United Company RUSAL Plc

Consolidated Financial Statements for the year ended 31 December 2015

Contents

Statement of directors' responsibilities

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2015, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent auditor's report to the members of United Company RUSAL Plc

(Incorporated in Jersey with limited liability)

We have audited the accompanying consolidated financial statements of United Company RUSAL Plc ("the Company") and its subsidiaries (the "Group"), which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2015, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Consolidated Financial Statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with applicable law, International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for being satisfied that the consolidated financial statements give a true and fair view.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the relevant legal and regulatory requirements and International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the members of United Company RUSAL Plc - continued

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the Group's net profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the disclosure requirements of the Hong Kong Companies Ordinance.

Other matter

In our report dated 8 March 2016, we expressed an opinion on the Group's consolidated financial statements as at and for the year ended 31 December 2015 that was qualified for the effect of such adjustments, if any, that might have been determined to be necessary had we been able to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the share of profit, other comprehensive income and foreign currency translation loss of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"). Since that date, the directors have obtained the required information and have adjusted the Group's accounting for the Norilsk Nickel investment. We have audited the adjustments described in note 1(e) to the consolidated financial statements and, in our opinion, such adjustments are appropriate and have been properly applied. Accordingly, our present report on the Group's consolidated financial statements as at and for the year ended 31 December 2015, as presented herein and approved by the Board of Directors on 18 March 2016, is different from our previous report dated 8 March 2016.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements of the Company are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrei Shvetsov
For and on behalf of JSC "KPMG"
Recognized Auditor

18 March 2016

	Note	Year ended 31 December 2015 USD million	2014 USD million
Revenue	5	8,680	9,357
Cost of sales		(6,215)	(7,223)
Gross profit		**2,465**	**2,134**
Distribution expenses		(336)	(402)
Administrative expenses		(533)	(605)
Loss on disposal of property, plant and equipment		(17)	(10)
Impairment of non-current assets		(132)	(103)
Other operating expenses	6	(38)	(72)
Results from operating activities		**1,409**	**942**
Finance income	7	23	30
Finance expenses	7	(1,132)	(1,361)
Share of profits of associates and joint ventures	16	368	536
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiaries	1(b)	95	-
Profit before taxation		**763**	**147**
Income tax	8	(205)	(238)
Profit/(loss) for the year		**558**	**(91)**
Attributable to Shareholders of the Company		558	(91)
Profit/(loss) for the year		**558**	**(91)**
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (USD)	13	**0.037**	(0.006)

The consolidated statement of income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 95.

		Year ended 31 December	
		2015	**2014**
	Note	**USD million**	**USD million**
Profit/(loss) for the year		**558**	**(91)**
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on post retirement benefit plans	24(a)	(3)	12
		(3)	**12**
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	16	4	10
Change in fair value of cash flow hedges		144	(81)
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiaries	1(b)	(95)	-
Foreign currency translation differences for equity-accounted investees	16	(975)	(3,452)
Foreign currency translation differences on foreign operations		(229)	(709)
		(1,151)	**(4,232)**
Other comprehensive income for the period, net of tax		**(1,154)**	**(4,220)**
Total comprehensive income for the year		**(596)**	**(4,311)**
Attributable to:			
Shareholders of the Company		(596)	(4,311)
Total comprehensive income for the year		**(596)**	**(4,311)**

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

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 95.

	Note	31 December 2015 USD million	31 December 2014 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	14	3,854	3,953
Intangible assets	15	2,274	2,572
Interests in associates and joint ventures	16	3,214	4,879
Deferred tax assets	17	51	57
Derivative financial assets	25	71	30
Other non-current assets		51	80
Total non-current assets		**9,515**	**11,571**
Current assets			
Inventories	18	1,837	1,998
Trade and other receivables	19	710	672
Dividends receivable		189	14
Derivative financial assets	25	50	32
Cash and cash equivalents	20	508	570
Total current assets		**3,294**	**3,286**
Total assets		**12,809**	**14,857**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 95.

	Note	31 December 2015 USD million	31 December 2014 USD million
EQUITY AND LIABILITIES			
Equity	21		
Share capital		152	152
Shares held for vesting		-	(1)
Share premium		15,786	15,786
Other reserves		2,823	2,679
Currency translation reserve		(9,978)	(8,679)
Accumulated losses		(7,392)	(7,700)
Total equity		**1,391**	**2,237**
Non-current liabilities			
Loans and borrowings	22	7,525	8,847
Bonds	23	-	113
Provisions	24	487	507
Deferred tax liabilities	17	531	515
Derivative financial liabilities	25	-	350
Other non-current liabilities		63	48
Total non-current liabilities		**8,606**	**10,380**
Current liabilities			
Loans and borrowings	22	1,334	303
Bonds	23	21	144
Current tax liabilities	17(e)	10	41
Trade and other payables	26	941	1,321
Derivative financial liabilities	25	421	318
Provisions	24	85	113
Total current liabilities		**2,812**	**2,240**
Total liabilities		**11,418**	**12,620**
Total equity and liabilities		**12,809**	**14,857**
Net current assets		**482**	**1,046**
Total assets less current liabilities		**9,997**	**12,617**

Approved and authorised for issue by the board of directors on 18 March 2016.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 95.

	Note	Share capital USD million	Shares held for vesting USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Accumulated losses USD million	Total equity USD million
Balance at 1 January 2015		**152**	**(1)**	**15,786**	**2,679**	**(8,679)**	**(7,700)**	**2,237**
Profit for the year		-	-	-	-	-	558	**558**
Other comprehensive income for the year		-	-	-	145	(1,299)	-	**(1,154)**
Total comprehensive income for the year		**-**	**-**	**-**	**145**	**(1,299)**	**558**	**(596)**
Share-based compensation	21(b)	-	1	-	(1)	-	-	-
Dividends	12	-	-	-	-	-	(250)	(250)
Balance at 31 December 2015		**152**	**-**	**15,786**	**2,823**	**(9,978)**	**(7,392)**	**1,391**
Balance at 1 January 2014		**152**	**(1)**	**15,786**	**2,740**	**(4,518)**	**(7,609)**	**6,550**
Loss for the year		-	-	-	-	-	**(91)**	**(91)**
Other comprehensive income for the year		-	-	-	**(59)**	**(4,161)**	-	**(4,220)**
Total comprehensive income for the year		**-**	**-**	**-**	**(59)**	**(4,161)**	**(91)**	**(4,311)**
Share-based compensation	21(b)	-	-	-	(2)	-	-	(2)
Balance at 31 December 2014		**152**	**(1)**	**15,786**	**2,679**	**(8,679)**	**(7,700)**	**2,237**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 95.

	Note	**Year ended 31 December**	
		2015	**2014**
		USD million	**USD million**
OPERATING ACTIVITIES			
Profit/(loss) for the year		**558**	**(91)**
Adjustments for:			
Depreciation	9(b)	443	445
Amortisation	9(b)	14	14
Impairment of non-current assets		132	103
Share-based compensation	21(b)	-	1
Impairment of trade and other receivables	6	8	4
Debtors write-off		1	-
Impairment of inventories	18	20	8
Provision for legal claims	6	6	3
(Reversal) of pension provision/pension provision		(2)	4
Change in fair value of derivative financial instruments	7	352	487
Foreign exchange loss		140	13
Loss on disposal of property, plant and equipment		17	10
Interest expense	7	640	847
Interest income	7	(23)	(30)
Income tax expense	8	205	238
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiaries	1(b)	(95)	-
Share of profits of associates and joint ventures	16	(368)	(536)
Cash from operating activities before changes in working capital and provisions		**2,048**	**1,520**
Decrease in inventories		148	261
Increase in trade and other receivables		(88)	(32)
Decrease/(increase) in prepaid expenses and other assets		7	(2)
Decrease in trade and other payables		(323)	(236)
Decrease in provisions		(25)	(20)
Cash generated from operations before income tax paid		**1,767**	**1,491**
Income taxes paid	17(e)	(199)	(93)
Net cash generated from operating activities		**1,568**	**1,398**

	Note	Year ended 31 December 2015 USD million	Year ended 31 December 2014 USD million
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		8	37
Interest received		21	28
Acquisition of property, plant and equipment		(510)	(465)
Dividends from associates and joint ventures		755	926
Acquisition of intangible assets	15	(12)	(14)
Changes in restricted cash	20	(1)	2
Net cash generated from investing activities		**261**	**514**
FINANCING ACTIVITIES			
Proceeds from borrowings		735	1,631
Repayment of borrowings		(1,476)	(2,271)
Refinancing fees and other expenses		-	(130)
Interest paid		(516)	(677)
Purchases of shares held for vesting		-	(1)
Settlement of derivative financial instruments		(320)	(452)
Dividends	12	(250)	-
Net cash used in financing activities		**(1,827)**	**(1,900)**
Net increase in cash and cash equivalents		**2**	**12**
Cash and cash equivalents at the beginning of the year	20	557	701
Effect of exchange rate fluctuations on cash and cash equivalents		(65)	(156)
Cash and cash equivalents at the end of the year	20	**494**	**557**

Restricted cash amounted to USD14 million and USD13 million at 31 December 2015 and 31 December 2014, respectively.

Non-cash repayment of borrowings and interest amounted to USD173 million and USD57 million for the years ended 31 December 2015 and 31 December 2014, respectively.

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 95.

1 Background

(a) Organisation

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

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

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

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities (refer to note 31) engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

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

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

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

* As at 31 December 2015 and 2014 the Group held 4,773 and 514,056 ordinary shares, respectively, for long term incentive plan ("LTIP") (note 21(b)).

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

Related party transactions and controlling parties are disclosed in notes 30 and 32, respectively.

(b) Deconsolidation of subsidiaries

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

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

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

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

In August 2015 one of the Group’s intermediary holding subsidiaries was liquidated. Consequently, USD60 million of foreign currency translation loss arising on translation of investments in foreign assets accumulated by this subsidiary was recycled through profit and loss.

(c) Operations

The Group operates in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Italy, Nigeria and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products. The Group sells its products primarily in Europe, Russia, other countries of the Commonwealth of Independent States (“CIS”), Asia and North America.

(d) Business environment in emerging economies

The Russian Federation, Ukraine, Jamaica, Nigeria and Guinea have been experiencing political and economic changes that have affected, and may continue to affect, the activities of enterprises operating in these environments. Consequently, operations in these countries involve risks that typically do not exist in other markets, including reconsideration of privatisation terms in certain countries where the Group operates following changes in governing political powers.

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

The consolidated financial statements reflect management’s assessment of the impact of the Russian, Ukrainian, Jamaican, Nigerian and Guinean business environments on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

(e) Previously issued Consolidated Financial Statements as at and for the year ended 31 December 2015

The Group has previously issued consolidated financial statements as at and for the year ended 31 December 2015 dated 8 March 2016. At that date the Group was unable to obtain consolidated IFRS financial statements of the Group's significant equity investee, PJSC MMC Norilsk Nickel, as at and for the year ended 31 December 2015. Consequently the Group estimated its share in the profits and other comprehensive income of PJSC MMC Norilsk Nickel for the year ended 31 December 2015 based on publicly available information at that time. On 15 March 2016 PJSC MMC Norilsk Nickel published its IFRS consolidated financial statements and management reassessed its share in the profits and other comprehensive income of PJSC MMC Norilsk Nickel based on this information. As a result, management concluded that foreign currency translation differences of equity accounted investees and interests in associates were each understated by USD1,060 million, in the Group's previously issued consolidated financial statements as at and for the year ended 31 December 2015 dated 8 March 2016.

These consolidated financial statements as at and for the year ended 31 December 2015 have been adjusted accordingly.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all these new and revised IFRSs, except for any new standards or interpretations that are not yet effective as at 31 December 2015. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2015 are set out in note 36.

(b) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost basis except as set out in the significant accounting policy in note 3(c) below.

(c) Functional and presentation currency

The Company's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances of the Company. The functional currencies of the Group's significant subsidiaries are the currencies of the primary economic environment and key business processes of these subsidiaries and include USD, Russian Roubles ("RUB"), Ukrainian Hryvna and Euros ("EUR"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

(d) Use of judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported revenue and costs during the relevant period.

Management bases its judgements and estimates on historical experience and various other factors that are believed to be appropriate and reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 35.

(e) Changes in accounting policies and presentation

The accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3(c)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 3(a (iv)).

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Acquisitions of non-controlling interests

The acquisition of an additional non-controlling interest in an existing subsidiary after control has been obtained is accounted for as an equity transaction with any difference between the cost of the additional investment and the carrying amount of the net assets acquired at the date of exchange recognised directly in equity.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of the equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Any cash paid for the acquisition is recognised directly in equity.

(iv) Associates and joint ventures (equity accounted investees)

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(b)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3(c)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items in a foreign currency are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which is recognised in the other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currencies to USD at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income and presented in the currency translation reserve in equity. For the purposes of foreign currency translation, the net investment in a foreign operation includes foreign currency intra-group balances for which settlement is neither planned nor likely in the foreseeable future and foreign currency differences arising from such a monetary item are recognised in the statement of comprehensive income.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in securities, trade and other receivables (excluding prepayments and tax assets), cash and cash equivalents, loans and borrowings and trade and other payables (excluding advances received and tax liabilities).

