RUSAL

United Company RUSAL Plc
Consolidated Interim Condensed Financial Information
for the three months ended
31 March 2016

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

To the Board of Directors

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

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of United Company RUSAL Plc (the "Company") and its subsidiaries (the "Group") as at 31 March 2016, and the related consolidated interim condensed statements of income and comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2016, and notes to the interim financial information (the "consolidated interim condensed financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of consolidated interim condensed financial information to be in compliance with the relevant provisions thereof and International Financial Reporting Standard IAS 34, *Interim Financial Reporting*. The directors are responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

We were unable to obtain and review consolidated interim financial information of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"), supporting the Group's estimate of the share of profit, other comprehensive income and the foreign currency translation gain in relation to that investee of USD122 million, USD nil million and USD247 million, respectively, for the three-month period ended 31 March 2016 and the carrying value of the Group's investment in the investee stated at USD3,139 million as at 31 March 2016. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2016 and for the three-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

JSC KPMG

JSC "KPMG"

12 May 2016

		Three months ended 31 March	
		2016 (unaudited)	**2015 (unaudited)**
	Note	**USD million**	**USD million**
Revenue	6	1,914	2,477
Cost of sales		(1,546)	(1,658)
Gross profit		**368**	**819**
Distribution expenses		(77)	(75)
Administrative expenses		(114)	(128)
Impairment of non-current assets		(19)	(18)
Other operating income/(expenses)		12	(15)
Results from operating activities		**170**	**583**
Finance income	7	7	12
Finance expenses	7	(203)	(332)
Share of profits of associates and joint ventures	10	182	228
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary		-	155
Profit before taxation		**156**	**646**
Income tax	8	(30)	(74)
Profit for the period		**126**	**572**
Attributable to:			
Shareholders of the Company		126	572
Earnings per share			
Basic and diluted earnings per share (USD)	9	0.0083	0.0377

The consolidated interim condensed statement of income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 11 to 31.

		Three months ended 31 March	
		2016 **(unaudited)**	**2015** **(unaudited)**
	Note	**USD million**	**USD million**
Profit for the period		**126**	**572**
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	10	-	1
Change in fair value of cash flow hedges		3	93
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary		-	(155)
Foreign currency translation differences for equity-accounted investees		274	(242)
Foreign currency translation differences for foreign operations		49	4
		326	**(299)**
Other comprehensive income for the period, net of tax		**326**	**(299)**
Total comprehensive income for the period		**452**	**273**
Attributable to:			
Shareholders of the Company		452	273
Total comprehensive income for the period		**452**	**273**

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 11 to 31.

	Note	31 March 2016 (unaudited) USD million	31 December 2015 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		3,826	3,854
Intangible assets		2,351	2,274
Interests in associates and joint ventures	10	3,613	3,214
Derivative financial assets	16	60	71
Deferred tax assets		48	51
Other non-current assets		50	51
Total non-current assets		**9,948**	**9,515**
Current assets			
Inventories		1,712	1,837
Trade and other receivables	11	686	710
Dividends receivable		4	189
Derivative financial assets	16	41	50
Cash and cash equivalents		782	508
Total current assets		**3,225**	**3,294**
Total assets		**13,173**	**12,809**

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 11 to 31.

	Note	31 March 2016 (unaudited) USD million	31 December 2015 USD million
EQUITY AND LIABILITIES			
Equity	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,826	2,823
Currency translation reserve		(9,655)	(9,978)
Accumulated losses		(7,266)	(7,392)
Total equity		**1,843**	**1,391**
Non-current liabilities			
Loans and borrowings	13	7,229	7,525
Bonds		28	-
Provisions	15	513	487
Deferred tax liabilities		526	531
Other non-current liabilities		51	63
Total non-current liabilities		**8,347**	**8,606**
Current liabilities			
Loans and borrowings	13	1,687	1,334
Bonds	14	-	21
Current tax liabilities		11	10
Trade and other payables	17	871	941
Provisions	15	36	85
Derivative financial liabilities	16	378	421
Total current liabilities		**2,983**	**2,812**
Total liabilities		**11,330**	**11,418**
Total equity and liabilities		**13,173**	**12,809**
Net current assets		**242**	**482**
Total assets less current liabilities		**10,190**	**9,997**

Approved and authorised for issue by the board of directors on 12 May 2016.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 11 to 31.

