



United Company RUSAL Plc

**Consolidated Interim Condensed Financial Information
for the three months ended
31 March 2019**



JSC "KPMG"
10 Presnenskaya Naberezhnaya
Moscow, Russia 123112
Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

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

To the Board of Directors

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

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of United Company RUSAL Plc (the "Company") and its subsidiaries (the "Group") as at 31 March 2019, and the related consolidated interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of consolidated interim condensed financial information to be in compliance with the relevant provisions thereof and International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The directors are responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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



United Company RUSAL Plc

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

Page 2

Basis for Qualified Conclusion

We were unable to obtain and review consolidated interim condensed financial information of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"), supporting the Group's estimate of the share of profit, other comprehensive income and foreign currency translation gain of USD403 million, USD nil million and USD256 million, respectively, for the three-month period ended 31 March 2019 and the carrying value of the Group's investment in the investee stated at USD3,760 million as at 31 March 2019. 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 2019 and for the three-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Yerkozha Akylbek
JSC "KPMG"
Moscow, Russia

13 May 2019

		Three months ended 31 March	
		2019	2018
		(unaudited)	(unaudited)
	Note	USD million	USD million
Revenue	5	2,170	2,744
Cost of sales	6(a)	(1,805)	(2,022)
Gross profit		365	722
Distribution expenses	6(b)	(105)	(115)
Administrative expenses	6(b)	(126)	(150)
Impairment of non-current assets	6(b)	(25)	(49)
Net other operating expenses	6(b)	(36)	(15)
Results from operating activities		73	393
Finance income	7	10	73
Finance expenses	7	(194)	(129)
Share of profits of associates and joint ventures	10	427	238
Profit before taxation		316	575
Income tax	8	(43)	(31)
Profit for the period		273	544
Attributable to Shareholders of the Company		273	544
Profit for the period		273	544
Earnings per share			
Basic and diluted earnings per share (USD)	9	0.0180	0.0358
Adjusted EBITDA	6(c)	226	572

	Three months ended 31 March	
	2019	2018
	(unaudited)	(unaudited)
	USD million	USD million
Profit for the period	273	544
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Disposal of subsidiary	4	-
Foreign currency translation differences for equity-accounted investees	10 293	34
Foreign currency translation differences on foreign operations	40	(11)
	337	23
Other comprehensive income for the period, net of tax	337	23
Total comprehensive income for the period	610	567
Attributable to:		
Shareholders of the Company	610	567
Total comprehensive income for the period	610	567

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

		<u>31 March</u>	<u>31 December</u>
		2019	2018
		(unaudited)	
	Note	<u>USD million</u>	<u>USD million</u>
ASSETS			
Non-current assets			
Property, plant and equipment		4,460	4,421
Intangible assets		2,496	2,409
Interests in associates and joint ventures	10	4,418	3,698
Deferred tax assets		92	93
Derivative financial assets	15	39	33
Other non-current assets		60	57
Total non-current assets		<u>11,565</u>	<u>10,711</u>
Current assets			
Inventories		3,037	3,006
Short-term investments		101	105
Trade and other receivables	11(a)	1,270	1,102
Derivative financial assets	15	9	9
Cash and cash equivalents		826	844
Total current assets		<u>5,243</u>	<u>5,066</u>
Total assets		<u>16,808</u>	<u>15,777</u>



United Company RUSAL Plc
Consolidated Interim Condensed Statement of Financial Position

