of property, plant and equipment	6(b)	-	6
Interest expense	7	240	294
Interest income	7	(16)	(18)
Income tax (gain)/ expense	8	(80)	90
Share of profits of associates and joint ventures	10	(27)	(834)
Cash from operating activities before changes in working capital and provisions		**221**	**547**
Decrease in inventories		75	182
Decrease/ (increase) in trade and other receivables		208	(187)
Increase in prepaid expenses and other assets		(1)	-
(Decrease)/ increase in trade and other payables		(305)	393
Decrease in provisions		(5)	(4)
Cash generated from operations before income tax paid		**193**	**931**
Income taxes paid		(20)	(190)
Net cash generated from operating activities		**173**	**741**

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 33.

	Six months ended 30 June	
	2020 (unaudited)	2019 (unaudited)
	USD million	USD million
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	7	19
Interest received	14	16
Acquisition of property, plant and equipment	(392)	(337)
Acquisition of intangible assets	(9)	(16)
(Cash paid for)/ received from other investments	(22)	3
Acquisition of a subsidiary	(1)	(25)
Return of a contribution to joint venture	10	-
Dividends from associates and joint ventures	790	11
Changes in restricted cash	1	-
Net cash from/(used in) investing activities	**398**	**(329)**
FINANCING ACTIVITIES		
Proceeds from borrowings	214	695
Repayment of borrowings	(74)	(721)
Interest paid	(244)	(274)
Settlement of derivative financial instruments	(84)	(9)
Net cash used in financing activities	**(188)**	**(309)**
Net increase in cash and cash equivalents	**383**	**103**
Cash and cash equivalents at the beginning of the period	1,768	801
Effect of exchange rate changes on cash and cash equivalents	(67)	22
Cash and cash equivalents at the end of the period	**2,084**	**926**

Restricted cash amounted to USD12 million and USD13 million at 30 June 2020 and 31 December 2019, 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 33.

1 Background

(a) Organisation

United Company RUSAL Plc (the "Company" or "UC RUSAL") was established by the controlling shareholder of RUSAL Limited ("RUSAL Limited") as a limited liability company under the laws of Jersey on 26 October 2006. On 27 January 2010, the Company successfully completed a placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") 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 3rd floor, 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 Russia for continuance as a company with the status of an International Company established under the laws of Russia (the "Redomiciliation"). The Company is currently in process of completing relevant actions for approved redomiciliation.

As part of preparation for the above-mentioned Redomiciliation to Russia, in 2020 the Company proceeded the winding up of its operations in Cyprus, registered a new branch in Russia and starting from 1 January 2020 has been considered a Russian tax resident.

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 2020 and 31 December 2019 was as follows:

	30 June 2020	31 December 2019
EN+ GROUP IPJSC ("EN+", former En+ Group Plc)	56.88%	50.10%
SUAL Partners Limited ("SUAL Partners")	22.50%	22.50%
Zonoville Investments Limited ("Zonoville")	4.00%	4.00%
Amokenga Holdings Limited ("Amokenga Holdings")	-	6.78%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	16.61%	16.61%
Total	**100.00%**	**100.00%**

At 30 June 2020 and 31 December 2019 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 date of this consolidated interim condensed financial information 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 June 2020 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 EN+ GROUP IPJSC.

According to the information disclosed at the Stock Exchange of Hong Kong Limited Zonoville Investments Limited and SUAL Partners Limited are associates. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik.

Related party transactions are disclosed in note 17.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 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+GROUP IPJSC En+ Group Plc ("EN+", former En+ Group Plc "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.

(d) COVID-19

The first months of 2020 have seen significant global market turmoil triggered by the outbreak of the novel coronavirus. Along with other factors, including a sharp decrease in the price of oil, this has resulted in high volatility on the stock market, with a considerable drop of indices, as well as a depreciation of the Russian roble. As a result of the COVID-19 outbreak during 2020, aluminium prices continued to deteriorate. This factor had an adverse impact on the revenue and profitability of the Group, partially offset by roble depreciation and decrease in cost of raw materials linked to the oil price. As aluminium prices are forecast to continue to remain at depressed levels in 2020, management is implementing a number of measures including, but not limited to, cost and working capital optimization. At the date of this analysis, the Group continues to assess the impact of these factors on its financial position and future cash flows and thoroughly monitors all developments. Considering the currently produced analysis and cash flows forecasts management has concluded that the Group and the Company will continue operations and meet its obligations as they fall due.