	Share capital	Shares held for vesting	Share premium	Other reserves	Currency translation reserve	Accumulated losses	Total equity
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Balance at 1 January 2016	**152**	**-**	**15,786**	**2,823**	**(9,978)**	**(7,392)**	**1,391**
Profit for the period (unaudited)	-	-	-	-	-	126	126
Other comprehensive income for the period (unaudited)	-	-	-	3	323	-	326
Total comprehensive income for the period (unaudited)	**-**	-	**-**	**3**	**323**	**126**	**452**
Balance at 31 March 2016 (unaudited)	**152**	**-**	**15,786**	**2,826**	**(9,655)**	**(7,266)**	**1,843**
Balance at 1 January 2015	**152**	**(1)**	**15,786**	**2,679**	**(8,679)**	**(7,700)**	**2,237**
Profit for the period (unaudited)	-	-	-	-	-	572	572
Other comprehensive income for the period (unaudited)	-	-	-	94	(393)	-	(299)
Total comprehensive income for the period (unaudited)	**-**	-	**-**	**94**	**(393)**	**572**	**273**
Balance at 31 March 2015 (unaudited)	**152**	**(1)**	**15,786**	**2,773**	**(9,072)**	**(7,128)**	**2,510**

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 11 to 31.

		Three months ended 31 March	
		2016 (unaudited)	**2015 (unaudited)**
	Note	**USD million**	**USD million**
OPERATING ACTIVITIES			
Profit for the period		**126**	**572**
Adjustments for:			
Depreciation		117	118
Amortisation		3	2
Impairment of non-current assets		19	18
Reversal of impairment of trade and other receivables		(7)	(2)
(Reversal of impairment)/impairment of inventories		(2)	1
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary		-	(155)
Reversal of provision for legal claims	15	(1)	-
Pension provision	15	1	1
Change in fair value of derivative financial instruments	7	6	29
Foreign exchange loss		50	66
Loss on disposal of property, plant and equipment		3	-
Interest expense	7	147	177
Interest income	7	(7)	(12)
Income tax expense	8	30	74
Share of profits of associates and joint ventures	10	(182)	(228)
Cash from operating activities before changes in working capital and provisions		**303**	**661**
Decrease in inventories		120	136
Decrease in trade and other receivables		25	14
Increase in prepaid expenses and other assets		(2)	-
Decrease in trade and other payables		(99)	(106)
Decrease in provisions		(6)	(3)
Cash generated from operations before income tax paid		**341**	**702**
Income taxes paid		(21)	(90)
Net cash generated from operating activities		**320**	**612**

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 31.

	Three months ended 31 March	
	2016 (unaudited)	**2015 (unaudited)**
	USD million	**USD million**
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2	7
Interest received	7	11
Acquisition of property, plant and equipment	(82)	(86)
Acquisition of intangible assets	(2)	(1)
Loans granted to related party	(2)	-
Dividends from associates and joint ventures	171	6
Changes in restricted cash	(3)	(3)
Net cash generated from/(used in) investing activities	**91**	**(66)**
FINANCING ACTIVITIES		
Proceeds from borrowings	279	66
Repayment of borrowings	(308)	(213)
Interest paid	(97)	(145)
Settlement of derivative financial instruments	(16)	(165)
Net cash used in financing activities	**(142)**	**(457)**
Net increase in cash and cash equivalents	**269**	**89**
Cash and cash equivalents at 1 January	494	557
Effect of exchange rate fluctuations on cash and cash equivalents	2	(42)
Cash and cash equivalents at the end of the period	**765**	**604**

Restricted cash amounted to USD17 million and USD14 million at 31 March 2016 and 31 December 2015, respectively.

Non-cash repayment of borrowings and interest amounted to USD46 million and USD41 million for the three-month periods ended 31 March 2016 and 31 March 2015, respectively.

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 11 to 31.

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 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 March 2016 and 31 December 2015 was as follows:

	31 March 2016	**31 December 2015**
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 March 2016 and 31 December 2015 the Group held 4,773 ordinary shares, for long term incentive plan ("LTIP") (note 12(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 are detailed in note 19.

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 are available at the Company's website www.rusal.com.