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Group has the positive intent and ability to hold securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h)(i)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less that are subject to insignificant risk of changes in their fair values, and are used by the Group in the management of its short-term commitments.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h)(i)). Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses (refer to note 3(h)(i)).

Non-derivative financial liabilities

The Group’s non-derivative financial liabilities, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

(ii) Derivative financial instruments, including hedge accounting

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group’s views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs (refer to note 3(n)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) Stripping costs

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) Mining assets

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

- Buildings 30 to 50 years;
- Plant, machinery and equipment 5 to 40 years;
- Electrolysers 4 to 15 years;
- Mining assets units of production on proven and probable reserves;
- Other (except for exploration and evaluation assets) 1 to 20 years.

(e) Intangible assets

(i) Goodwill

On the acquisition of a subsidiary, an interest in a joint venture or an associate or an interest in a joint arrangement that comprises a business, the identifiable assets, liabilities and contingent liabilities of the acquired business (or interest in a business) are recognised at their fair values unless the fair values cannot be measured reliably. Where the fair values of assumed contingent liabilities cannot be measured reliably, no liability is recognised but the contingent liability is disclosed in the same manner as for other contingent liabilities.

Goodwill arises when the cost of acquisition exceeds the fair value of the Group’s interest in the net fair value of identifiable net assets acquired. Goodwill is not amortised but is tested for impairment annually. For this purpose, goodwill arising on a business combination is allocated to the cash-generating units expected to benefit from the acquisition and any impairment loss recognised is not reversed even where circumstances indicate a recovery in value.

When the fair value of the Group’s share of identifiable net assets acquired exceeds the cost of acquisition, the difference is recognised immediately in the statement of income.

In respect of associates or joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment. Any impairment loss is allocated to the carrying amount of the interest in the associate and joint venture.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Other development expenditure is recognised in the statement of income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h)(ii)).

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h)(ii)).

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of income when incurred.

(v) Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- software 5 years;
- contracts, acquired in business combinations 2-8 years.

The amortisation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Assets held under other leases (operating leases) are not recognised in the statement of financial position. Payments made under the lease are charged to the statement of income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined under the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The production costs include mining and concentrating costs, smelting, treatment and refining costs, other cash costs and depreciation and amortisation of operating assets.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset occurred after the initial recognition of that asset and the impact can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of income.

Impairment losses for trade receivables included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the statement of income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other asset groups. Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately and, therefore, is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

An impairment loss in respect of an investment in an associate or joint venture is calculated as the difference between its carrying amount after application of the equity method of accounting (refer to note 3(a)(iv)) and its recoverable amount. The recoverable amount of such investment is the greater of its value in use and its fair value less cost to sell. In determining the value in use of the investment the Group estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the investee, including the cash flows from the operations of the investee and the proceeds on the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from the dividends to be received from the investee and from its ultimate disposal depending on which available information with respect to each investee is more reliable. An impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases and the resulting carrying amount does not exceed the carrying amount that would have been determined, after application of the equity method, had no impairment loss previously been recognised.

(i) Insurance contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(j) Employee benefits

(i) Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit pension and other post-retirement plans

The Group's net obligation in respect of defined benefit pension and other post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Where there is a change in actuarial assumptions, the resulting actuarial gains and losses are recognised directly in the statement of comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service costs that had not previously been recognised.

(iii) State pension fund

The Group makes contributions for the benefit of employees to Russia's and the Ukrainian State's pension funds. The contributions are expensed as incurred.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(i) Site restoration

The mining, refining and smelting activities of the Group can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration. The extent of work required and the associated costs are dependent on the requirements of law and the interpretations of the relevant authorities.

Provisions for the cost of each restoration and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(l) Revenue

Goods sold

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the good and the amount of revenue can be measured reliably. This is generally when title passes. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For the majority of sales transactions agreements specify that title passes on the bill of lading date, which is the date the commodity is delivered to the shipping agent.

Revenue is not reduced for royalties or other taxes payable from production.

(m) Other expenses

Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of income as incurred.

(n) Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

(p) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities), that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that has been abandoned may also qualify.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial information or statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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 in 2015 and 2014.

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.

The Group’s customer base includes only one customer with whom transactions have exceeded 10% of the Group’s revenues. In 2015 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,710 million (2014: USD2,745 million). Details of concentrations of credit risk arising from this customer are set out in note 27(e).

(i) Reportable segments

Year ended 31 December 2015

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total segment result**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	7,279	617	1	-	**7,897**
Inter-segment revenue	147	1,477	-	-	**1,624**
Total segment revenue	**7,426**	**2,094**	**1**	**-**	**9,521**
Segment profit/(loss)	**1,607**	**212**	**(2)**	**-**	**1,817**
Impairment of non-current assets	(76)	(56)	-	-	**(132)**
Share of (losses) / profits of associates and joint ventures	(19)	(293)	194	486	**368**
Depreciation/amortisation	(364)	(86)	-	-	**(450)**
Non-cash expense other than depreciation	(32)	(26)	-	-	**(58)**
Additions to non-current segment assets during the year	303	164	1	-	**468**
Non-cash additions to non-current segment assets related to site restoration	-	30	-	-	**30**

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Segment assets	7,631	1,763	48	-	**9,442**
Interests in associates and joint ventures	-	-	438	2,776	**3,214**
Total segment assets					**12,656**
Segment liabilities	(1,419)	(704)	(101)	-	**(2,224)**
Total segment liabilities					**(2,224)**

Year ended 31 December 2014

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	7,823	612	3	-	8,438
Inter-segment revenue	162	1,267	-	-	1,429
Total segment revenue	**7,985**	**1,879**	**3**	**-**	**9,867**
Segment profit/(loss)	**1,330**	**(60)**	**(20)**	**-**	**1,250**
Impairment of non-current assets	(25)	(78)	-	-	**(103)**
Share of profits of associates and joint ventures	1	(15)	35	515	**536**
Depreciation/amortisation	(365)	(85)	-	-	**(450)**
Non-cash expense other than depreciation	(17)	5	-	-	**(12)**
Additions to non-current segment assets during the year	257	195	5	-	**457**
Non-cash additions to non-current segment assets related to site restoration	-	12	-	-	**12**
Segment assets	7,919	1,675	28	-	**9,622**
Interests in associates and joint ventures	20	327	389	4,141	**4,877**
Total segment assets					**14,499**
Segment liabilities	(1,958)	(847)	(101)	-	**(2,906)**
Total segment liabilities					**(2,906)**

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

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Revenue		
Reportable segment revenue	9,521	9,867
Elimination of inter-segment revenue	(1,624)	(1,429)
Unallocated revenue	783	919
Consolidated revenue	**8,680**	**9,357**

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Profit		
Reportable segment profit	1,817	1,250
Impairment of non-current assets	(132)	(103)
Share of profits of associates and joint ventures	368	536
Finance income	23	30
Finance expenses	(1,132)	(1,361)
Foreign currency translation gain recycled from other comprehensive income on deconsolidated subsidiaries	95	-
Unallocated expenses	(276)	(205)
Consolidated profit before taxation	**763**	**147**

	31 December 2015	**31 December 2014**
	USD million	**USD million**
Assets		
Reportable segment assets	12,656	14,499
Elimination of inter-segment receivables	(346)	(165)
Unallocated assets	499	523
Consolidated total assets	**12,809**	**14,857**

	31 December 2015	31 December 2014
	USD million	USD million
Liabilities		
Reportable segment liabilities	(2,224)	(2,906)
Elimination of inter-segment payables	346	165
Unallocated liabilities	(9,540)	(9,879)
Consolidated total liabilities	**(11,418)**	**(12,620)**

(iii) Geographic information

The Group's operating segments are managed on a worldwide basis, but operate in four principal geographical areas: the CIS, Europe, Africa and the Americas. In the CIS, production facilities operate in Russia and Ukraine. In Europe, production facilities are located in Italy, Ireland and Sweden. African production facilities are represented by bauxite mines and an alumina refinery in Guinea and an aluminium plant in Nigeria. In the Americas the Group operates two production facilities in Jamaica, one in Guyana and a trading subsidiary in the United States of America.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset. Unallocated specified non-current assets comprise mainly goodwill and interests in associates and joint ventures.

	Revenue from external customers Year ended 31 December	
	2015	2014
	USD million	USD million
Netherlands	1,708	1,553
Russia	1,680	1,793
Turkey	834	977
USA	631	888
Japan	584	871
South Korea	411	530
Poland	404	267
Greece	254	272
Italy	223	214
Sweden	220	182
France	189	179
Germany	129	164
Norway	103	226
China	78	91
Other countries	1,232	1,150
	8,680	**9,357**

	Specified non-current assets	
	31 December 2015	**31 December 2014**
	USD million	**USD million**
Russia	3,103	3,244
Ireland	372	355
Ukraine	195	227
Guyana	63	64
Guinea	56	46
Armenia	50	51
Unallocated	5,676	7,584
	9,515	**11,571**

5 Revenue

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Sales of primary aluminium and alloys	**7,279**	**7,823**
Third parties	*4,208*	*4,627*
Related parties – companies capable of exerting significant influence	*2,945*	*2,936*
Related parties – companies under common control	*125*	*226*
Related parties – associates and joint ventures	*1*	*34*
Sales of alumina and bauxite	**617**	**612**
Third parties	*382*	*377*
Related parties – companies capable of exerting significant influence	*207*	*235*
Related parties – associates and joint ventures	*28*	-
Sales of foil	**270**	**303**
Third parties	*265*	*291*
Related parties – companies under common control	*5*	*12*
Other revenue including energy and transportation services	**514**	**619**
Third parties	*426*	*530*
Related parties – companies capable of exerting significant influence	*17*	*26*
Related parties – companies under common control	*20*	*26*
Related parties – associates and joint ventures	*51*	*37*
	8,680	**9,357**

The Group’s customer base is diversified and includes only one major customer - Glencore International AG (a member of Glencore International Plc Group which is a shareholder of the Company with a 8.75% share – refer to note 1(a)) - with whom transactions have exceeded 10% of the Group’s revenue. In 2015 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,710 million (2014: USD2,745 million).

6 Other operating expenses

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Impairment loss on trade and other receivables	(8)	(4)
Provision for legal claims	(6)	(3)
Charitable donations	(11)	(13)
Net other operating expense	(13)	(52)
	(38)	**(72)**

7 Finance income and expenses

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Finance income		
Interest income on third party loans and deposits	21	28
Interest income on loans to related parties – *companies under common control*	2	2
	23	**30**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(315)	(461)
Interest expense on bank loans wholly repayable after 5 years	(290)	(357)
Interest expense on company loans from related parties – *companies exerting significant influence*	(22)	(18)
Change in fair value of derivative financial instruments (refer to note 25)	(352)	(487)
Net foreign exchange loss	(140)	(27)
Interest expense on provisions	(13)	(11)
	(1,132)	**(1,361)**

8 Income tax

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Current tax		
Current tax for the year	173	149
Deferred tax		
Origination and reversal of temporary differences	32	89
Actual tax expense	**205**	**238**

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 12.5%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 22% and Italy of 30.4%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2015 are 9.27% and 14.60% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2015 were the same as for the year ended 31 December 2014 except for Italy which was at 31.4% for the year ended 31 December 2014.

	Year ended 31 December			
	2015		**2014**	
	USD million	**%**	**USD million**	**%**
Profit before taxation	**763**	**100**	**147**	**100**
Income tax at tax rate applicable to the tax residence of the Company	95	13	18	13
Effect of different income tax rates	(71)	(10)	94	64
Financial expenses non-deductible for tax purposes	74	10	66	45
Effect of changes in investment in Norilsk Nickel	(1)	-	(19)	(13)
Change in unrecognised deferred tax assets	98	13	42	28
Other non-deductible taxable items	10	1	37	25
Actual tax expense	**205**	**27**	**238**	**162**

9 Profit/(loss) for the year

Profit/(loss) for the year is arrived at after charging:

(a) Personnel costs

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Contributions to defined contribution retirement plans	143	207
Contributions to defined benefit retirement plans	2	5
Total retirement costs	145	212
Wages and salaries	616	795
Share-based compensation (refer to note 21(b))	-	1
	761	**1,008**

The employees of the Group are members of retirement schemes operated by local authorities. The Group is required to contribute a certain percentage of their payroll to these schemes to fund the benefits.

The Group's total contribution to those schemes charged to the statement of income during the years presented is shown above.