2 Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) 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 2019.

The Group has also no updates to information provided in the last annual financial statements about the standards effective from 1 January 2020 and their impact on the Group's consolidated financial statements except for amendments to IFRS 16 on COVID-19-Related Rent Concessions. These amendments to IFRS 16 are not expected to have a significant impact on the Group's consolidated financial statements.

3 Significant accounting policies

Except as described above, 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 2019.

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

Six months ended 30 June 2020

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	3,351	379	-	-	**3,730**
Inter-segment revenue	92	1,203	-	-	**1,295**
Total segment revenue	**3,443**	**1,582**	**-**	**-**	**5,025**
Segment profit	**28**	**47**	**-**	**-**	**75**
Impairment of non-current assets	(9)	(38)	-	-	**(47)**
Share of profits/(losses) of associates and joint ventures	-	-	19	(13)	**6**
Depreciation/amortisation	(169)	(91)	-	-	**(260)**
Non-cash expense	-	(2)	-	-	**(2)**
Additions to non-current segment assets during the period	247	117	-	-	**364**
Non-cash adjustments to non-current segment assets related to site restoration	-	(13)	-	-	**(13)**

Six months ended 30 June 2019

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	3,907	504	-	-	**4,411**
Inter-segment revenue	116	1,530	-	-	**1,646**
Total segment revenue	**4,023**	**2,034**	**-**	**-**	**6,057**
Segment profit	**19**	**364**	**-**	**-**	**383**
Reversal of impairment/(impairment) of non-current assets	8	(40)	-	-	**(32)**
Share of profits of associates and joint ventures	-	-	43	791	**834**
Depreciation/amortisation	(181)	(74)	-	-	**(255)**
Non-cash income	3	2	-	-	**5**
Additions to non-current segment assets during the period	202	116	-	-	**318**
Non-cash adjustments in non-current segment assets related to site restoration	(2)	(9)	-	-	**(11)**

At 30 June 2020

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	6,905	2,475	-	-	**9,380**
Interests in associates and joint ventures	-	-	673	2,708	**3,381**
Total segment assets					**12,761**
Segment liabilities	(701)	(597)	(12)	-	**(1,310)**
Total segment liabilities					**(1,310)**

31 December 2019

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	6,912	2,656	-	-	**9,568**
Interests in associates and joint ventures	-	-	699	3,462	**4,161**
Total segment assets					**13,729**
Segment liabilities	(966)	(614)	(11)	-	**(1,591)**
Total segment liabilities					**(1,591)**

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

	Six months ended 30 June	
	2020	2019
	USD million	USD million
Revenue		
Reportable segment revenue	5,025	6,057
Elimination of inter-segment revenue	(1,295)	(1,646)
Unallocated revenue	285	325
Consolidated revenue	**4,015**	**4,736**

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
(Loss)/profit		
Reportable segment profit	75	383
Impairment of non-current assets	(51)	(49)
Share of profits of associates and joint ventures	27	834
Finance income	115	25
Finance expenses	(240)	(345)
Unallocated expense	(130)	(133)
Consolidated (loss)/ profit before taxation	**(204)**	**715**

	30 June 2020	**31 December 2019**
	USD million	**USD million**
Assets		
Reportable segment assets	12,761	13,729
Unallocated assets	3,961	4,085
Consolidated total assets	**16,722**	**17,814**

	30 June 2020	**31 December 2019**
	USD million	**USD million**
Liabilities		
Reportable segment liabilities	(1,310)	(1,591)
Unallocated liabilities	(9,434)	(9,476)
Consolidated total liabilities	**(10,744)**	**(11,067)**