2 Basis of preparation

Statement of compliance

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

This consolidated interim condensed financial information does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

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

Annual Improvements to IFRSs, 2012-2014 cycle, various standards

Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment entities: applying the consolidation exemption*

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to IFRS 11: *Accounting for acquisitions of interests in joint operations*

Amendments to IAS 1: *Disclosure Initiative*

Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*

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

3 Significant accounting policies

The accounting policies and judgments applied by the Group in this consolidated interim condensed financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015. The adoption of other new standards and amendments did not have a significant impact on the Group.

4 Seasonality

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

5 Segment reporting

Reportable segments

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

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

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

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

Mining and Metals. The Mining and Metals segment includes the equity investment in 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 meets any of the quantitative thresholds for determining reportable segments.

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

Segment results, assets and liabilities

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

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

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

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

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

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

(i) Reportable segments

Three months ended 31 March 2016

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	1,594	153	-	-	**1,747**
Inter-segment revenue	19	298	-	-	**317**
Total segment revenue	**1,613**	**451**	**-**	**-**	**2,064**
Segment profit/(loss)	**230**	**(12)**	**-**	**-**	**218**
Impairment of non-current assets	(11)	(8)	-	-	**(19)**
Share of profits of associates and joint ventures	-	1	59	122	**182**
Depreciation/amortisation	(98)	(21)	-	-	**(119)**
Non-cash expense other than depreciation/amortization	7	3	-	-	**10**
Additions to non-current segment assets during the period	75	3	-	-	**78**
Non-cash additions to non-current segment assets related to site restoration	**14**	-	**-**	**-**	**14**

Three months ended 31 March 2015

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	2,150	146	-	-	**2,296**
Inter-segment revenue	41	356	-	-	**397**
Total segment revenue	**2,191**	**502**	-	-	**2,693**
Segment profit/(loss)	**640**	**67**	**(1)**	**-**	**706**
Impairment of non-current assets	(6)	(12)	-	-	**(18)**
Share of (losses)/profits of associates and joint ventures	(20)	(3)	12	239	**228**
Depreciation/amortisation	(99)	(19)	-	-	**(118)**
Non-cash expense other than depreciation/amortization	-	1	-	-	**1**
Additions to non-current segment assets during the period	55	24	-	8	**87**
Non-cash additions to non-current segment assets related to site restoration	-	10	**-**	**-**	**10**

At 31 March 2016

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Segment assets	7,845	1,637	49	-	**9,531**
Interests in associates and joint ventures	-	-	471	3,139	**3,610**
Total segment assets					**13,141**
Segment liabilities	(1,480)	(652)	(51)	-	**(2,183)**
Total segment liabilities					**(2,183)**

At 31 December 2015

	Aluminium	Alumina	Energy	Mining and Metals	Total
	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)**

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

	Three months ended 31 March	
	2016	2015
	USD million	USD million
Revenue		
Reportable segment revenue	2,064	2,693
Elimination of inter-segment revenue	(317)	(397)
Unallocated revenue	167	181
Consolidated revenue	**1,914**	**2,477**

	Three months ended 31 March	
	2016	2015
	USD million	USD million
Profit		
Reportable segment profit	218	706
Impairment of non-current assets	(19)	(18)
Share of profits of associates and joint ventures	182	228
Finance income	7	12
Finance expenses	(203)	(332)
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiary	-	155
Unallocated expenses	(29)	(105)
Consolidated profit before taxation	**156**	**646**

	31 March 2016 USD million	31 December 2015 USD million
Assets		
Reportable segment assets	13,141	12,656
Elimination of inter-segment receivables	(439)	(346)
Unallocated assets	471	499
Consolidated total assets	**13,173**	**12,809**

	31 March 2016 USD million	31 December 2015 USD million
Liabilities		
Reportable segment liabilities	(2,183)	(2,224)
Elimination of inter-segment payables	439	346
Unallocated liabilities	(9,586)	(9,540)
Consolidated total liabilities	**(11,330)**	**(11,418)**