		<u>31 March</u>	<u>31 December</u>
		<u>2019</u>	<u>2018</u>
		<u>(unaudited)</u>	
	Note	<u>USD million</u>	<u>USD million</u>
EQUITY AND LIABILITIES			
Equity	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,867	2,863
Currency translation reserve		(9,417)	(9,750)
Accumulated losses		(3,569)	(3,842)
Total equity		<u>5,819</u>	<u>5,209</u>
Non-current liabilities			
Loans and borrowings	13	7,348	7,372
Provisions	14	371	366
Deferred tax liabilities		504	502
Derivative financial liabilities	15	32	24
Other non-current liabilities		73	50
Total non-current liabilities		<u>8,328</u>	<u>8,314</u>
Current liabilities			
Loans and borrowings	13	1,033	914
Trade and other payables	11(b)	1,577	1,274
Derivative financial liabilities	15	11	7
Provisions	14	40	59
Total current liabilities		<u>2,661</u>	<u>2,254</u>
Total liabilities		<u>10,989</u>	<u>10,568</u>
Total equity and liabilities		<u>16,808</u>	<u>15,777</u>
Net current assets		<u>2,582</u>	<u>2,812</u>
Total assets less current liabilities		<u>14,147</u>	<u>13,523</u>

Approved and authorised for issue by the board of directors on 13 May 2019.


Evgeny V. Nikitin
Chief Executive Officer


Alexandra V. Bouriko
Chief Financial Officer

	Share capital	Share premium	Other reserves	Currency translation reserve	Accumulated losses	Total equity
	USD million	USD million	USD million	USD million	USD million	USD million
Balance at 1 January 2019	152	15,786	2,863	(9,750)	(3,842)	5,209
Profit for the period (unaudited)	-	-	-	-	273	273
Other comprehensive income for the period (unaudited)	-	-	4	333	-	337
Total comprehensive income for the period (unaudited)	-	-	4	333	273	610
Balance at 31 March 2019 (unaudited)	152	15,786	2,867	(9,417)	(3,569)	5,819
Balance at 1 January 2018	152	15,786	2,847	(8,801)	(5,540)	4,444
Profit for the period (unaudited)	-	-	-	-	544	544
Other comprehensive income for the period (unaudited)	-	-	-	23	-	23
Total comprehensive income for the period (unaudited)	-	-	-	23	544	567
Balance at 31 March 2018 (unaudited)	152	15,786	2,847	(8,778)	(4,996)	5,011

	Note	Three months ended 31 March	
		2019	2018
		(unaudited)	(unaudited)
		USD million	USD million
OPERATING ACTIVITIES			
Profit for the period		273	544
<i>Adjustments for:</i>			
Depreciation	6	123	122
Amortisation	6	2	6
Impairment of non-current assets	6(b)	25	49
(Reversal of impairment)/impairment of inventories		(3)	2
Impairment of trade receivables	6(b)	4	-
Change in fair value of derivative financial instruments	7	4	(69)
Net foreign exchange loss	7	104	7
Loss on disposal of property, plant and equipment	6(b)	3	2
Interest expense	7	158	122
Interest income	7	(10)	(4)
Income tax expense	8	43	31
Share of profits of associates and joint ventures	10	(427)	(238)
Cash from operating activities before changes in working capital and provisions		299	574
Increase in inventories		(10)	(131)
Increase in trade and other receivables		(190)	(114)
Decrease in prepaid expenses and other assets		-	6
Increase /(decrease) in trade and other payables		353	(181)
Decrease in provisions		(3)	(1)
Cash generated from operations before income tax paid		449	153
Income taxes paid		(149)	(37)
Net cash generated from operating activities		300	116

	Three months ended 31 March	
	2019	2018
	(unaudited)	(unaudited)
	USD million	USD million
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9	1
Interest received	9	3
Acquisition of property, plant and equipment	(125)	(211)
Dividends from associates and joint ventures	-	3
Cash received from/(paid for) other investments	8	(8)
Acquisition of a subsidiary	(25)	-
Acquisition of intangible assets	(11)	(9)
Changes in restricted cash	-	(4)
Net cash used in investing activities	(135)	(225)
FINANCING ACTIVITIES		
Proceeds from borrowings	114	1,333
Repayment of borrowings	(183)	(1,013)
Refinancing fees and other expenses	-	(6)
Interest paid	(135)	(123)
Settlement of derivative financial instruments	(2)	21
Net cash (used in)/generated from financing activities	(206)	212
Net (decrease)/increase in cash and cash equivalents	(41)	103
Cash and cash equivalents at the beginning of the period	801	814
Effect of exchange rate changes on cash and cash equivalents	23	-
Cash and cash equivalents at the end of the period	783	917

Restricted cash amounted to USD43 million at 31 March 2019 and 31 December 2018, respectively.