5 Revenue

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Revenue from contracts with customers	**4,015**	**4,736**
Sales of products	**3,935**	**4,643**
Sales of primary aluminium and alloys	3,318	3,877
Sales of alumina and bauxite	243	341
Sales of foil and other aluminium products	178	205
Sales of other products	196	220
Provision of services	**80**	**93**
Supply of energy	53	68
Provision of transportation services	4	4
Provision of other services	23	21
Total revenue by types of customers	**4,015**	**4,736**
Third parties	3,592	2,877
Related parties – companies capable of exerting significant influence	209	1,633
Related parties – companies related through parent company	61	76
Related parties – associates and joint ventures	153	150
Total revenue by primary regions	**4,015**	**4,736**
Europe	1,874	2,210
CIS	1,126	1,262
America	292	467
Asia	699	768
Other	24	29

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. 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

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Cost of alumina, bauxite and other materials	**(1,459)**	**(1,733)**
Third parties	*(1,446)*	*(1,666)*
Related parties – companies capable of exerting significant influence	*(8)*	*(37)*
Related parties – companies related through parent company	*(5)*	*(30)*
Purchases of primary aluminium	**(271)**	**(212)**
Third parties	*(34)*	*(10)*
Related parties - companies related through parent company	*(2)*	*(4)*
Related parties – associates and joint ventures	*(235)*	*(198)*
Energy costs	**(988)**	**(1,116)**
Third parties	*(562)*	*(649)*
Related parties – companies capable of exerting significant influence	*(13)*	*(2)*
Related parties – companies related through parent company	*(401)*	*(448)*
Related parties – associates and joint ventures	*(12)*	*(17)*
Personnel costs	**(257)**	**(259)**
Depreciation and amortisation	**(266)**	**(263)**
Change in finished goods	**50**	**(76)**
Other costs	**(329)**	**(272)**
Third parties	*(259)*	*(201)*
Related parties – companies related through parent company	*(13)*	*(14)*
Related parties – associates and joint ventures	*(57)*	*(57)*
	(3,520)	**(3,931)**

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

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Transportation expenses	(188)	(203)
Personnel costs	(116)	(115)
Impairment of non-current assets (note 6(d))	(51)	(49)
Consulting and legal expenses	(34)	(30)
Taxes other than on income	(21)	(12)
Packaging materials	(16)	(20)
Security	(16)	(14)
Charitable donations	(15)	(16)
Loss on disposal of property, plant and equipment	-	(6)
Short-term lease and variable lease payments	(10)	(8)
Repair and other services	(9)	(10)
Depreciation and amortisation	(8)	(9)
Reversal of impairment/(impairment) of trade and other receivables	3	(7)
Auditors’ remuneration	(3)	(3)
Provision for legal claims	-	(10)
Other expenses	(117)	(92)
	(601)	**(604)**

(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.

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Results from operating activities	(106)	201
Add:		
Amortisation and depreciation	274	272
Impairment of non-current assets	51	49
Loss on disposal of property, plant and equipment	-	6
Adjusted EBITDA	**219**	**528**

(d) Impairment of non-current assets

Events described in note 1(d) set triggers the potential impairment of the Group's goodwill and property, plant and equipment related to a number of cash-generating units. They primarily relate to a depressed level of aluminium and alumina prices during the second quarter of the year 2020 partially counterbalanced by depreciation of Russian roble and decrease in oil prices together with cash cost control measures.

For the purposes of impairment testing the recoverable amount of each cash generating unit was determined by discounting expected future net cash flows of the cash generating unit. The constitution of cash generating units has not changed compared to the consolidated financial statements as at and for the year ended 31 December 2019.

Based on results of impairment testing as at 30 June 2020, management has concluded that no impairment or reversal of previously recognised impairment loss relating to property, plant and equipment should be recognised in this consolidated interim condensed financial information apart from minor impairment of specific items of USD51 million disclosed above. Management has also concluded that no impairment of goodwill should be recognised in this consolidated interim condensed financial information.