6 Revenue

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Sales of primary aluminium and alloys	**1,594**	**2,150**
Third parties	*883*	*1,129*
Related parties – companies capable of exerting significant influence	*682*	*985*
Related parties – companies under common control	*29*	*35*
Related parties – associates and joint ventures	*-*	*1*
Sales of alumina and bauxite	**153**	**146**
Third parties	*98*	*85*
Related parties – companies capable of exerting significant influence	*36*	*61*
Related parties – associates and joint ventures	*19*	*-*
Sales of foil	**51**	**68**
Third parties	*50*	*66*
Related parties – companies under common control	*1*	*2*
Other revenue including energy and transportation services	**116**	**113**
Third parties	*92*	*106*
Related parties – companies capable of exerting significant influence	*6*	*1*
Related parties – companies under common control	*4*	*3*
Related parties – associates and joint ventures	*14*	*3*
	1,914	**2,477**

7 Finance income and expenses

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Finance income		
Interest income on third party loans and deposits	6	11
Interest income on loans to related parties – *companies under common control*	1	1
	7	**12**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(70)	(82)
Interest expense on bank loans wholly repayable after 5 years	(72)	(88)
Interest expense on company loans from related parties – *companies exerting significant influence*	(4)	(4)
Change in fair value of derivative financial instruments (refer to note 16)	(6)	(29)
Net foreign exchange loss	(50)	(126)
Interest expense on provisions	(1)	(3)
	(203)	**(332)**

8 Income tax

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Current tax		
Current tax for the period	25	69
Deferred tax		
Origination and reversal of temporary differences	5	5
Actual tax expense	**30**	**74**

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 2016 are 9.27% and 14.60% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 31 March 2016 were the same as for the period ended 31 March 2015 and the year ended 31 December 2015.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the three months ended 31 March 2016 and 31 March 2015.

Weighted average number of shares:

	Three months ended 31 March	
	2016	**2015**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(4,773)	(2,700,950)
Weighted average number of shares at end of the period	15,193,010,089	15,190,313,912
Profit for the period, USD million	**126**	**572**
Basic and diluted earnings per share, USD	**0.0083**	**0.0377**

There were no outstanding dilutive instruments during the periods ended 31 March 2016 and 31 March 2015.

No dividends were declared and paid during the periods presented.

10 Interests in associates and joint ventures

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Balance at the beginning of the period	**3,214**	**4,879**
Group's share of profits, impairment and reversal of impairment	182	228
Group's share of other comprehensive income	-	1
Dividends	(7)	(14)
Adjustment for guarantee	(50)	-
Foreign currency translation	274	(242)
Balance at the end of the period	**3,613**	**4,852**
Goodwill included in interests in associates	2,223	2,748

Investment in Norilsk Nickel

At the date of this consolidated interim condensed financial information the Group was unable to obtain consolidated interim financial information of Norilsk Nickel as at and for the three-month period ended 31 March 2016. Consequently the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the period ended 31 March 2016 based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many aspects. Once the consolidated interim financial information for Norilsk Nickel becomes available, it is compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share in profit, other comprehensive income, foreign currency translation and the carrying value of the investment in Norilsk Nickel which has been previously reported.

The market value of the investment in Norilsk Nickel at 31 March 2016 is USD5,726 million (31 December 2015: USD5,542 million). The market value is determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

11 Trade and other receivables

	31 March 2016	**31 December 2015**
	USD million	**USD million**
Trade receivables from third parties	203	161
Impairment loss on trade receivables	(18)	(18)
Net trade receivables from third parties	**185**	**143**
Trade receivables from related parties, including:	**68**	**79**
Companies capable of exerting significant influence	*47*	*76*
Impairment loss	-	*(7)*
Net trade receivables from companies capable of exerting significant influence	*47*	*69*
Companies under common control	*12*	*4*
Associates and joint ventures	*9*	*6*
VAT recoverable	194	214
Impairment loss on VAT recoverable	(26)	(26)
Net VAT recoverable	**168**	**188**
Advances paid to third parties	57	86
Impairment loss on advances paid	(4)	(4)
Net advances paid to third parties	**53**	**82**
Advances paid to related parties, including:	**55**	**47**
Companies under common control	*3*	*5*
Associates and joint ventures	*52*	*42*
Prepaid expenses	**16**	**15**
Prepaid income tax	**62**	**64**
Prepaid other taxes	**12**	**15**
Other receivables from third parties	64	74
Impairment loss on other receivables	(1)	(1)
Net other receivables from third parties	**63**	**73**
Other receivables from related parties, including:	**4**	**4**
Companies under common control	*4*	*4*
	686	**710**