(b) Other items

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Amortisation of intangible assets	14	14
Depreciation (net of amount included in inventories)	443	445
Impairment losses in respect of:		
- property, plant and equipment	115	96
Mineral restoration tax	25	26
Net increase in provisions	47	31
Auditors' remuneration	7	7
Operating lease charges in respect of property	14	17
Cost of inventories (refer to note 18)	5,892	6,826

10 Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulations are as follows:

	Year ended 31 December 2015			
	Directors' fees	**Salaries, allowances, benefits in kind**	**Discretionary bonuses**	**Total**
	USD thousand	**USD thousand**	**USD thousand**	**USD thousand**
Executive Directors (c)				
Oleg Deripaska	-	1,852	4,150	6,002
Vladislav Soloviev	-	3,956	3,317	7,273
Vera Kurochkina (a)	-	260	132	392
Stalbek Mishakov	-	1,633	4,085	5,718
Non-executive Directors				
Maksim Goldman	229	-	-	229
Dmitry Afanasiev	202	-	-	202
Len Blavatnik	183	-	-	183
Ivan Glasenberg	229	-	-	229
Gulzhan Moldazhanova	206	-	-	206
Ekaterina Nikitina	214	-	-	214
Olga Mashkovaskaya	198	-	-	198
Daniel Lesin Wolfe	229	-	-	229
Maksim Sokov	198	-	-	198
Independent Non-executive Directors				
Matthias Warnig (Chairman)	469	-	-	469
Nigel Kenny	252	-	-	252
Philip Lader	305	-	-	305
Elsie Leung Oi-Sie	237	-	-	237
Mark Garber	245	-	-	245
Dmitry Vasiliev (b)	98	-	-	98
	3,494	**7,701**	**11,684**	**22,879**

a. Vera Kurochkina resigned from her position as a member of the Board of Directors in June 2015.

b. Dmitry Vasiliev was appointed as an Independent Non-executive Director in June 2015.

c. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 21(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2015 one-fifth of LTIP in relation to the eligible employees vested as follows:

	Number of shares awarded	**Number of shares vested on 21 November 2015**	**Value of share-based compensation vested USD thousand**
Vladislav Soloviev	1,311,629	262,326	109

	Year ended 31 December 2014			
	Directors' fees	Salaries, allowances, benefits in kind	Discretionary bonuses	Total
	USD thousand	USD thousand	USD thousand	USD thousand
Executive Directors (g)				
Oleg Deripaska	-	1,761	-	1,761
Vladislav Soloviev	-	3,970	-	3,970
Vera Kurochkina	-	543	632	1,175
Stalbek Mishakov	-	2,643	651	3,294
Non-executive Directors				
Maksim Goldman	247	-	-	247
Dmitry Afanasiev	214	-	-	214
Len Blavatnik	198	-	-	198
Ivan Glasenberg	247	-	-	247
Gulzhan Moldazhanova	222	-	-	222
Ekaterina Nikitina	230	-	345	575
Olga Mashkovaskaya	214	-	-	214
Christophe Charlier (d)	119	-	-	119
Daniel Lesin Wolfe (e)	128	-	-	128
Maksim Sokov (f)	75	1,876	-	1,951
Independent Non-executive Directors				
Matthias Warnig (Chairman)	474	-	-	474
Nigel Kenny	272	-	-	272
Philip Lader	331	-	-	331
Elsie Leung Oi-Sie	255	-	-	255
Mark Garber	263	-	-	263
	3,489	**10,793**	**1,628**	**15,910**

d. Christophe Charlier resigned from his position as a member of the Board of Directors in June 2014.

e. Daniel Lesin Wolfe was appointed as a Non-executive Director in June 2014.

f. Maksim Sokov was redesignated from the Executive to a Non-executive Director in August 2014.

g. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 21(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2014 one-fifth of LTIP in relation to the eligible employees vested as follows:

	Number of shares awarded	Number of shares vested on 21 November 2014	Value of share-based compensation vested USD thousand
Vladislav Soloviev	1,311,629	262,326	226
Vera Kurochkina	354,346	70,869	61

The remuneration of the executive directors disclosed above includes compensation received starting from the date of the appointment and/or for the period until their termination as a member of the Board of Directors.

Retirement scheme contributions for the directors, who are members of management, are not disclosed as the amount is considered not significant for either year presented. There are no retirement scheme contributions for non-executive directors.

11 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two were directors in the year ended 31 December 2015, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December	
	2015	**2014**
	USD thousand	**USD thousand**
Salaries	9,351	14,127
Discretionary bonuses	12,500	19,474
Share-based payments (*)	91	189
	21,942	**33,790**

(*) The remuneration in the form of shares of the Company for the years ended 31 December 2015 and 2014 in relation to a share-based long-term incentive plan (refer to note 21(b)).

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December	
	2015	**2014**
	Number of individuals	**Number of individuals**
HK$34,000,001-HK$34,500,000 (US$4,350,001 – US$4,450,000)	-	1
HK$46,000,001-HK$46,500,000 (US$5,900,001 – US$6,000,000)	1	1
HK$51,500,001-HK$52,000,000 (US$6,600,001 – US$6,700,000)	-	1
HK$56,000,001-HK$56,500,000 (US$7,200,001 – US$7,300,000)	1	-
HK$64,000,001-HK$64,500,000 (US$8,250,001 – US$8,350,000)	-	1
HK$65,500,001-HK$66,000,000 (US$8,400,001 – US$8,500,000)	-	1
HK$67,000,001-HK$67,500,000 (US$8,600,001 – US$8,700,000)	1	-

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years presented.

Retirement scheme contributions to individuals with highest emoluments are not disclosed as the amount is considered not significant for either year presented.

12 Dividends

On 12 October 2015 the Board of Directors of the Company approved an interim dividend in the aggregate amount of USD250 million (USD0.01645493026 per ordinary share) for the financial year ending 31 December 2015. The interim dividend was paid in cash on 6 November 2015.

No dividends were declared and paid by the Company during the year ended 31 December 2014.

The Company is subject to external capital requirements (refer to note 27(f)).

13 Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2015 and 31 December 2014. Weighted average number of shares:

	Year ended 31 December	
	2015	**2014**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(1,824,099)	(4,330,505)
Weighted average number of shares at end of the period	**15,191,190,763**	**15,188,684,357**
Profit/(loss) for the period, USD million	**558**	**(91)**
Basic and diluted earnings/(loss) per share, USD	**0.037**	**(0.006)**

There were no outstanding dilutive instruments during the years ended 31 December 2015 and 2014.

14 Property, plant and equipment

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construc-tion in progress	Total
Cost/Deemed cost							
Balance at 1 January 2014	3,785	6,088	2,121	167	668	1,598	14,427
Additions	1	1	143	2	12	318	477
Acquired through business combination	1	4	-	-	-	1	6
Disposals	(13)	(54)	(111)	(3)	(35)	(15)	(231)
Transfers	26	181	4	1	29	(241)	-
Foreign currency translation	(328)	(288)	(77)	(6)	(217)	(202)	(1,118)
Balance at 31 December 2014	**3,472**	**5,932**	**2,080**	**161**	**457**	**1,459**	**13,561**
Balance at 1 January 2015	3,472	5,932	2,080	161	457	1,459	13,561
Additions	1	3	106	10	40	380	540
Disposals	(12)	(49)	(17)	(2)	-	(27)	(107)
Transfers	42	220	13	3	80	(358)	-
Foreign currency translation	(120)	(107)	(34)	(4)	(85)	(57)	(407)
Balance at 31 December 2015	**3,383**	**5,999**	**2,148**	**168**	**492**	**1,397**	**13,587**
Accumulated depreciation and impairment losses							
Balance at 1 January 2014	2,103	4,410	1,719	149	647	1,232	10,260
Depreciation charge	77	221	160	7	3	-	468
Impairment loss	12	32	6	-	34	12	96
Disposals	(7)	(39)	(102)	(3)	(35)	-	(186)
Foreign currency translation	(287)	(208)	(135)	(6)	(215)	(179)	(1,030)
Balance at 31 December 2014	**1,898**	**4,416**	**1,648**	**147**	**434**	**1,065**	**9,608**
Balance at 1 January 2015	1,898	4,416	1,648	147	434	1,065	9,608
Depreciation charge	75	218	162	3	1	-	459
Impairment loss	15	60	(1)	1	98	(58)	115
Disposals	(3)	(44)	(14)	(1)	-	(11)	(73)
Foreign currency translation	(108)	(101)	(32)	(5)	(83)	(47)	(376)
Balance at 31 December 2015	**1,877**	**4,549**	**1,763**	**145**	**450**	**949**	**9,733**
Net book value							
At 31 December 2014	**1,574**	**1,516**	**432**	**14**	**23**	**394**	**3,953**
At 31 December 2015	**1,506**	**1,450**	**385**	**23**	**42**	**448**	**3,854**

Depreciation expense of USD421million (2014: USD421 million) has been charged to cost of goods sold, USD5 million (2014: USD6 million) to distribution expenses and USD17 million (2014: USD18 million) to administrative expenses.

During the years ended 31 December 2015 and 2014, no interest cost was capitalised due to postponement of construction projects as a result of the economic environment.

Included into construction in progress at 31 December 2015 and 2014 are advances to suppliers of property, plant and equipment of USD41 million and USD20 million, respectively.

(a) Impairment

Management reviewed the carrying amount of the group's non-financial assets at the reporting date to determine whether there were any indicators of impairment. Management identified several factors including declining aluminium prices and plant closures in the industry that indicated that a number of the Group's cash-generating units may be impaired.

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.

Based on results of impairment testing for the year 2015 and 2014, management has concluded that no impairment loss relating to property, plant and equipment should be recognised in these financial statements.

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium prices, foreign exchange rates and applicable discount rates.

Additionally, management identified specific items of property, plant and equipment that are no longer in use and therefore are not considered to be recoverable amounting to USD115 million at 31 December 2015 (2014: USD96 million). These assets have been impaired in full. No further impairment of property, plant and equipment or reversal of previously recorded impairment was identified by management.

(b) Security

The carrying value of property, plant and equipment subject to lien under loan agreements was USD612 million as at 31 December 2015 (31 December 2014: USD600 million), refer to note 22.

(c) Net book value of properties

	31 December 2015 USD million	31 December 2014 USD million
Owned and leased properties		
In the Russian Federation		
Freehold	1,343	1,404
short-term leases	22	22
medium-term leases	7	7
Outside the Russian Federation		
Freehold	134	141
	1,506	**1,574**
Representing		
Land and buildings	**1,506**	**1,574**

Included in the above mentioned amounts is the land held on long lease in the Russian Federation that comprised USD29 million and USD29 million at 31 December 2015 and 31 December 2014, respectively. The Group does not hold land in Hong Kong.

15 Intangible assets

	Goodwill	Other intangible assets	Total
	USD million	USD million	USD million
Cost			
Balance at 1 January 2014	3,846	523	4,369
Additions	-	14	14
Disposals	-	(2)	(2)
Foreign currency translation	(916)	(7)	(923)
Balance at 31 December 2014	**2,930**	**528**	**3,458**
Balance at 1 January 2015	2,930	528	3,458
Additions	-	12	12
Disposals	-	(1)	(1)
Foreign currency translation	(291)	(4)	(295)
Balance at 31 December 2015	**2,639**	**535**	**3,174**
Amortisation and impairment losses			
Balance at 1 January 2014	(449)	(423)	(872)
Amortisation charge	-	(14)	(14)
Balance at 31 December 2014	**(449)**	**(437)**	**(886)**
Balance at 1 January 2015	(449)	(437)	(886)
Amortisation charge	-	(14)	(14)
Balance at 31 December 2015	**(449)**	**(451)**	**(900)**
Net book value			
At 31 December 2014	**2,481**	**91**	**2,572**
At 31 December 2015	**2,190**	**84**	**2,274**

(a) Amortisation charge

The amortisation charge is included in cost of sales in the consolidated statement of income.

(b) Goodwill

Goodwill recognised in these consolidated financial statements initially arose on the formation of the Group in 2000 and the acquisition of a 25% additional interest in the Group by its controlling shareholder in 2003. The amount of goodwill was principally increased in 2007 as a result of the acquisition of certain businesses of SUAL Partners and Glencore.

(c) Impairment testing of goodwill and other intangible assets

For the purposes of impairment testing, the entire amount of goodwill is allocated to the aluminium segment of the Group's operations. The aluminium segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount represents value in use as determined by discounting the future cash flows generated from the continuing use of the plants within the Group's aluminium segment.

At 31 December 2015, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2014 and performed an impairment test for goodwill at 31 December 2015 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.7 million metric tonnes of primary aluminium, of 7.5 million metric tonnes of alumina and of 12.0 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD1,561 per tonne for primary aluminium in 2016, USD1,710 in 2017, USD1,787 in 2018, USD1,853 in 2019, USD1,984 in 2020. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB63.3 for one USD in 2016, RUB63.1 in 2017, RUB62.5 in 2018, RUB64.8 in 2019, RUB67.5 in 2020. Inflation of 5.3% – 7.4% in RUB and 1.6% - 2.4% 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 and was 15.9%;
- A terminal value was derived following the forecast period assuming a 2.0% 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 results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 29% and would not lead to an impairment;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 25% decrease in the recoverable amount and would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 13% decrease in the recoverable amount and would not lead to an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2015.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2013 and performed an impairment test for goodwill at 31 December 2014 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.6 million metric tonnes of primary aluminium, of 7.4 million metric tonnes of alumina and of 12.4 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;

- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD2,010 per tonne for primary aluminium in 2015, USD2,127 in 2016, USD2,203 in 2017, USD2,270 in 2018, USD2,313 in 2019. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB59.6 for one USD in 2015, RUB55.6 in 2016, RUB53.2 in 2017, RUB51.2 in 2018, RUB49.3 in 2019. Inflation of 4.9% – 11.8% in RUB and 1.5% - 2.5% 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 and was 16.2%;
- A terminal value was derived following the forecast period assuming a 2.1% 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 results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 17% and would not lead to an impairment;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 5% decrease in the recoverable amount and would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 6% decrease in the recoverable amount and would not lead to an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2014.