At 30 June 2020 management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2019 and used the following assumptions to determine the recoverable amount of the goodwill and property, plant and equipment:

- Total production was estimated based on average sustainable production levels of 3.7 million metric tonnes of primary aluminium, of 8.2 million metric tonnes of alumina and of 15.0 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Aluminium sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD1,618 per tonne for primary aluminium in 2020, USD1,734 in 2021, USD1,848 in 2022, USD1,937 in 2023, USD2,023 in 2024. Alumina sales prices were based on the long-term alumina price outlook derived from available industry and market sources at USD275 per tonne for alumina in 2020, USD294 in 2021, USD313 in 2022, USD330 in 2023, USD343 in 2024 Operating costs were projected based on the historical performance adjusted for inflation and energy costs forecasts;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB72.0 for one USD in 2020, RUB71.6 in 2021, RUB69.9 in 2022, RUB69.3 in 2023, RUB70.2 in 2024. Inflation of 4.1% – 5.0% in RUB and 1.8% - 2.1% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis for each cash generating units and varied from 11% to 20%;
- A terminal value was derived following the forecast period assuming a 1.8% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The risk factors related to COVID-19 uncertainties have been incorporated into the discount rates applied.

The results are particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in the decrease in the recoverable amount of aluminium plants of the Group and would lead to the impairment in the total amount of up to 12% of carrying amount of property, plant and equipment of the Group;

- A 5% reduction in the projected aluminium sales volumes would have resulted in the decrease in the recoverable amount of aluminium plants of the Group and would lead to the impairment in the total amount of up to 3% of carrying amount of property, plant and equipment of the Group;
- A 5% increase in the projected level of electricity costs in the aluminium production would have resulted in the decrease in the recoverable amount of aluminium plants of the Group and would lead to the impairment in the total amount of up to 2% of carrying amount of property plant and equipment of the Group;
- A 5% increase in the projected level of alumina costs in the aluminium production would have resulted in the decrease in the recoverable amount of aluminium plants of the Group and would lead to the impairment in the total amount of up to 3% of carrying amount of property plant and equipment of the Group;.
- A 1% increase in each of the discount rates applied would have resulted in the decrease in the recoverable amount of all cash generating units by 15% and would lead to the impairment in the total amount of up to 4% of carrying amount of property, plant and equipment of the Group;
- A 10% depreciation of Russian roble would have resulted in the increase in the recoverable amount of all Russian–based plants of the Group and would result in recovery of previously recognised impairment in the total amount up to 8% of carrying amount of property, plant and equipment of the Group.

7 Finance income and expenses

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Finance income		
Interest income on third party loans and deposits	16	17
Interest income on loans to related parties – *companies related through parent company*	-	1
Net foreign exchange gain	87	-
Change in fair value of derivative financial instruments (refer to note 15)	12	7
	115	**25**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(236)	(123)
Interest expense on bank loans wholly repayable after 5 years	-	(165)
Other finance costs	-	(2)
Interest expense on provisions	(3)	(2)
Net foreign exchange loss	-	(51)
Leases interest costs	(1)	(2)
	(240)	**(345)**

8 Income tax

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Current tax		
Current tax for the period	25	94
Deferred tax		
Origination and reversal of temporary differences	(105)	(4)
Actual tax (gain)/ expense	**(80)**	**90**

As described in note 1(a) the Company proceeded the winding up of its operations in Cyprus, registered a new branch in Russia and starting from 1 January 2020 has been considered a Russian tax resident with an applicable corporate tax rate of 20% (2019: 12.5% and Cyprus tax resident). 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 rate is 11.83% for Swiss subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 30 June 2019 and the year ended 31 December 2019 were the same as for the period ended 30 June 2020 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.55% and 14.35% accordingly.

9 Losses or earnings per share

The calculation of basic losses or earnings per share is based on the loss or profit attributable to ordinary equity shareholders for the six-months periods ended 30 June 2020 and 30 June 2019.