1 Background

(a) Organisation

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

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

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

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

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

The shareholding structure of the Company as at 31 March 2019 and 31 December 2018 was as follows:

	<u>31 March</u>	<u>31 December</u>
	<u>2019</u>	<u>2018</u>
En+ Group Plc (“En+”)	50.10%	48.13%
SUAL Partners Limited (“SUAL Partners”)	22.50%	22.50%
Zonoville Investments Limited (“Zonoville”)	4.00%	4.00%
Amokenga Holdings Limited (“Amokenga Holdings”)	6.78%	8.75%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	16.61%	16.61%
Total	<u>100.00%</u>	<u>100.00%</u>

At 31 March 2019 and 31 December 2018 the directors consider the immediate parent of the Group to be EN+, which is incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands.

According to the information disclosed at the Stock Exchange of Hong Kong Limited Zonoville Investments Limited and SUAL Partners Limited are associates. Amokenga Holdings is ultimately controlled by Glencore International Plc. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik. As at 31 December 2018 ultimate beneficiary of En+ was Mr. Oleg Deripaska. Based on publicly available information at the Company’s disposal at the date of these financial statements there is no individual that has an indirect prevailing ownership interest in the Company exceeding 25% or has an opportunity to exercise control over the Company.

Related party transactions are disclosed in note 17.

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

(b) Seasonality

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

(c) OFAC Sanctions

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

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

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

2 Basis of preparation

Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

This consolidated interim condensed financial information does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

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

3 Significant accounting policies

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

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

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease

liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i. e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether the arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16 the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 have not been reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or modified on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the leases of properties in which Group acts is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases many assets, including land, properties and production equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Group recognises right-of-use assets and lease liabilities for most leases – i. e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e. g. IT equipment) and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The group presents right-of-use assets as part of property plant and equipment, the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are presented below.

USD Million	Property, plant and equipment		
	Land and buildings	Machinery and equipment	Total
Balance at 1 January 2019	19	19	38
Balance at 31 March 2019	14	17	31

The Group presents lease liabilities as part other payables and other non-current liabilities in the statement of financial position depending on the period to which future lease payments relate.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability as required by IFRS 16.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options, The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

In case lease contract implies certain penalties related to earlier termination or extension of the contract before or after initially determined period respectively, the Group treats the penalty as legally required monetary payment under written contract or law determining the rights and obligations of the parties. In determining the lease term the Group takes into account only substantive rights of the parties to the contract to terminate or extend the contract before or after initially determined lease period. The Group also considers other non-contractual arrangements with the lessors in determining the lease term.

Transition

Previously, the Group classified property and equipment leases as operating leases under IAS 17. These mainly include land plots, office spaces and items of machinery and equipment. The leases run for different periods of time, with longer periods for land plots. Some leases include an option to renew the lease for an additional periods after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in various indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For the leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

(c) As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of the use asset arising from the head lease, not with reference to the underlying asset.

(d) Impacts on financial statements

Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities in equal amounts. The impact on transition is summarised below.

	1 January 2019
	USD million
Right-of-use assets presented in property, plant and equipment less impairment losses	38
Lease liabilities	38

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 11%.