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

(a) Ageing analysis

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

	31 March 2016 USD million	31 December 2015 USD million
Current	206	152
Past due 0-90 days	35	54
Past due 91-365 days	12	12
Past due over 365 days	-	4
Amounts past due	47	70
	253	**222**

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

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

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recognised unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the periods, including both specific and collective loss components, is as follows:

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Balance at the beginning of the period	(25)	(18)
Reversal of impairment	7	-
Balance at the end of the period	**(18)**	**(18)**

As at 31 March 2016 and 31 December 2015, Group trade receivables of USD18 million and USD25 million, respectively, were individually determined to be impaired. Management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

12 Equity

(a) Share capital

	Three months ended 31 March 2016		Three months ended 31 March 2015	
	USD	**Number of shares**	**USD**	**Number of shares**
Ordinary shares at the end of the period, authorised	200 million	20 billion	200 million	20 billion
Ordinary shares at 1 January	151,930,148	15,193,014,862	151,930,148	15,193,014,862
Ordinary shares at the end of the period USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	**151,930,148**	**15,193,014,862**

(b) Share-based compensation

As at 31 March 2016 and 31 December 2015 the Group held 4,773 of its own shares, which were acquired on the open market for the share-based incentive plans ("Shares held for vesting").

During the three-month period ended 31 March 2016 and 31 March 2015 the Group did not recognise any additional employee expense in relation to the share-based plans.

(c) Other reserves

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

(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 debt restructuring agreements.

(e) Currency translation reserve

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

13 Loans and borrowings

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

	31 March 2016	**31 December 2015**
	USD million	**USD million**
Non-current liabilities		
Secured bank loans	7,122	7,418
Unsecured bank loans	107	107
	7,229	**7,525**
Current liabilities		
Secured bank loans	1,399	1,023
Unsecured bank loans	100	100
Secured loans from related parties	142	186
Accrued interest	46	25
	1,687	**1,334**

The Group's bank loans are secured by pledges of shares of the Group's subsidiaries and by pledges of the shares of an associate, the details of which are disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2015.

The secured bank loans are also secured by the following:

- inventory with a carrying value of USD194 million (31 December 2015: USD114 million);
- property, plant and equipment, inventory, receivables with a carrying amount of USD872 million (31 December 2015: USD756 million).

As at 31 March 2016 and 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 USD9,035 million at 31 March 2016 (31 December 2015: USD9,011 million).

As at 31 March 2016 the Group made a principal repayment in total amounts of USD53 million and EUR6 million (USD7 million) under credit facilities with Gazprombank and VTB Capital.

14 Bonds

On 3 March and 18 April 2011, one of the Group's subsidiaries issued two tranches of rouble denominated bonds, each including 15 million bonds, with a par value of 1,000 roubles each on MICEX. Maturity of the first tranche is seven years. Maturity of the second tranche is ten years subject to a put option exercisable in April 2017.

As of 31 March 2016 1,835,414 series 07 bonds and 53,680 series 08 bonds were outstanding (traded in the market).

The closing market price at 31 March 2016 was RUB1,022 and RUB1,010 per bond for the first and second tranches, respectively.

15 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
Balance at 1 January 2016	**52**	**365**	**13**	**42**	**100**	**572**
Provisions made during the period	2	14	-	-	-	16
Provisions reversed during the period	-	-	(1)	-	(50)	(51)
Provisions utilised during the period	(1)	-	-	(5)	-	(6)
Foreign currency translation	3	15	-	-	-	18
Balance at 31 March 2016	**56**	**394**	**12**	**37**	**50**	**549**
Non-current	*51*	*382*	*-*	*30*	*50*	*513*
Current	*5*	*12*	*12*	*7*	*-*	*36*
Balance at 1 January 2015	**63**	**377**	**15**	**65**	**100**	**620**
Provisions made during the period	3	11	-	-	-	14
Provisions utilised during the period	(2)	(1)	-	-	-	(3)
Foreign currency translation	(6)	(32)	-	-	-	(38)
Balance at 31 March 2015	**58**	**355**	**15**	**65**	**100**	**593**
Non-current	*52*	*340*	*-*	*35*	*61*	*488*
Current	*6*	*15*	*15*	*30*	*39*	*105*