Weighted average number of shares:

	Six months ended 30 June	
	2020	**2019**
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
(Loss)/ profit for the period, USD million	**(124)**	**625**
Basic and diluted (losses)/ earnings per share, USD	**(0.0082)**	**0.0411**

There were no outstanding dilutive instruments during the periods ended 30 June 2020 and 30 June 2019.

No dividends were declared and paid during the periods presented.

10 Interests in associates and joint ventures

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Balance at the beginning of the period	**4,240**	**3,698**
Group's share of profits	27	834
Return of investment	(11)	-
Dividends	(335)	(554)
Foreign currency translation	(478)	372
Balance at the end of the period	**3,443**	**4,350**
Goodwill included in interests in associates	2,148	2,382

Investment in Norilsk Nickel

The Group share of loss of Norilsk Nickel was USD13 million, other comprehensive income was USD nil million, the foreign currency translation loss of USD407 million for the six months ended 30 June 2020. The carrying value of the Group's investment in the investee comprises USD2,708 million as at 30 June 2020.

The market value of the investment in Norilsk Nickel at 30 June 2020 was USD11,771 million (31 December 2019: USD13,586 million). The market value was 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.

On 29 May 2020 the diesel fuel leak from a thermoelectric power plant of the Norilsk-Taimyr Energy Company (subsidiary of the Norilsk Nickel Group) occurred. Norilsk Nickel together with the Russia government's environmental agency (Rosprirodnadzor) are currently dealing with possible diesel contamination occurrences and cleaning up oil spills. In July 2020 Rosprirodnadzor has published its assessment of the potential damage and claimed it to amount to RUB148 billion (USD 2,134 million as at 30 June 2020). The provision in the amount of the above assessment was recognised by Norilsk Nickel in its interim condensed consolidated financial statements for the six months ended 30 June 2020 which has resulted in significant decrease in Group's share of its profits for the reporting period. The assessment is further analysed by Norilsk Nickel.

On 12 July 2020 another diesel fuel leak has occurred in Norilsk region and related clean up works are currently being carried out by Norilsk Nickel. Assessment of the potential damage of the spill is in the process from Norilsk Nickel side.

Management is of the opinion that these factors have no material impact on the Group's ability to fulfil its obligations when they fall due in the foreseeable future.

11 Non-derivative financial instruments

(a) Trade and other receivables

	30 June 2020	31 December 2019
	USD million	USD million
Trade receivables from third parties	418	502
Impairment loss on trade receivables	(21)	(30)
Net trade receivables from third parties	**397**	**472**
Trade receivables from related parties, including:	**78**	**124**
Related parties – companies capable of exerting significant influence	*35*	*82*
Impairment loss on trade receivables from related parties - companies capable of exerting significant influence	*(3)*	*(1)*
Net trade receivables from related parties - companies capable of exerting significant influence	*32*	*81*
Related parties – companies related through parent company	*38*	*16*
Impairment loss on trade receivables from related parties - companies related through parent company	*(1)*	*-*
Net trade receivables from related parties - companies related through parent company	*37*	*16*
Related parties – associates and joint ventures	*9*	*27*
VAT recoverable	359	402
Impairment loss on VAT recoverable	(27)	(28)
Net VAT recoverable	**332**	**374**
Advances paid to third parties	110	121
Impairment loss on advances paid	(2)	(2)
Net advances paid to third parties	**108**	**119**
Advances paid to related parties, including:	**43**	**47**
Related parties – companies capable of exerting significant influence	*1*	*-*
Related parties – companies related through parent company	*-*	*1*
Related parties – associates and joint ventures	*42*	*46*
Prepaid expenses	**5**	**5**
Prepaid income tax	**11**	**21**
Prepaid other taxes	**19**	**26**
Other receivables from third parties	154	158
Impairment loss on other receivables	(6)	(10)
Net other receivables from third parties	**148**	**148**
Other receivables from related parties, including:	**16**	**15**
Related parties – companies related through parent company	*20*	*15*
Impairment loss on other receivables from related parties - companies related through parent company	*(5)*	*-*
Net other receivables to related parties - companies related through parent company	*15*	*15*
Related parties – associates and joint ventures	*1*	*-*
	1,157	**1,351**

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.