	1 January 2019
	USD million
Discounted using incremental borrowing rate at 1 January 2019	59
- <i>Recognition exemption for leases with less than 12 month of lease term at transition</i>	(12)
- <i>Termination options reasonably certain to be exercised</i>	(9)
Lease liabilities recognised at 1 January 2019	38

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised USD31 million of right-of-use assets and USD36 million of lease liabilities as at 31 March 2019. USD25 million of lease liabilities (including USD5 million of related parties – companies related through parent company) are long-term and included in other non-current liabilities, USD11 million of lease liabilities (including USD4 million of related parties – companies related through parent company) are short-term and included in other payables.

Also in relation to these leases under IFRS 16, the Group has recognised USD2 million of depreciation charges and USD2 million of interest costs for the reporting period. USD5 million of right-of-use assets

have been impaired during three months ended 31 March 2019. The Group's total cash outflow for leases was in the amount of USD3 million.

The expense relating to short-term leases in amount of USD4 million is included in cost of sales or administrative expenses depending on type of underlying asset.

Future cash outflows to which the Group is potentially exposed that are not recognised in right-to-use assets and are not reflected in the measurement of lease liabilities and which arise from variable lease payments not linked to index or rate are in the amount of USD43 million.

4 Segment reporting

(a) Reportable segments

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

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

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

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

Mining and Metals. The Mining and Metals segment includes the equity investment in PJSC MMC Norilsk Nickel ("Norilsk Nickel").

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments.

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

(b) Segment results, assets and liabilities

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

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

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

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

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

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

(i) **Reportable segments**

Three months ended 31 March 2019

	<u>Aluminium</u>	<u>Alumina</u>	<u>Energy</u>	<u>Mining and Metals</u>	<u>Total segment result</u>
	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>
Revenue from external customers	1,760	257	-	-	2,017
Inter-segment revenue	60	795	-	-	855
Total segment revenue	1,820	1,052	-	-	2,872
				-	
Segment (loss)/profit	(8)	193	-	-	185
Reversal/(impairment) of non-current assets	6	(20)	-	-	(14)
Share of profits of associates and joint ventures	-	-	23	403	426
Depreciation/amortisation	(84)	(34)	-	-	(118)
Non-cash income other than depreciation	-	3	-	-	3
Additions to non-current segment assets during the period	42	49	-	-	91
Non-cash disposals to non-current segment assets related to site restoration	(1)	(2)	-	-	(3)

Three months ended 31 March 2018

	<u>Aluminium</u>	<u>Alumina</u>	<u>Energy</u>	<u>Mining and Metals</u>	<u>Total segment result</u>
	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>
Revenue from external customers	2,256	334	-	-	2,590
Inter-segment revenue	66	670	-	-	736
Total segment revenue	2,322	1,004	-	-	3,326
Segment profit	400	126	-	-	526
Impairment of non-current assets	-	(44)	-	-	(44)
Share of profits of associates and joint ventures	-	-	24	214	238
Depreciation/amortisation	(87)	(33)	-	-	(120)
Non-cash expenses other than depreciation	(1)	(1)	-	-	(2)
Additions to non-current segment assets during the period	67	87	-	-	154
Non-cash additions/(disposals) to non-current segment assets related to site restoration	1	(2)	-	-	(1)

31 March 2019

	<u>Aluminium</u>	<u>Alumina</u>	<u>Energy</u>	<u>Mining and Metals</u>	<u>Total segment result</u>
	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>	<u>USD million</u>
Segment assets	7,054	2,581	-	-	9,635
Interests in associates and joint ventures	-	-	654	3,760	4,414
Total segment assets					14,049
Segment liabilities	(1,057)	(603)	(10)	-	(1,670)
Total segment liabilities					(1,670)

31 December 2018

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

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

	Three months ended	
	31 March	
	<u>2019</u>	<u>2018</u>
	<u>USD million</u>	<u>USD million</u>
Revenue		
Reportable segment revenue	2,872	3,326
Elimination of inter-segment revenue	(855)	(736)
Unallocated revenue	153	154
Consolidated revenue	2,170	2,744