16 Interests in associates and joint ventures

	31 December	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the year	4,879	8,760
Group's share of profits, impairment and reversal of impairment	368	536
Dividends	(1,062)	(975)
Group's share of other comprehensive income	4	10
Foreign currency translation	(975)	(3,452)
Balance at the end of the year	**3,214**	**4,879**
Goodwill included in interests in associates	2,062	2,863

The following list contains only the particulars of associates and joint ventures, all of which are corporate entities, which principally affected the results or assets of the Group.

			Proportion of ownership interest		
Name of associate/ joint venture	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Group's nominal interest**	**Principal activity**
PJSC MMC Norilsk Nickel	Russian Federation	158,245,476 shares, RUB1 par value	28.05%	27.82%	Nickel and other metals production
Queensland Alumina Limited	Australia	2,212,000 shares, AUD2 par value	20%	20%	Production of alumina under a tolling agreement
BEMO project	Cyprus, Russian Federation	BOGES Limited and BALP Limited – 10,000 shares EUR1.71 each	50%	50%	Energy / Aluminium production – construction in progress

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2015 is presented below:

	PJSC MMC Norilsk Nickel		**Queensland Alumina Limited**		**BEMO project**		**Other joint ventures**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**	**Group share**	**100%**
Non-current assets	4,056	6,746	139	595	1,108	2,540	156	312
Current assets	1,858	6,625	29	151	67	135	163	504
Non-current liabilities	(2,192)	(7,734)	(97)	(245)	(810)	(1,620)	(38)	(76)
Current liabilities	(946)	(3,376)	(71)	(361)	(36)	(72)	(172)	(464)
Net assets	**2,776**	**2,261**	**-**	**140**	**329**	**983**	**109**	**276**

	PJSC MMC Norilsk Nickel		**Queensland Alumina Limited**		**BEMO project**		**Other joint ventures**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**	**Group share**	**100%**
Revenue	2,396	8,542	142	712	204	407	966	2,694
Profit/(loss) from continuing operations	486	1,734	(293)	13	176	64	(1)	41
Other comprehensive income	(817)	(561)	(35)	(15)	(45)	(184)	(74)	(144)
Total comprehensive income	**(331)**	**1,173**	**(328)**	**(2)**	**131**	**(120)**	**(75)**	**(103)**

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2014 is presented below:

	PJSC MMC Norilsk Nickel		**Queensland Alumina Limited**		**BEMO project**		**Other joint ventures**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**	**Group share**	**100%**
Non-current assets	4,987	7,464	493	676	997	2,700	285	565
Current assets	1,582	5,685	37	190	36	71	222	613
Non-current liabilities	(1,820)	(6,174)	(111)	(269)	(270)	(540)	(71)	(142)
Current liabilities	(608)	(2,182)	(92)	(455)	(565)	(1,130)	(223)	(592)
Net assets	**4,141**	**4,793**	**327**	**142**	**198**	**1,101**	**213**	**444**

	PJSC MMC Norilsk Nickel		**Queensland Alumina Limited**		**BEMO project**		**Other joint ventures**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**	**Group share**	**100%**
Revenue	3,302	11,869	153	766	88	176	1,065	2,889
Profit/(loss) from continuing operations	515	2,003	(14)	4	4	8	31	66
Other comprehensive income	(3,243)	(3,519)	(30)	(13)	(137)	(569)	(32)	(67)
Total comprehensive income	**(2,728)**	**(1,516)**	**(44)**	**(9)**	**(133)**	**(561)**	**(1)**	**(1)**

(a) PJSC MMC Norilsk Nickel

The Group’s investment in Norilsk Nickel is accounted for using equity method and the carrying value as at 31 December 2015 and 31 December 2014 amounted USD2,776 million and USD4,141 million, respectively. The market value amounted USD5,542 million and USD6,388 million as at 31 December 2015 and 31 December 2014, respectively, and is determined by multiplying the quoted bid price per share on the Moscow Exchange on the year-end date by the number of shares held by the Group.

(b) Queensland Alumina Limited

The carrying value and market value of the Group’s investment in Queensland Alumina Limited as at 31 December 2015 and 31 December 2014 amounted USD nill and USD327 million, respectively.

The Group’s share of profits/(losses) in associate for the year ended 31 December 2015 includes impairment losses relating to investment in Queensland Alumina Limited of which USD283 million was recognised by the Group.

The recoverable amount of investment in Queensland Alumina Limited as at 31 December 2015 was determined by discounting the expected future net cash flows of the cash generating unit and applying the share of Group’s ownership to the resulting figure.

The pre-tax discount rate applied to discount the cash flows was 11.0%, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amount of the cash generating unit is particularly sensitive to changes in forecast alumina prices, foreign exchange rates, applicable discount rate.

The Group recognised its share of impairment losses in Queensland Alumina Limited to the extent of its investment in the entity in the amount of USD283 million and made the necessary adjustment to the carrying value of the investment which was written down to nil.

(c) BEMO project

The carrying value and market value of the Group’s investment in BEMO project as at 31 December 2015 and 31 December 2014 amounted USD329 million and USD198 million, respectively.

The Group’s share of profits/(losses) in joint ventures for the year ended 31 December 2015 includes reversal of impairment losses relating to property, plant and equipment of the BEMO project of which USD143 million was recognised by the Group.

For the purposes of impairment testing, the BEMO project was separated into two cash generating units – the Boguchansky Aluminium Smelter (“BoAZ’) and the Boguchansky Hydro Power Plant (“BoGES”). The recoverable amount was determined by discounting the expected future net cash flows of each cash generating unit.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BoGES were 16.5% and 18.9%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amounts of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the forecast period to reach full production capacity.

The Group recognised its share of reversal of impairment losses in BoGES and made the necessary adjustment to the carrying value of investment. The Group’s share of gains related to BoGES was recognized in the amount of USD143 million.

As a result of impairment testing no further impairment of investment in BoAZ project or reversal of previously recorded impairment was identified by management.

At 31 December 2015, losses of USD357 million related to impairment charges at BoAZ have not been recognised because the Group’s investment has already been fully written down to nil.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium and power generation industries since 31 December 2013 and performed an impairment test for its investment in BEMO project at 31 December 2014.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BoGES were 17.2% and 21.5%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amounts of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the expected timing of commencement of the project and the forecast period to reach full production capacity.

As a result of impairment testing, no further impairment of investment in BEMO project or reversal of previously recorded impairment was identified by management.

At 31 December 2014, losses of USD375 million related to impairment charges at BoAZ have not been recognised because the Group’s investment has already been fully written down to nil.

Summary of the additional financial information of the Group's effective interest in BEMO project for the year ended 31 December 2015 and 31 December 2014 is presented below (all in USD million):

	31 December 2015	31 December 2014
Cash and cash equivalents	16	14
Current financial liabilities	(778)	(534)
Non-current financial liabilities	(3)	(241)
Depreciation and amortisation	(18)	(21)
Interest income	2	1
Interest expense	(23)	(6)
Income tax expense or income	(10)	(3)

17 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

	Assets		Liabilities		Net	
USD million	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Property, plant and equipment	29	27	(548)	(569)	(519)	(542)
Inventories	29	42	(1)	(1)	28	41
Trade and other receivables	10	6	-	-	10	6
Derivative financial liabilities	-	33	(22)	(9)	(22)	24
Tax loss carry-forwards	27	29	-	-	27	29
Others	62	70	(66)	(86)	(4)	(16)
Deferred tax assets/(liabilities)	157	207	(637)	(665)	(480)	(458)
Set-off of deferred taxation	(106)	(150)	106	150	-	-
Net deferred tax assets/(liabilities)	**51**	**57**	**(531)**	**(515)**	**(480)**	**(458)**

(b) Movement in deferred tax assets/(liabilities) during the year

USD million	**1 January 2014**	**Recognised in profit or loss**	**Foreign currency translation**	**31 December 2014**
Property, plant and equipment	(503)	(39)	-	(542)
Inventories	37	4	-	41
Trade and other receivables	18	(12)	-	6
Derivative financial liabilities	-	24	-	24
Tax loss carry-forwards	134	(65)	(40)	29
Others	(15)	(1)	-	(16)
Total	**(329)**	**(89)**	**(40)**	**(458)**

USD million	1 January 2015	Recognised in profit or loss	Foreign currency translation	31 December 2015
Property, plant and equipment	(542)	23	-	(519)
Inventories	41	(13)	-	28
Trade and other receivables	6	4	-	10
Derivative financial liabilities	24	(46)	-	(22)
Tax loss carry-forwards	29	(3)	1	27
Others	(16)	12	-	(4)
Total	**(458)**	**(23)**	**1**	**(480)**

Recognised tax losses expire in the following years:

Year of expiry	31 December 2015 USD million	31 December 2014 USD million
From 6 to 10 years	24	20
From 2 to 5 years	2	9
Up to 1 year	1	-
	27	**29**

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2015 USD million	31 December 2014 USD million
Deductible temporary differences	658	692
Tax loss carry-forwards	551	529
	1,209	**1,221**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. Tax losses expire in the following years:

Year of expiry	31 December 2015 USD million	31 December 2014 USD million
Without expiry	492	440
From 6 to 10 years	40	66
From 2 to 5 years	18	20
Up to 1 year	1	3
	551	**529**

(d) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD1,160 million and USD1,249 million as at 31 December 2015 and 31 December 2014, respectively, for which deferred taxation has not been provided because remittance of the earnings has been indefinitely postponed through reinvestment and, as a result, such amounts are considered to be permanently invested. It was not practicable to determine the amount of temporary differences relating to investments in subsidiaries where the Group is able to control the timing of reversal of the difference. Reversal is not expected in the foreseeable future. For other subsidiaries in the Group, including the significant trading companies, the distribution of dividends does not give rise to taxes.

(e) Current taxation in the consolidated statement of financial position represents:

	31 December 2015 USD million	31 December 2014 USD million
Net income tax payable at the beginning of the year	(26)	(8)
Income tax for the year	(173)	(149)
Income tax paid	199	93
Dividend withholding tax	51	62
Translation difference	3	(24)
	54	**(26)**
Represented by:		
Income tax payable	(10)	(41)
Prepaid income tax (note 19)	64	15
Net income tax recoverable	**54**	**(26)**

18 Inventories

	31 December 2015 USD million	31 December 2014 USD million
Raw materials and consumables	881	986
Work in progress	549	625
Finished goods and goods held for resale	649	680
	2,079	2,291
Provision for inventory obsolescence	(242)	(293)
	1,837	**1,998**

Inventories at 31 December 2015 and 31 December 2014 are stated at cost.

Inventory with a carrying value of USD114 million and USD76 million is pledged under existing secure bank loans and loans from related parties, respectively, at 31 December 2015 (31 December 2014: USD3 million and USD104 million, respectively), refer to note 22.

Inventory with a carrying value of USD81 million is pledged under existing trading contracts at 31 December 2015 (31 December 2014: USD123 million).

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Carrying amount of inventories sold	5,892	6,826
Write-down of inventories	(20)	(8)
	5,872	**6,818**

19 Trade and other receivables

	31 December 2015	**31 December 2014**
	USD million	**USD million**
Trade receivables from third parties	161	167
Impairment loss on trade receivables	(18)	(18)
Net trade receivables from third parties	**143**	**149**
Trade receivables from related parties, including:	**79**	**61**
Companies capable of exerting significant influence	*76*	*43*
Impairment loss	*(7)*	-
Net trade receivables from companies capable of exerting significant influence	*69*	*43*
Companies under common control	*4*	*14*
Related parties – associates and joint ventures	*6*	*4*
VAT recoverable	214	219
Impairment loss on VAT recoverable	(26)	(31)
Net VAT recoverable	**188**	**188**
Advances paid to third parties	86	85
Impairment loss on advances paid	(4)	(4)
Net advances paid to third parties	**82**	**81**
Advances paid to related parties, including:	**47**	**66**
Related parties – companies capable of exerting significant influence	-	*2*
Related parties – companies under common control	*5*	*3*
Related parties – associates and joint ventures	*42*	*61*
Prepaid expenses	**15**	**21**
Prepaid income tax	**64**	**15**
Prepaid other taxes	**15**	**27**
Other receivables from third parties	74	73
Impairment loss on other receivables	(1)	(14)
Net other receivables from third parties	**73**	**59**
Other receivables from related parties, including:	**4**	**5**
Related parties – companies under common control	*4*	*5*
	710	**672**

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.