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 2020	**31 December 2019**
	USD million	**USD million**
Current (not past due)	356	463
1–30 days past due	59	99
31–60 days past due	19	30
61–90 days past due	17	-
More than 90 days past due	24	4
Amounts past due	119	133
	475	**596**

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.

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 credit loss during the period is as follows:

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Balance at the beginning of the period	(31)	(39)
Reversal of impairment	6	15
Balance at the end of the period	**(25)**	**(24)**

The Group has considered the impact of COVID-19 related matters described in note 1(d) on the expected credit losses assessment and has revised the estimate of the provision accordingly.

(b) Trade and other payables

	30 June 2020 USD million	31 December 2019 USD million
Accounts payable to third parties	**453**	**474**
Accounts payable to related parties, including:	**83**	**92**
Related parties – companies capable of exerting significant influence	*1*	*3*
Related parties – companies related through parent company	*48*	*43*
Related parties – associates and joint ventures	*34*	*46*
Advances received	**688**	**518**
Advances received from related parties, including:	**-**	**392**
Related parties – companies capable of exerting significant influence	-	*392*
Other payables and accrued liabilities to third parties	**159**	**147**
Other payables and accrued liabilities to related parties, including:	**4**	**4**
Related parties – companies related through parent company	4	4
Current tax liabilities	**12**	**16**
Other taxes payable	**146**	**127**
	1,545	**1,770**

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 June 2020 USD million	31 December 2019 USD million
Current	460	497
Past due 0-90 days	70	58
Past due 91-120 days	2	1
Past due over 120 days	8	10
Amounts past due	80	69
	540	**566**

Lease liabilities that are expected to be settled within one year for the amount of USD25 million are included in other payables and accrued liabilities.

12 Equity

(a) Share capital

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	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 2020	31 December 2019
	USD million	USD million
Non-current liabilities		
Secured bank loans	4,656	4,951
Unsecured bank loans	-	202
Bonds	2,578	2,546
	7,234	**7,699**
Current liabilities		
Secured bank	359	223
Unsecured bank loans	402	202
Bonds	4	55
Accrued interest	61	68
	826	**548**

(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 at and for the year ended 31 December 2019.

The secured bank loans are also secured by the following:

- property, plant and equipment, receivables with a carrying amount of USD30 million (31 December 2019: US44 million).

The nominal value of the Group's loans and borrowings was USD5,447 million at 30 June 2020 (31 December 2019: USD5,612 million).

As at 30 June 2020 and 31 December 2019 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 25 October 2019.

As at 30 June 2020 the Group through its subsidiaries has outstanding REPO loans backed by Norilsk Nickel shares in number of 1,265,830 in the amount of USD260 million and maturing in June 2021 (31 December 2019: REPO loans backed by Norilsk Nickel shares in number of 1,017,000, in the amount of USD 210 million and maturing in June 2020).

(b) Bonds

As at 30 June 2020 27,751 series 08 bonds and 37,817 series BO-01 bonds (after put option exercised by the Group in April 2020), 15,000,000 series BO-001P-01 bonds, 15,000,000 series BO-001P-02 bonds, 15,000,000 series BO-001P-03 bonds, 15,000,000 series BO-001P-04 bonds were outstanding (traded in the market).

The closing market price at 30 June 2020 was RUB 994, RUB 951, RUB 1,043, RUB 1,055, RUB 1,038 and RUB 1,018 per bond for the above-mentioned tranches, respectively.

On 20 March 2020 the Group repaid Panda bonds issuance (the first tranche) and redeemed bonds with notional value CNY320 million (USD46 million).