16 Derivative financial assets and liabilities

	31 March 2016		**31 December 2015**	
	USD million		**USD million**	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Cross-currency swaps	-	342	-	370
Petroleum coke supply contracts and other raw materials	92	-	109	-
Interest rate swaps	-	27	-	40
Forward contracts for aluminium and other instruments	9	9	12	11
Total	**101**	**378**	**121**	**421**

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques during three-month period ended 31 March 2016. 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	1,526	1,570	1,622	1,681	1,755	1,812	1,863	1,911	1,959	1,995
Platt's FOB Brent, USD per barrel	41	45	49	51	-	-	-	-	-	-
Forward exchange rate, RUB to USD	68.3041	72.901	-	-	-	-	-	-	-	-
Forward 1Y LIBOR, %	0.87	-	-	-	-	-	-	-	-	-

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

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Balance at the beginning of the period	(300)	(606)
Unrealised changes in fair value recognised in other comprehensive income during the period	3	49
Unrealised changes in fair value recognised in statement of income (finance income/(expense)) during the period	(6)	9
Realised portion of derivatives	26	96
Balance at the end of the period	**(277)**	**(452)**

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

17 Trade and other payables

	31 March 2016 USD million	31 December 2015 USD million
Accounts payable to third parties	**327**	**326**
Accounts payable to related parties, including:	**75**	**66**
Companies capable of exerting significant influence	*20*	*20*
Companies under common control	*15*	*13*
Associates and joint ventures	*40*	*33*
Advances received	**169**	**164**
Advances received from related parties, including:	**95**	**165**
Companies capable of exerting significant influence	*95*	*165*
Other payables and accrued liabilities	**123**	**116**
Other payable and accrued liabilities related parties, including:	**8**	**7**
Associates and joint ventures	*8*	*7*
Other taxes payable	**74**	**97**
	871	**941**

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

18 Commitments and contingencies

(a) Capital commitments

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 March 2016 and 31 December 2015 approximated USD191 million and USD169 million, respectively. These commitments are due over a number of years.

(b) Taxation

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

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 31 March 2016 is USD209 million (31 December 2015: USD237 million).

(c) Environmental contingencies

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

(d) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial information (refer to note 15). As at 31 March 2016 the amount of claims, where management assesses outflow as possible approximates USD37 million (31 December 2015: USD37 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 12 May 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.

19 Related party transactions

(a) Transactions with management and close family members

Management remuneration

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

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Salaries and bonuses	15	16
	15	**16**

(b) Transactions with other related parties

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

Sales to related parties for the period are disclosed in note 6, finance income and expenses incurred in transactions with related parties are disclosed in note 7, accounts receivable from related parties are disclosed in note 11, accounts payable to related parties are disclosed in note 17.

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

	Three months ended 31 March	
	2016	**2015**
	USD million	**USD million**
Purchases of raw materials – companies under common control	(11)	(12)
Purchases of raw materials – companies capable of exerting significant influence	(23)	(34)
Purchases of raw materials – associates and joint ventures	(56)	(22)
Energy costs – companies under common control	(93)	(106)
Energy costs – companies capable of exerting significant influence	(1)	(7)
Energy costs – associates and joint ventures	(102)	(3)
Other costs – companies under common control	(5)	(5)
Other costs – associates and joint ventures	(29)	(34)
	(320)	**(223)**

As at 31 March 2016, included in non-current assets and liabilities are balances of USD39 million and USD50 million of companies which are related parties, respectively (31 December 2015: USD38 million and USD55 million).

(c) Pricing policies

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

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

20 Events subsequent to the reporting date

On 19 April 2016, the placement of the exchange-traded ruble bonds of OJSC RUSAL Bratsk series BO-01 (in the amount of RUB10 billion) has been completed and the exchange-traded ruble bonds have commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to a put option exercisable in three years.

On 26 April 2016 the Company entered into an amendment and restatement agreement with the lenders under the Combined PXF Facility to introduce new refinancing tranches under the Combined PXF Facility. On 29 April 2016 the Company prepaid three scheduled repayment instalments falling due in 2016 under the Combined PXF Facility in the total amount of USD524 million, utilizing USD415 million of available commitments under the new refinancing tranches as well as USD109 million of the Company's own funds. The Company's obligation to repay the scheduled instalments under the Combined PXF Facility for the year 2016 has been discharged in full.