The specific allowance for doubtful trade and other receivables and the uncollectible amount of trade and other receivables written off during the year ended 31 December 2015 amounted USD8 million and USD13 million, respectively (31 December 2014: USD4 million and USD29 million, respectively).

Trade receivables in the amount of USD68 million are pledged under existing secure loans from related parties at 31 December 2015 (31 December 2014: USD67 million), refer to note 22.

(a) Ageing analysis

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

	31 December 2015	**31 December 2014**
	USD million	**USD million**
Current	152	193
Past due 0-90 days	54	11
Past due 91-365 days	12	5
Past due over 365 days	4	1
Amounts past due	70	17
	222	**210**

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

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Further details of the Group's credit policy are set out in note 27(e).

(b) 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:

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Balance at the beginning of the year	(18)	(53)
(Impairment loss recognised)/Impairment loss reversal	(8)	13
Uncollectible amounts written off	1	22
Balance at the end of the year	**(25)**	**(18)**

As at 31 December 2015 and 31 December 2014, the Group's trade receivables of USD25 million and USD18 million, respectively, were individually determined to be impaired. Management assessed that the receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

20 Cash and cash equivalents

	31 December 2015 USD million	31 December 2014 USD million
Bank balances, USD	375	184
Bank balances, RUB	69	16
Bank balances, other currencies	43	39
Cash in transit	2	3
Short-term bank deposits	5	315
Cash and cash equivalents in the consolidated statement of cash flows	494	557
Restricted cash	14	13
	508	**570**

As at 31 December 2015 and 31 December 2014 included in cash and cash equivalents was restricted cash of USD14 million and USD13 million, respectively, pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A.

21 Equity

(a) Share capital

	31 December 2015		31 December 2014	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the year, 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 year of USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	**151,930,148**	**15,193,014,862**

(b) Share-based compensation

As at 31 December 2015 and 31 December 2014 the Group held 4,773 and 2,700,950 of its own shares, respectively, which were acquired on the open market for the share-based incentive plans ("Shares held for vesting"). During the year ended 31 December 2015 the trustees acquired on the open market 698,297 shares (2014: 1,750,886 shares) and vested to eligible employees 2,055,740 shares in July and 1,338,734 shares in November (in July and November 2014 2,006,218 shares and 1,343,514 shares vested, respectively). For the year ended 31 December 2015 and 31 December 2014, the Group recognised an additional employee expense of nill and USD1 million in relation to the share based plans, respectively, with a corresponding change in equity.

(c) Other reserves

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves.

In addition, 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.

(d) Distributions

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

(e) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations and equity accounted investees. The reserve is dealt with in accordance with the accounting policies set out in note 3(b).

(f) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2014	**152**	**3,431**	**3,583**
Net profit for the year	-	6,734	6,734
Balance at 31 December 2014	**152**	**10,165**	**10,317**
Balance at 1 January 2015	**152**	**10,165**	**10,317**
Net loss for the year	-	(2,275)	(2,275)
Dividends	-	(250)	(250)
Balance at 31 December 2015	**152**	**7,640**	**7,792**

22 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk refer to notes 27(c)(ii) and 27(c)(iii), respectively.

	31 December 2015	31 December 2014
	USD million	USD million
Non-current liabilities		
Secured bank loans	7,418	8,651
Unsecured bank loans	107	-
Secured loans from related parties	-	196
	7,525	**8,847**
Current liabilities		
Secured bank loans	1,023	102
Unsecured bank loans	100	-
Secured loans from related parties	186	153
Accrued interest	25	48
	1,334	**303**

Terms and debt repayment schedule as at 31 December 2015

	TOTAL	2016	2017	2018	2019	2020	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 3M Libor + 2.8%	1,892	468	632	792	-	-	-
USD – 3M Libor + 5.65%	884	-	97	97	347	343	-
EUR – 3M Euribor + 2.8%	138	34	46	58	-	-	-
USD – 1Y Libor + 5.45%*	4,068	-	-	-	198	2,194	1,676
USD – 3M Libor + 5.05%	283	95	94	94	-	-	-
USD – 3M Libor + 6.5%	471	174	163	107	27	-	-
USD – 3M Libor + 3.15%	19	-	19	-	-	-	-
EUR – 3M Libor + 6.5%	110	37	29	36	8	-	-
USD – 2.5% + cost of funds	19	19	-	-	-	-	-
EURO – 2.5% + cost of funds	1	1	-	-	-	-	-
Fixed							
RUB – 10.9%*	261	-	-	-	12	140	109
USD – 4.95%	19	19	-	-	-	-	-
USD – 5%	51	51	-	-	-	-	-
USD – 4.75%	119	19	100	-	-	-	-
USD – 2.5%	106	106	-	-	-	-	-
	8,441	**1,023**	**1,180**	**1,184**	**592**	**2,677**	**1,785**
Secured company loans							
Variable							
USD – 3M Libor + 4.95%	**186**	186	-	-	-	-	-
Total	**8,627**	**1,209**	**1,180**	**1,184**	**592**	**2,677**	**1,785**
Unsecured bank loans							
Variable							
USD – 3M Libor + 5.5%	**100**	-	-	100	-	-	-
Fixed							
USD – 4.30%	**100**	100	-	-	-	-	-
RUB – 5%	**7**	-	-	3	4	-	-
Total	**8,834**	**1,309**	**1,180**	**1,287**	**596**	**2,677**	**1,785**
Accrued interest	**25**	25	-	-	-	-	-
Total	**8,859**	**1,334**	**1,180**	**1,287**	**596**	**2,677**	**1,785**

*- including payment in kind (“PIK”) margin

The secured bank loans are secured by pledges of shares of the following Group companies:

- 40% + 1 share of RUSAL Novokuznetsk
- 36% + 1 share of SUAL
- 50% + 2 shares of RUSAL Sayanogorsk
- 50% + 2 shares of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The agreement with Glencore AG is secured by pledges of shares of the following Group companies

- 100% shares of Limerick Alumina Refining Limited
- 75% shares of Aughunish Alumina Limited.

The secured bank loans are also secured by pledges of shares of associate:

- 27.8% share of Norilsk Nickel

The secured bank loans and loans from related parties are also secured by the following:

- property, plant and equipment, inventory, receivables with a carrying amount of USD756 million (31 December 2014: USD772 million);
- inventory with a carrying value of USD114 million (31 December 2014: USD3 million).

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

The nominal value of the Group's loans and borrowings was USD9,011 million at 31 December 2015 (31 December 2014: USD9,346 million).

In October 2015 the Group entered into a new credit facility of USD100 million with OJSC Credit Bank of Moscow with a maturity up to 1 year and an interest rate of 4.30% p.a.

In December 2015 the Group entered into a new credit facility of USD100 million with PJSC SovcomBank with a maturity of 3 year and an interest rate of 3MLibor + 5.5% p.a.

In December 2015 the Group through its subsidiaries entered into the REPO transaction backed by bonds issued by RUSAL Bratsk – in number of 6,500,000 series 08 bonds and 2,865,475 series 07 bonds. As result of the transactions the Group raised funding in the amount of USD100 million with fifteen months maturity at a rate of 4.75% p.a.

During 2015 the Group made a principal repayment in total amounts of USD590 million, RUB777 million (USD14 million) and EUR25 million (USD29 million) under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank, Gazprombank and VTB Capital, including prepayments via cash sweep in total amount of USD309 million, RUB777 million (USD14 million) and EUR10 million (USD12 million).

As a result of a massive decline in LME aluminium price as well as the premiums over 2015 management had started negotiations with the lenders to reset covenants to a sustainable level for the remaining term of the credit facilities and refinance remaining in 2016 scheduled repayments of preexport syndicated and certain bilateral facilities. On 2 March 2016 the Company obtained lenders consent on the reset of the covenant ratios of the credit facilities. The Company expects the approval of the new refinancing facility no later than 29 April 2016.

Terms and debt repayment schedule as at 31 December 2014

	TOTAL	2015	2016	2017	2018	2019	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 3M Libor + 5.75% *	2,178	-	674	674	830	-	-
USD – 3M Libor + 6.9% *	940	-	-	120	120	370	330
EUR – 3M Euribor + 5.75%*	178	-	55	55	68	-	-
USD – 1Y Libor + 5.45%*	4,167	-	-	-	-	518	3,649
USD – 3M Libor + 4.5%	60	-	60	-	-	-	-
USD – 3M Libor + 6.5%	488	-	185	175	103	25	-
USD – 3M Libor + 4.15%	86	86	-	-	-	-	-
EUR – 3M Libor + 6.5%	128	-	43	38	38	9	-
RUB – Mosprime + 4%	178	13	55	55	55	-	-
USD – 3.35% + cost of funds	3	3	-	-	-	-	-
Fixed							
RUB – 10.9%*	347	-	-	-	-	43	304
	8,753	**102**	**1,072**	**1,117**	**1,214**	**965**	**4,283**
Secured company loans							
Variable							
USD – 3M Libor + 4.95%	349	153	196	-	-	-	-
Total	**9,102**	**255**	**1,268**	**1,117**	**1,214**	**965**	**4,283**
Accrued interest	48	-	-	-	-	-	-
Total	**9,150**	**255**	**1,268**	**1,117**	**1,214**	**965**	**4,283**

*- including PIK margin

The secured bank loans are secured by pledges of shares of the following Group companies:

- 40% + 1 share of RUSAL Novokuznetsk
- 36% + 1 share of SUAL
- 50% + 2 shares of RUSAL Sayanogorsk
- 50% + 2 shares of RUSAL Bratsk
- 65% + 2 shares of RUSAL Krasnoyarsk
- 25.1% of Khakas Aluminium Smelter

- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The agreement with Glencore AG is secured by pledges of shares of the following Group companies

- 100% shares of Limerick Alumina Refining Limited
- 75% shares of Aughunish Alumina Limited.

The secured bank loans are also secured by pledges of shares of associate:

- 27.8% share of Norilsk Nickel

The secured bank loans are also secured by the following:

- property, plant and equipment, inventory, receivables with a carrying amount of USD772 million (31 December 2013: nil);
- inventory with a carrying value of USD3 million (31 December 2013: USD16 million).

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

The nominal value of the Group's loans and borrowings was USD9,346 million at 31 December 2014 (31 December 2013: USD10,018 million).

On 26 February 2014, the Group and Sberbank of Russia entered into an amendment agreement to the non-revolving credit facility agreement dated 1 December 2011 in order to increase the credit limit by RUB2.4 billion from RUB18.3 billion to RUB20.7 billion to allow the Group to fulfil its obligations under the put option of Ruble bonds issued by OJSC RUSAL Bratsk (series 07), which was due for repayment on 3 March 2014.

In February 2014 the Group entered into a facility agreement with Glencore AG for a prepayment facility of up to USD400 million for the supply of alumina from one of the Group's subsidiaries to Glencore AG for the period 2014-2016. Interest of 3M Libor + 4.95% and principal payable under the facility agreement will, to the extent such amounts are due, be offset against amounts due by Glencore AG under its alumina supply contract at USD40 per metric tonne for the first six months and USD286 per metric tonne thereafter. The facility is to be repaid on or before 31 December 2016 in accordance with an agreed amortization schedule which commenced on 30 September 2014.

In February 2014 the Group entered into a new credit facility of RUB2 billion (USD56 million) with Moscow Credit Bank with a maturity of 1 year and an interest rate of 10.4% p.a.

In March 2014 the Group refinanced its credit facilities with Gazprombank in the amount of USD242.7 million and EUR74.7 million. The facilities bear interest at 3M LIBOR + 6.5% and with a maturity date of 5 years from drawdown.

In August 2014 the PXF Amendments relating to the refinancing of USD4.75 billion syndicated facility and USD400 million multicurrency credit facility were signed and became effective. Pursuant to the PXF Amendments, the two PXF facilities are now combined into a single facility agreement such facility agreement comprising:

- Tranche A amounting to USD2.56 billion is to be repaid in equal quarterly instalments starting from the 12 January 2016 with a final maturity date in December 2018.

Loans under tranche A bear interest at the rate of 3-month LIBOR plus margin (cash + PIK) based on Total Net Debt/EBIDTA ratio which is revised quarterly. Interest is to be paid quarterly.

Leverage Ratio Cash Margin

Greater than 4.5:1	4.50 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	4.25 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	4.00 per cent. per annum
Greater than 3:1 but less than or equal to 3.5:1	3.60 per cent. per annum
Less than or equal to 3:1	2.80 per cent. per annum

Leverage Ratio PIK Margin

Greater than 5:1	1.25 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.80 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.50 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	0.25 per cent. per annum
Less than or equal to 3.5:1	0 per cent. per annum

- A second tranche which is comprised of the refinanced tranche B under the 2011 PXF Facility Agreement amounting to USD1 billion is to be repaid in quarterly instalments commencing from 30 January 2017 with a final maturity date in December 2020. The first eight instalments will be in the amount of USD31.25 million and the remaining eight instalments will be in the amount of USD93.75 million. Loans under this second tranche will bear interest at a rate of 3-month LIBOR plus 5.65% per annum plus a PIK Margin determined in line with Tranche A and such amounts will be paid quarterly.