On 9 June 2020 placement of the exchange-traded roble bonds of PJSC RUSAL Bratsk series BO-002P-01 in the amount of RUB10 billion with a coupon rate 6.5% was completed and the exchange-traded roble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in June 2023. The closing market price at 30 June 2020 was RUB 997. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded roble bonds exposure in the amount of RUB5 billion being translated into US-dollar exposure with the maturity of 3 years and the interest rate of 2.90%. As at 30 June 2020 cross-currency interest rate swaps in respect of RUB60 billion roble bonds issued during the year ended 31 December 2019 were in force which resulted in bonds exposure being translated in full amount into US-dollar with the maturity in 2022 and 2023 and the interest rate of 3.65% - 4.69%.

As at 30 June 2020 a minor part of the second tranche of Panda Bonds was outstanding (USD3 million).

14 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 January 2019	**54**	**348**	**3**	**20**	**425**
Provisions made during the period	4	24	10	-	38
Provisions reversed during the period	(10)	(11)	-	-	(21)
Actuarial loss	1	-	-	-	1
Provisions utilised during the period	(2)	(2)	-	(20)	(24)
Foreign currency translation	4	7	-	-	11
Balance at 30 June 2019	**51**	**366**	**13**	**-**	**430**
Non-current	*47*	*336*	-	-	*383*
Current	*4*	*30*	*13*	-	*47*
Balance at 1 January 2020	**60**	**371**	**17**	**-**	**448**
Provisions made during the period	3	18	-	-	21
Provisions reversed during the period	-	(3)	-	-	(3)
Actuarial gain	(7)	-	-	-	(7)
Provisions utilised during the period	(2)	(3)	-	-	(5)
Foreign currency translation	(6)	(13)	-	-	(19)
Balance at 30 June 2020	**48**	**370**	**17**	**-**	**435**
Non-current	*44*	*348*	-	-	*392*
Current	*4*	*22*	*17*	-	*43*

15 Derivative financial assets/liabilities

	30 June 2020		**31 December 2019**	
	USD million		**USD million**	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Petroleum coke supply contracts and other raw materials	68	18	39	36
Forward contracts for aluminium and other instruments	82	28	21	18
Cross currency swap (note 13(b))	-	92	48	-
Total	**150**	**138**	**108**	**54**
Non-current	44	15	33	27
Current	106	123	75	27

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 six-month period ended 30 June 2020. The following significant assumptions were used in estimating derivative instruments:

	2020	**2021**	**2022**	**2023**	**2024**	**2025**
LME Al Cash, USD per tonne	1,619	1,683	1,761	1,841	1,921	1,981
Platt's FOB Brent, USD per barrel	41	43	45	47	48	-

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

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Balance at the beginning of the period	54	11
Unrealised changes in fair value recognised in the consolidated interim condensed statement of income (finance income/(expense)) during the period	12	7
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(58)	(5)
Realised portion of electricity, coke and raw material contracts and cross currency swap	4	5
Balance at the end of the period	**12**	**18**

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 2020 and 31 December 2019 approximated USD326 million and USD337 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.

(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 2020 the amount of claims, where management assesses outflow as possible approximates USD21 million (31 December 2019: USD21 million).

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:

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Salaries and bonuses	31	45
	31	**45**

(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. As a result of changes in ownership of the Group described in note 1, Amokenga Holdings Limited and its related entities ceased to be Group's related parties.

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.

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

	Six months ended 30 June	
	2020	**2019**
	USD million	**USD million**
Related parties – companies capable of exerting significant influence	2	1
Related parties – companies related through parent company	18	10
Related parties – associates and joint ventures	2	3
	22	**14**

(d) Related parties balances

At 30 June 2020, included in non-current assets are balances of related parties — associates and joint ventures of USD4 million (31 December 2019: associates and joint ventures of USD2 million). At 30 June 2020, included in non-current liabilities are balances of related parties – associates and joint ventures of USD12 million (31 December 2019: USD11 million).

At 30 June 2020, included in current assets as short-term investments are balances of related parties — companies related through parent company of USD50 million (31 December 2019: companies related through parent company of USD50 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

In July 2020 the Company exercised early prepayment of part of Roble loan facility to Sberbank in the amount of RUB3.8 billion (USD53 million).

In July 2020 Rusal launched the tender offer and purchased from investors and redeemed Eurobonds for the total amount of USD88.5 million.