The relevant amendments to credit facilities with Sberbank of Russia ("Sberbank") in line with the PXF Amendments were executed on 25 August 2014 (the "Sberbank Amendment Agreements"). According to Sberbank Amendment Agreements entered into between the Company as borrower and Sberbank, the maturity of the bilateral facility agreements with Sberbank (including: (a) a credit facility agreement dated 30 September 2010 for the amount of USD4,583 million; (b) credit facility agreement dated 30 September 2011 for the amount of USD453 million; (c) a non-revolving credit facility agreement dated 1 December 2011 for the amount of RUB20.7 billion) was extended by no more than 84 months from the date of execution of Sberbank Amendment Agreements. The repayments to be made thereunder will be made quarterly in equal instalments during the sixth and seventh years from the date of the execution of the relevant Sberbank Amendment Agreement.

During 2014 the Group made a scheduled repayment of principal under the USD4.75 billion syndicated facility in the amount of USD203 million. Additional principal repayments in total amount USD332 million, RUB815million (USD15 million) and EUR23 million (USD28 million) were made under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank and Gazprombank as prepayments.

23 Bonds

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

March 2014. Maturity of the second tranche is ten years subject to a put option exercisable in April 2015.

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

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

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

On 21 February 2014 RUSAL Bratsk announced a coupon rate in respect to the series 07 bond issue at the level of 12% per annum for the 7-10 semi-annual coupon periods after which the series 07 bonds will be subject to a put option and coupon rate revision.

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

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

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

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

As of 31 December 2015 1,482,559 series 07 bonds and 53,680 series 08 bonds were outstanding (traded in the market). The closing market price at 31 December 2015 was RUB999.80 and RUB1000 per bond for the first and second tranches, respectively.

24 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
Balance at 1 January 2014	116	491	12	68	100	787
Provisions made during the year	12	16	6	-	-	34
Provisions reversed during the year	-	-	(3)	-	-	(3)
Actuarial gain	(12)	-	-	-	-	(12)
Provisions utilised during the year	(10)	(7)	-	(3)	-	(20)
Foreign currency translation	(43)	(123)	-	-	-	(166)
Balance at 31 December 2014	**63**	**377**	**15**	**65**	**100**	**620**
Non-current	***57***	***354***	***-***	***35***	***61***	***507***
Current	***6***	***23***	***15***	***30***	***39***	***113***
Balance at 1 January 2015	63	377	15	65	100	620
Provisions made during the year	4	37	15	-	-	56
Provisions reversed during the year	-	-	(9)	-	-	(9)
Actuarial loss	3	-	-	-	-	3
Provisions utilised during the year	(5)	(1)	(8)	(11)	-	(25)
Foreign currency translation	(13)	(48)	-	(12)	-	(73)
Balance at 31 December 2015	**52**	**365**	**13**	**42**	**100**	**572**
Non-current	***47***	***350***	***-***	***35***	***55***	***487***
Current	***5***	***15***	***13***	***7***	***45***	***85***

(a) Pension liabilities

Group subsidiaries in the Russian Federation

The Group voluntarily provides long-term and post-employment benefits to its former and existing employees including death-in-service, jubilee, lump sum upon retirement, material support for pensioners and death-in-pension benefits. Furthermore, the Group provides regular social support payments to some of its veterans of World War II.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries in Ukraine

Due to legal requirements, the Ukrainian subsidiaries are responsible for partial financing of the state hardship pensions for those of its employees who worked, or still work, under severe and hazardous labour conditions (hardship early retirement pensions). These pensions are paid until the recipient reaches the age of entitlement to the State old age pension (55-60 years for female (dependent on year of birth) and 60 years for male employees). In Ukraine, the Group also voluntarily provides long-term and post-employment benefits to its employees including death-in-service, lump sum benefits upon retirement and death-in-pension benefits.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries outside the Russian Federation and Ukraine

At its Guinean and Nigerian entities the Group provides a death-in-service benefit and lump-sum benefits upon disability and old-age retirement.

At its Guyana subsidiary, the Group provides a death-in-service benefit.

At its Italian subsidiary (Eurallumina) the Group only provides lump sum benefits upon retirement, which relate to service up to 1 January 2007.

In Sweden (Kubikenborg Aluminium AB), the Group provides defined benefit lifelong and temporary pension benefits. The lifelong benefits are dependent on the past service and average salary level of the employee, with an accrual rate that depends on the salary bracket the employee is in. The liability relates only to benefits accrued before 1 January 2004.

All pension plans of the Group are unfunded.

The number of employees eligible for the plans as at 31 December 2015 and 2014 was 57,501 and 56,750, respectively. The number of pensioners as at 31 December 2015 and 2014 was 46,626 and 48,414, respectively.

The following tables summarise the components of the benefit expense recognised in the consolidated statement of income and the amounts recognised in the consolidated statement of financial position and in the consolidated statement of comprehensive income in relation to the plans. The amounts recognised in the consolidated statement of income are as follows:

	31 December 2015	**31 December 2014**
	USD million	**USD million**
Current service cost	2	5
Past service costs recognised during the year	-	-
Interest cost	6	7
Actuarial expected return on plan assets	-	-
Curtailment/settlement	(4)	-
Net expense recognised in the statement of income	**4**	**12**

The reconciliation of the present value of the defined benefit obligation to the liabilities recognised in the consolidated statement of financial position is as follows:

	31 December 2015	**31 December 2014**
	USD million	**USD million**
Present value of defined benefit obligations	52	63
Unrecognised past service cost	-	-
Net liability in the statement of financial position	**52**	**63**

Changes in the present value of the net liability are as follows:

	31 December 2015	31 December 2014
	USD million	**USD million**
Net liability at beginning of the year	63	116
Net expense recognised in the statement of income	4	12
Contributions paid into the plan by the employers	(5)	(10)
Actuarial losses/(gains) charged directly to equity	3	(12)
Foreign currency translation	(13)	(43)
Net liability at end of the year	**52**	**63**

The change of the present value of the defined benefit obligations ("DBO") is as follows:

	31 December 2015	31 December 2014
	USD million	**USD million**
Present value of defined benefit obligations at beginning of the year	63	116
Service cost	2	5
Interest cost	6	7
Actuarial losses/(gains)	3	(12)
Currency exchange losses	(13)	(43)
Benefits paid	(5)	(8)
Settlement and curtailment gain	(4)	(2)
Present value of defined benefit obligations at the end of the year	**52**	**63**

Movement in fair value of plan assets:

	31 December 2015	31 December 2014
	USD million	**USD million**
Fair value of plan assets at the beginning of the year	-	-
Contributions paid into the plans by the employers	5	10
Benefits paid by the plan	(5)	(8)
Settlement and curtailment gain	-	(2)
Fair value of plan assets at the end of the year	**-**	**-**

Actuarial gains and losses recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Cumulative amount at beginning of the year	(36)	(24)
Recognised during the year	3	(12)
Cumulative amount at the end of the year	**(33)**	**(36)**

The Group expects to pay the defined benefit retirement plans an amount of USD5 million during the 12 month period beginning on 1 January 2016.

Actuarial valuation of pension liabilities

The actuarial valuation of the Group and the portion of the Group funds specifically designated for the Group's employees were completed by a qualified actuary, Robert van Leeuwen AAG, as at 31 December 2015, using the projected unit credit method as stipulated by IAS 19.

The key actuarial assumptions (weighted average, weighted by DBO) are as follows:

	31 December 2015	**31 December 2014**
	% per annum	% per annum
Discount rate	8.9	11.7
Expected return on plan assets	N/A	N/A
Future salary increases	7.9	8.8
Future pension increases	3.3	7.0
Staff turnover	4.0	4.0
Mortality	USSR population table for 1985, Ukrainian population table for 2000	USSR population table for 1985, Ukrainian population table for 2000
Disability	70% Munich Re for Russia; 40% of death probability for Ukraine	70% Munich Re for Russia; 40% of death probability for Ukraine

As at 31 December 2015 and 31 December 2014 the Group's obligations were fully uncovered.

The Group has wholly unfunded plans.

(b) Site restoration

The Group provides for site restoration obligations when there is a specific legal or constructive obligation for mine reclamation, landfill closure (primarily comprising red mud basin disposal sites) or specific lease restoration requirements. The Group does not record any obligations with respect to decommissioning of its refining or smelting facilities and restoration and rehabilitation of the surrounding areas unless there is a specific plan to discontinue operations at a facility. This is because any significant costs in connection with decommissioning of refining or smelting facilities and restoration and rehabilitation of the surrounding areas would be incurred no earlier than when the facility is closed and the facilities are currently expected to operate over a term in excess of 50-100 years due to the perpetual nature of the refineries and smelters and continuous maintenance and upgrade programs resulting in the fair values of any such liabilities being negligible.

The site restoration provision recorded in these consolidated financial statements relates primarily to mine reclamation and red mud basin disposal sites at alumina refineries and is estimated by discounting the risk-adjusted expected expenditure to its present value based on the following key assumptions:

	31 December 2015	31 December 2014
Timing of inflated cash outflows	2016: USD12 million	2015: USD23 million
	2017-2021: USD213 million	2016-2020: USD223 million
	2022-2032: USD133 million	2021-2031: USD159 million
	after 2032: USD106 million	after 2031: USD119 million
Risk free discount rate after adjusting for inflation (a)	1.75%	2.63%

(a) the risk free rate for the year 2014-2015 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions were calculated

At each reporting date the Directors have assessed the provisions for site restoration and environmental matters and concluded that the provisions and disclosures are adequate.

(c) Provisions for legal claims

The Group's subsidiaries are subject to a variety of lawsuits and claims in the ordinary course of its business. As at 31 December 2015, there were several claims filed against the Group's subsidiaries contesting breaches of contract terms and non-payment of existing obligations. Management has reviewed the circumstances and estimated that the amount of probable outflow related to these claims should not exceed USD13 million (31 December 2014: USD15 million). The amount of claims, where management assesses outflow as possible approximates USD37 million (31 December 2014: USD111 million).

At each reporting date the Directors have assessed the provisions for litigation and claims and concluded that the provisions and disclosures are adequate.

(d) Tax provisions

At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

(e) Provision for guarantees

In September 2013 the Group entered into an agreement with OJSC RusHydro to provide funds to BoAZ, if the latter is unable to fulfil its obligations under its credit facility with GK Vnesheconombank. This agreement represents a surety for the increased credit limit obtained for the financing of BoAZ. The aggregate exposure under the agreement is limited to RUB16.8 billion (USD231 million) and is split between the Group and OJSC RusHydro in equal proportion.

25 Derivative financial assets/liabilities

	31 December 2015		31 December 2014	
	USD million		USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps	-	370	-	446
Petroleum coke supply contracts and other raw materials	109	-	45	-
Interest rate swaps		40	-	30
Cross-currency option on loan	-	-	-	166
Forward contracts for aluminium and other instruments	12	11	17	26
Total	**121**	**421**	**62**	**668**

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. The following significant assumptions were used in estimating derivative instruments:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,522	1,569	1,621	1,678	1,755	1,812	1,863	1,911	1,959	1,995
Platt's FOB Brent, USD per barrel	41	48	52	54	-	-	-	-	-	-
Forward exchange rate, RUB to USD	70.4221	77.3117	-	-	-	-	-	-	-	-
Forward 1Y LIBOR, %	0.87	-	-	-	-	-	-	-	-	-

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

	31 December	
	2015	2014
	USD million	USD million
Balance at the beginning of the period	(606)	(288)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	144	(327)
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	(352)	(487)
Realised portion during the period	514	496
Balance at the end of the period	**(300)**	**(606)**

During the year 2015 there have been no changes in valuation techniques used to calculate the derivative financial instruments compared to prior year.

Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results for cross-currency swaps are particularly sensitive to changes in RUB/USD exchange rate forward curve. A 10% increase in RUB/USD exchange rate would result in USD22 million of additional loss. The results for other derivative instruments are not particularly sensitive to any factors.

Cross-currency option

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

Cross-currency swaps

During the year ended 31 December 2011, the Group entered into cross-currency swaps to transform the two tranches of its rouble bonds into USD obligations of USD530 million and USD533 million, respectively (refer to note 23). The terms of the swaps were 3 and 4 years, respectively. In February 2012 – August 2013 the Group entered into cross-currency swaps to convert RUB18.3 billion of 5 year rouble denominated credit facility into a USD denominated liability of USD598 million.

At 31 December 2014 the Group recognised a loss on part of the instruments as they were considered ineffective. The reasons for this were partial buy-back of bonds in relation to the second tranche, and change of maturity date for RUB18.3 billion facility as a result of refinancing.

Petroleum coke supply contracts and other raw materials

In November 2015, the Group entered into long-term pitch supply contract where the price of pitch is determined with reference to the LME aluminium price. The strike price for aluminium is set at USD1,508 per tonne.

In May 2014, the Group entered into long-term petroleum coke supply contract where the price of coke is determined with reference to the LME aluminium price and average monthly aluminium quotations, namely of Aluminum MW US Transaction premium, MB Aluminium Premium Rotterdam Low - High» and Aluminum CIF Japan premium. The strike price for aluminium is set at USD1,809.65 per tonne while the strike aluminium quotations for US, Europe and Japan are set at USD403.956 per tonne, USD313.3 per tonne and USD366.0 per tonne, respectively.

In May and September 2011, the Group entered into long-term petroleum coke supply contracts where the price of coke is determined with reference to the LME aluminium price and the Brent oil price. The strike price for aluminium is set at USD2,403.45 per tonne and USD2,497.72 per tonne, respectively, while the strike price for oil is set at USD61.10 per barrel and USD111.89 per barrel, respectively.

26 Trade and other payables

	31 December 2015 USD million	31 December 2014 USD million
Accounts payable to third parties	**326**	**454**
Accounts payable to related parties, including:	**66**	**51**
Related parties – companies capable of exerting significant influence	*20*	*24*
Related parties – companies under common control	*13*	*25*
Related parties – associates and joint ventures	*33*	*2*
Advances received	**164**	**169**
Advances received from related parties, including:	**165**	**405**
Related parties – companies capable of exerting significant influence	*165*	*404*
Related parties – associates and joint ventures	-	*1*
Other payables and accrued liabilities	**116**	**138**
Other payable and accrued liabilities related parties, including:	**7**	**10**
Related parties – companies capable of exerting significant influence	-	*3*
Related parties – associates and joint ventures	*7*	*7*
Other taxes payable	**97**	**93**
Non-trade payables to third parties	**-**	**1**
	941	**1,321**

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

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

	31 December 2015 USD million	31 December 2014 USD million
Due within twelve months or on demand	392	505

27 Financial risk management and fair values

(a) Fair values

Management believes that the fair values of short-term financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than bonds issued.

Derivatives: the fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Option-based derivatives are valued using Black-Scholes models and Monte-Carlo simulations. The derivative financial instruments are recorded at their fair value at each reporting date.

The following table presents the fair value of Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined by IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level3 valuations: Fair value measured using significant unobservable inputs

The Group as at 31 December 2015

		Carrying amount					Fair value			
	Note	**Designated at fair value**	**Fair value - hedging instrument**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	25	109	-	-	-	109	-	-	109	109
Forward contracts for aluminium and other instruments	25	12	-	-	-	12	-	-	12	12
		121	**-**	**-**	**-**	**121**	**-**	**-**	**121**	**121**
Financial assets not measured at fair value*										
Trade and other receivables	19	-	-	676	-	676	-	676	-	676
Cash and cash equivalents	20	-	-	508	-	508	-	508	-	508
		-	**-**	**1,184**	**-**	**1,184**	**-**	**1,184**	**-**	**1,184**
Financial liabilities measured at fair value										
Cross-currency swaps	25	(370)	-	-	-	(370)	-	-	(370)	(370)
Interest rate swaps	25	(40)	-	-	-	(40)	-	-	(40)	(40)
Forward contracts for aluminium and other instruments	25	(11)	-	-	-	(11)	-	-	(11)	(11)
		(421)	**-**	**-**	**-**	**(421)**	**-**	**-**	**(421)**	**(421)**
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	22	-	-	-	(8,652)	(8,652)	-	(8,645)	-	(8,645)
Unsecured bank loans	22				(207)	(207)	-	(205)	-	(205)
Unsecured bond issue	23	-	-	-	(21)	(21)	(21)	-	-	(21)
Trade and other payables	26	-	-	-	(612)	(612)	-	(612)	-	(612)
		-	**-**	**-**	**(9,492)**	**(9,492)**	**(21)**	**(9,462)**	**-**	**(9,483)**

***** The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Group as at 31 December 2014

		Carrying amount					Fair value			
	Note	**Designated at fair value**	**Fair value - hedging instrument**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	25	45	-	-	-	45	-	-	45	45
Forward contracts for aluminium and other instruments	25	17	-	-	-	17	-	-	17	17
		62	**-**	**-**	**-**	**62**	**-**	**-**	**62**	**62**
Financial assets not measured at fair value*										
Trade and other receivables	19	-	-	476	-	476	-	476	-	**476**
Cash and cash equivalents	20	-	-	570	-	570	-	570	-	**570**
		-	**-**	**1,046**	**-**	**1,046**	**-**	**1,046**	**-**	**1,046**
Financial liabilities measured at fair value										
Cross-currency swaps	25	-	(446)	-	-	(446)	-	-	(446)	(446)
Interest rate swaps	25	-	(30)	-	-	(30)	-	-	(30)	(30)
Cross-currency option on loan	25	-	(166)	-	-	(166)	-	-	(166)	(166)
Forward contracts for aluminium and other instruments	25	(26)	-	-	-	(26)	-	-	(26)	(26)
		(26)	**(642)**	**-**	**-**	**(668)**	**-**	**-**	**(668)**	**(668)**
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	22	-	-	-	(9,150)	(9,150)	-	(8,603)	-	(8,603)
Unsecured bond issue	23	-	-	-	(257)	(257)	(258)	-	-	(258)
Trade and other payables	26	-	-	-	(747)	(747)	-	(747)	-	(747)
		-	**-**	**-**	**(10,154)**	**(10,154)**	**(258)**	**(9,350)**	**-**	**(9,608)**

***** The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a risk management group within its Department of Internal Control, which is responsible for developing and monitoring the Group's risk management policies. The Department reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Internal Audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) **Commodity price risk**

During the years ended 31 December 2015 and 2014, the Group has entered into certain long term electricity contracts and other commodity derivatives contracts in order to manage its exposure of commodity price risks. Details of the contracts are disclosed in note 25.

(ii) **Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (refer to note 22). The Group's policy is to manage its interest costs by monitoring changes in interest rates with respect to its borrowings.

The following table details the interest rate profile of the Group's borrowings at the reporting date.

	31 December 2015		31 December 2014	
	Effective interest rate %	**USD million**	**Effective interest rate %**	**USD million**
Fixed rate loans and borrowings				
Loans and borrowings	2.50%-12.00%	682	8.50%-12.00%	748
		682		**748**
Variable rate loans and borrowings				
Loans and borrowings	2.36%-7.63%	8,173	3.27%-24.95%	8,755
		8,173		**8,755**
		8,855		**9,503**

The following table demonstrates the sensitivity to cash flows from interest rate risk arising from floating rate non-derivative instruments held by the Group at the reporting date in respect of a reasonably possible change in interest rates, with all other variables held constant. The impact on the Group's profit before taxation and equity and retained profits/accumulated losses is estimated as an annualised input on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for all years presented.

	Increase/decrease in basis points	Effect on profit before taxation for the year	Effect on equity for the year
		USD million	**USD million**
As at 31 December 2015			
Basis percentage points	+100	(82)	79
Basis percentage points	-100	82	(79)
As at 31 December 2014			
Basis percentage points	+100	(88)	71
Basis percentage points	-100	88	(71)

(iii) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and EUR.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and EUR. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is set out in the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are ignored.

	USD-denominated vs. RUB functional currency		**RUB-denominated vs. USD functional currency**		**EUR-denominated vs. USD functional currency**		**Denominated in other currencies vs. USD functional currency**	
As at 31 December	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Non-current assets	-	-	4	4	-	-	1	31
Trade and other receivables	-	-	297	202	30	37	15	16
Cash and cash equivalents	-	-	64	306	37	17	16	22
Derivative financial assets	-	-	73	45	-	-	-	-
Loans and borrowings	(153)	(178)	(267)	(525)	(250)	(306)	-	-
Provisions	-	-	(70)	(75)	(33)	(30)	(19)	(16)
Derivative financial liabilities	-	-	-	(1)	-	-	-	-
Income taxation	-	-	(1)	(12)	(1)	(1)	(7)	(7)
Trade and other payables	(5)	(2)	(254)	(314)	(23)	(42)	(63)	(69)
Net exposure arising from recognised assets and liabilities	**(158)**	**(180)**	**(154)**	**(370)**	**(240)**	**(325)**	**(57)**	**(23)**

Foreign currency sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit before taxation (and accumulated losses) and other comprehensive income that could arise if foreign exchange rates to which the Group has significant exposure at the reporting date had changed at that date, assuming all other risk variables remained constant.

	Year ended 31 December 2015		
		USD million	**USD million**
	Change in exchange rates	**Effect on profit before taxation for the year**	**Effect on equity for the year**
Depreciation of USD vs. RUB	15%	1	1
Depreciation of USD vs. EUR	5%	(12)	(12)
Depreciation of USD vs. other currencies	5%	(3)	(3)

	Year ended 31 December 2014		
		USD million	USD million
	Change in exchange rates	Effect on profit before taxation for the year	Effect on equity for the year
Depreciation of USD vs. RUB	15%	(28)	(24)
Depreciation of USD vs. EUR	5%	(16)	(16)
Depreciation of USD vs. other currencies	5%	(1)	(1)

Results of the analysis as presented in the above tables represent an aggregation of the instantaneous effects on the Group entities' profit before taxation and other comprehensive income measured in the respective functional currencies, translated into USD at the exchange rates ruling at the reporting date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the reporting date. The analysis excludes differences that would result from the translation of other financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for all years presented.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

The following tables show the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest the Group can be required to pay.

	31 December 2015 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	TOTAL	Carrying amount
	USD million	USD million	USD million	USD million	USD million	USD million
Trade and other payables to third parties	442	-	-	-	442	442
Trade and other payables to related parties	73	-	-	-	73	73
Bonds, including interest payable	21	-	-	-	21	21
Loans and borrowings, incl. interest payable	1,746	1,571	5,540	2,147	11,004	8,859
Guarantees	52	63	-	-	115	100
	2,334	**1,634**	**5,540**	**2,147**	**11,655**	**9,495**

	31 December 2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**TOTAL**	**Carrying amount**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Trade and other payables to third parties	593	-	-	-	593	593
Trade and other payables to related parties	61	-	-	-	61	61
Bonds, including interest payable	164	119	-	-	283	257
Loans and borrowings, including interest payable	788	1,770	4,466	5,039	12,063	9,150
Guarantees	47	102	-	-	149	100
	1,653	**1,991**	**4,466**	**5,039**	**13,149**	**10,161**

(e) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The majority of the Group's third party trade receivables represent balances with the world's leading international corporations operating in the metals industry. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Goods are normally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables. The details of impairment of trade and other receivables are disclosed in note 19. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets and financial guarantees given.

At 31 December 2015 and 2014, the Group has certain concentrations of credit risk as 7.5% and 10.2% of the total trade receivables were due from the Group's largest customer and 8.9% and 13.0% of the total trade receivables were due from the Group's five largest customers, respectively (refer to note 5 for the disclosure on revenue from largest customer).

With respect to credit risk arising from guarantees, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries, associates and joint ventures. Management have recognised a provision of USD100 million against the Group's exposure to guarantees (refer to note 24(e)).

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries were subject to externally imposed capital requirements in the both years presented in these consolidated financial statements.

(g) Master netting or similar agreements

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events.

There are no financial instruments that meet the offsetting criteria in the statement of financial position for the year ended 31 December 2015. Amount of USD21 million related to recognised financial instruments that do not meet some or all of the offsetting criteria is included within financial assets and liabilities of the Group as at 31 December 2015 (31 December 2014: USD35 million).

28 Commitments

(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 31 December 2015 and 31 December 2014 approximated USD169 million and USD319 million, respectively. These commitments are due over a number of years.

(b) Purchase commitments

Commitments with third parties for purchases of alumina, bauxite, other raw materials and other purchases in 2016-2034 under supply agreements are estimated from USD3,793 million to USD4,912 million at 31 December 2015 (31 December 2014: USD3,400 million to USD3,962 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties – companies under common control for purchases of alumina in 2016-2017 under supply agreements are estimated at USD110 million at 31 December 2015 (31 December 2014: USD262 million). Commitments with a related party - joint venture for purchases of primary aluminium and alloys in 2016-2030 under supply agreements are estimated from USD5,512 million to USD6,838 million (31 December 2014: nil) depending on the actual purchase volumes and applicable prices.

(c) Sale commitments

Commitments with third parties for sales of alumina and other raw materials in 2016-2034 are estimated from USD793 million to USD1,349 million at 31 December 2015 (31 December 2014:

from USD958 million to USD1,946 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina in 2016-2019 approximated from USD504 million to USD1,046 million at 31 December 2015 (31 December 2014: from USD852 million to USD1,324 million).

Commitments with related parties for sales of primary aluminium and alloys in 2016-2030 are estimated to range from USD4,441 million to USD5,016 million at 31 December 2015 (31 December 2014: from USD5,780 million to USD6,690 million). Commitments with third parties for sales of primary aluminium and alloys at 31 December 2015 are estimated to range from USD307 million to USD654 million (31 December 2014: from USD923 million to USD1,144 million). These commitments will be settled at market price at the date of delivery. Commitments include sales to Glencore in accordance with a long-term contract for which the sales volumes will depend on the actual production in 2016-2017. The volume of sales commitments to Glencore for 2016 year under the agreement is specified and is estimated to be from USD2,179 to USD2,268 million.

(d) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2015	31 December 2014
	USD million	USD million
Less than one year	9	5
Between one and five years	7	14
	16	**19**

(e) Social commitments

The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services, recreation and other social needs of the regions of the Russian Federation where the Group's production entities are located. The funding of such assistance is periodically determined by management and is appropriately capitalised or expensed as incurred.

29 Contingencies

(a) Taxation

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

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

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 31 December 2015 is USD237 million (31 December 2014: USD357 million).

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

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

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

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

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

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

The new controlled foreign company (“CFC”) rules have been introduced in Russia starting from 1 January 2015. The rules apply to undistributed profits of non-Russian CFC controlled by Russian tax-resident shareholders. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-

Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 in relation to non-Russian affiliates of the Group where such shareholders directly or indirectly control more than 10% of those affiliates.

(b) 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.

(c) 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 financial statements (refer to note 24). As at 31 December 2015 the amount of claims, where management assesses outflow as possible approximates USD37 million (31 December 2014: USD111 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion. In January 2014 the court granted the Company's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. The next hearing is currently scheduled for 22 March 2016. 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.

(d) Risks and concentrations

A description of the Group's major products and its principal markets, as well as exposure to foreign currency risks are provided in note 1 "Background" and note 27 "Financial risk management and fair values". The price at which the Group can sell its products is one of the primary drivers of the Group's revenue. The Group's prices are largely determined by prices set in the international market. The Group's future profitability and overall performance is strongly affected by the price of primary aluminium that is set in the international market.

(e) Insurance

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

30 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 (refer to note 9(a)):

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Salaries and bonuses	65	60
Share-based compensation	-	1
	65	**61**

(b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, accounts receivable from associates and joint ventures are disclosed in note 19 and accounts payable to associates and joint ventures are disclosed in note 26.

(c) Transactions with other related parties

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

Sales to related parties for the year are disclosed in note 5, accounts receivable from related parties are disclosed in note 19, accounts payable to related parties are disclosed in note 26, commitments with related parties are disclosed in note 28, directors remuneration in note 10 and other transactions with shareholders are disclosed in notes 21 and 12.

Purchases of raw materials and services from related parties and interest income and expense are recurring and for the year were as follows:

	Year ended 31 December	
	2015	**2014**
	USD million	**USD million**
Purchases of raw materials – companies under common control	55	90
Purchases raw materials – companies capable of exerting significant influence	129	196
Purchases of raw materials – associates and joint ventures	62	27
Energy costs – companies under common control	428	537
Energy costs – companies capable of exerting significant influence	23	42
Energy costs – associates and joint ventures	143	-
Other costs – companies under common control	25	20
Other costs – associates and joint ventures	141	152
Distribution expenses - companies under common control	1	1
	1,007	**1,065**

Electricity contracts

The Group has indicated the intention to purchase electricity during the years 2016 through 2018 under long-term agreements with related parties. The estimated value of this commitment for each year is presented in the table below, excluding the impact of embedded derivatives recognised in these consolidated financial statements.

Year	**2016**	**2017**	**2018**
Volumes, KWh million	45,830	46,900	46,952
Estimated value, USD million	405	417	418

In the beginning of 2011, the rules and regulations of the wholesale electricity and capacity market in the Russian Federation changed. Amongst all the changes, companies are required to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts on a monthly and quarterly basis.

(d) Related parties balances

At 31 December 2015, included in non-current assets and non-current liabilities are balances of related parties – companies under common control of USD38 million and balances of related parties – associates and joint ventures of USD55 million, respectively (31 December 2014: USD35 million and USD61 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.

(f) Connected transactions

Not all the related party transactions and balances disclosed above meet the definition of connected transactions as per Chapter 14 of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Director's Report section of the Annual Report of the Company for the year ended 31 December 2015.

31 Particulars of subsidiaries

As at 31 December 2015 and 2014, the Company has direct and indirect interests in the following subsidiaries, which principally affected the results, assets and liabilities of the Group:

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
Compagnie Des Bauxites De Kindia S.A.	Guinea	29 November 2000	2,000 shares of GNF 25,000 each	100.0%	Bauxite mining
Friguia	Guinea	9 February 1957	388 649 shares of GNF 35,000 each	100.0%	Alumina
OJSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUB1 each	100.0%	Alumina
RUSAL Mykolaev Ltd	Ukraine	16 September 2004	1,524,126,720 UAH	100.0%	Alumina
OJSC RUSAL Boxitogorsk Alumina	Russian Federation	27 October 1992	1,012,350 shares of RUB1 each	100.0%	Alumina
Eurallumina SpA	Italy	21 March 2002	10,000,000 shares of EUR1.55 each	100.0%	Alumina
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
OJSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB20 each	100.0%	Smelting
OJSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUB0.1 each	100.0%	Smelting
JSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	59,902,661,099 shares of RUB0.068 each	100.0%	Smelting
RUSAL Resal Ltd	Russian Federation	15 November 1994	charter fund of RUB27,951,217.29	100.0%	Processing
OJSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUB0.006 each	100.0%	Foil
CJSC RUSAL ARMENAL	Armenia	17 May 2000	3,140,700 shares of AMD 1,000 each	100.0%	Foil

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
RUS-Engineering Ltd	Russian Federation	18 August 2005	charter fund of RUB 1,751,832,184	100.0%	Repairs and maintenance
JSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUB1 each	100.0%	Holding company
Rusal Global Management B.V.	Netherlands	8 March 2001	charter fund of EUR25,000	100.0%	Management company
OJSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB100 each	100.0%	Trading
Rusal America Corp.	USA	29 March 1999	1,000 shares of USD 0.01 each	100.0%	Trading
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF 20,000	100.0%	Trading
Rusal Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading
RTI Limited	Jersey	27 October 2006	21,600 shares of USD1 each	100.0%	Trading
Alumina & Bauxite Company Limited	British Virgin Islands	3 March 2004	231,179,727 shares of USD1 each	100.0%	Trading
CJSC Komi Aluminii	Russian Federation	13 February 2003	4,303,000,000 shares of RUB1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	100.0%	Bauxite mining
OJSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	2,386,254 shares of RUB275.85 each	100.0%	Bauxite mining
OJSC SUAL	Russian Federation	26 September 1996	2,542,941,932 shares of RUB1 each	100.0%	Primary aluminum and alumina production
SUAL-PM LLC	Russian Federation	20 October 1998	charter fund of RUB56,300,959	100.0%	Aluminum powders production
CJSC Kremniy	Russian Federation	3 August 1998	320,355 shares of RUB1,000 each	100.0%	Silicon production
SUAL-Kremniy-Ural LLC	Russian Federation	1 March 1999	charter fund of RUB8,763,098	100.0%	Silicon production
UC RUSAL Alumina Jamaica Limited	Jamaica	26 April 2001	1,000,000 shares of USD1 each	100.0%	Alumina
UC RUSAL Alumina Jamaica II Limited	Jamaica	16 May 2004	200 shares of USD1 each	100.0%	Alumina
Kubikenborg Aluminium AB	Sweden	26 January 1934	25,000 shares of SEK 1,000 each	100.0%	Smelting
RFCL Sarl	Luxembourg	13 March 2013	119,919,200,000 RUB	100.0%	Finance services
Aktivium B.V.	Netherlands	28 December 2010	215,458,134,321 shares of RUB1 each	100.0%	Holding and investment company
Aughinish Alumina Ltd	Ireland	22 September 1977	1,000 shares of EUR2 each	100.0%	Alumina

Trading entities are engaged in the sale of products to and from the production entities.

32 Immediate and ultimate controlling party

At 31 December 2015 and 2014, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. En+ is controlled by Fidelitas International Investments Corp. (a company incorporated in Panama) through its wholly-owned subsidiary. Mr. Oleg V. Deripaska is the founder, the trustee and a principal beneficiary of a discretionary trust, which controls Fidelitas International Investments Corp. None of these entities produce financial statements available for public use.

33 Statement of Financial Position of the Company as at 31 December 2015

	31 December 2015 USD million	31 December 2014 USD million
ASSETS		
Non-current assets		
Investments in subsidiaries	15,841	21,688
Loans to related parties	1,779	-
Total non-current assets	**17,620**	**21,688**
Current assets		
Other receivables	187	1,839
Cash and cash equivalents	11	13
Total current assets	**198**	**1,852**
Total assets	**17,818**	**23,540**
EQUITY AND LIABILITIES		
Equity		
Share capital	152	152
Reserves	7,640	10,165
Total equity	**7,792**	**10,317**
Non-current liabilities		
Loans and borrowings	6,745	7,810
Total non-current liabilities	**6,745**	**7,810**
Current liabilities		
Loans and borrowings	1,686	1,146
Trade and other payables	813	2,638
Other current liabilities	782	1,629
Total current liabilities	**3,281**	**5,413**
Total liabilities	**10,026**	**13,223**
Total equity and liabilities	**17,818**	**23,540**
Net current liabilities	**(3,083)**	**(3,561)**
Total assets less current liabilities	**14,537**	**18,127**

Approved and authorised for issue by the board of directors on 8 March 2016.

34 Events subsequent to the reporting date

There were no significant events subsequent to the reporting date.

35 Accounting estimates and judgements

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Property, plant and equipment – recoverable amount

In accordance with the Group's accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (refer to 'Bauxite reserve estimates' below), operating costs, restoration and rehabilitation costs and future capital expenditure. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged against the statement of income.

Inventories – net realisable value

The Group recognises write-downs of inventories based on an assessment of the net realisable value of the inventories. A write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of the inventories and the write-down of inventories charged to the statement of income in the periods in which such estimate has been changed.

Goodwill – recoverable amount

In accordance with the Group's accounting policies, goodwill is allocated to the Group's Aluminium segment as it represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is tested for impairment annually by preparing a formal estimate of the recoverable amount. The recoverable amount is estimated as the value in use of the Aluminium segment.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to goodwill.

Investments in associates and joint ventures – recoverable amount

In accordance with the Group's accounting policies, each investment in an associate or joint venture is evaluated every reporting period to determine whether there are any indications of impairment after application of the equity method of accounting. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment in an associate or joint venture is measured at the higher of fair value less costs to sell and value in use.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to investments in associates or joint venture. In addition to the considerations described above the Group may also assess the estimated future cash flows expected to arise from dividends to be received from the investment, if such information is available and considered reliable.

Legal proceedings

In the normal course of business the Group may be involved in legal proceedings. Where management considers that it is more likely than not that proceedings will result in the Group compensating third parties a provision is recognised for the best estimate of the amount expected to be paid. Where management considers that it is more likely than not that proceedings will not result in the Group compensating third parties or where, in rare circumstances, it is not considered possible to provide a sufficiently reliable estimate of the amount expected to be paid, no provision is made for any potential liability under the litigation but the circumstances and uncertainties involved are disclosed as contingent liabilities. The assessment of the likely outcome of legal proceedings and the amount of any potential liability involves significant judgement. As law and regulations in many of the countries in which the Group operates are continuing to evolve, particularly in the areas of taxation, sub-soil rights and protection of the environment, uncertainties regarding litigation and regulation are greater than those typically found in countries with more developed legal and regulatory frameworks.

Provision for restoration and rehabilitation

The Group's accounting policies require the recognition of provisions for the restoration and rehabilitation of each site when a legal or constructive obligation exists to dismantle the assets and restore the site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and interest charges. For closed sites, changes to estimated costs are recognised immediately in the statement of income.

Taxation

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from carried forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and is not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Assumptions are also required about the application of income tax legislation. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of income.

The Group generally provides for current tax based on positions taken (or expected to be taken) in its tax returns. Where it is more likely than not that upon examination by the tax authorities of the positions taken by the Group additional tax will be payable, the Group provides for its best estimate of the amount expected to be paid (including any interest and/or penalties) as part of the tax charge.

Bauxite reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

The Group determines ore reserves under the Australasian Code for Reporting of Mineral Resources and Ore Reserves September 1999, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Since economic assumptions used to estimate reserves change from period to period, and since additional geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depletion charged in the statement of income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of income.

Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the statement of income.

Defined benefit pension and other post retirement schemes

For defined benefit pension schemes, the cost of benefits charged to the statement of income includes current and past service costs, interest costs on defined benefit obligations and the effect of any curtailments or settlements, net of expected returns on plan assets. An asset or liability is consequently recognised in the statement of financial position based on the present value of defined obligations, less any unrecognised past service costs and the fair value of plan assets.

The accounting policy requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For defined benefit pension schemes, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, exchange rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in the statement of comprehensive income.

36 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year

The IASB has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial years included in these consolidated financial statements, and which have not been adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Annual Improvements to IFRSs, 2012-2014 cycle, various standards	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment entities: applying the consolidation exemption*	1 January 2016
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to IFRS 11: *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41, *Agriculture: Bearer plants*	1 January 2016
Amendments to IAS 27, Separate Financial Statements: *Equity Method in Separate Financial Statements*	1 January 2016
IFRS 9, Financial Instruments	1 January 2018
IFRS 15, Revenue from Contracts with Customers	1 January 2018
IFRS 16, Leases	1 January 2019