	Three months ended	
	31 March	
	2019	2018
	USD million	USD million
Profit		
Reportable segment profit	185	526
Impairment of non-current assets	(25)	(49)
Share of profits of associates and joint ventures	427	238
Finance income	10	73
Finance expenses	(194)	(129)
Unallocated expenses	(87)	(84)
Consolidated profit before taxation	316	575
	31 March	31 December
	2019	2018
	USD million	USD million
Assets		
Reportable segment assets	14,049	13,215
Unallocated assets	2,759	2,562
Consolidated total assets	16,808	15,777
	31 March	31 December
	2019	2018
	USD million	USD million
Liabilities		
Reportable segment liabilities	(1,670)	(1,212)
Unallocated liabilities	(9,319)	(9,356)
Consolidated total liabilities	(10,989)	(10,568)

5 Revenue

	Three months ended	
	31 March	
	2019	2018
	USD million	USD million
Revenue from contracts with customers	2,170	2,744
Sales of products	2,120	2,686
Sales of primary aluminium and alloys	1,746	2,245
Sales of alumina and bauxite	172	242
Sales of foil and other aluminium products	91	90
Sales of other products	111	109
Provision of services	50	58
Supply of energy	39	43
Provision of transportation services	1	2
Provision of other services	10	13
Total revenue by types of customers	2,170	2,744
Third parties	1,229	1,785
Related parties – companies capable of exerting significant influence	830	830
Related parties – companies related through parent company	35	56
Related parties – associates and joint ventures	76	73
Total revenue by primary regions	2,170	2,744
Europe	1,066	1,130
CIS	591	726
America	131	455
Asia	370	426
Other	12	7

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

6 Cost of sales and operating expenses

(a) Cost of sales

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Cost of alumina, bauxite and other materials	(915)	(954)
<i>Third parties</i>	(884)	(920)
<i>Related parties – companies capable of exerting significant influence</i>	(15)	(18)
<i>Related parties – companies related through parent company</i>	(16)	(16)
Purchases of primary aluminium	(82)	(193)
<i>Third parties</i>	(4)	(113)
<i>Related parties - companies related through parent company</i>	(2)	(3)
<i>Related parties – associates and joint ventures</i>	(76)	(77)
Energy costs	(554)	(606)
<i>Third parties</i>	(320)	(352)
<i>Related parties – companies capable of exerting significant influence</i>	(1)	(1)
<i>Related parties – companies related through parent company</i>	(224)	(242)
<i>Related parties – associates and joint ventures</i>	(9)	(11)
Personnel costs	(141)	(158)
Depreciation and amortisation	(121)	(124)
Change in finished goods	122	111
Other costs	(114)	(98)
<i>Third parties</i>	(79)	(52)
<i>Related parties – companies related through parent company</i>	(6)	(9)
<i>Related parties – associates and joint ventures</i>	(29)	(37)
	<u>(1,805)</u>	<u>(2,022)</u>

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

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Transportation expenses	(82)	(94)
Personnel costs	(71)	(76)
Impairment of non-current assets	(25)	(49)
Consulting and legal expenses	(14)	(17)
Security	(7)	(7)
Short-term lease and variable lease payments	(4)	(7)
Packaging materials	(10)	(9)
Taxes other than on income	(8)	(11)
Charitable donations	(6)	(7)
Repair and other services	(4)	(4)
Depreciation and amortisation	(4)	(4)
Impairment of trade and other receivables	(4)	-
Loss on disposal of property, plant and equipment	(3)	(2)
Auditors' remuneration	(2)	(2)
Other expenses	(48)	(40)
	(292)	(329)

(c) EBITDA and operating effectiveness measures

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

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Results from operating activities	73	393
<i>Add:</i>		
Amortisation and depreciation	125	128
Impairment of non-current assets	25	49
Loss on disposal of property, plant and equipment	3	2
Adjusted EBITDA	226	572

7 Finance income and expenses

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Finance income		
Interest income on third party loans and deposits	9	3
Interest income on loans to related parties – <i>companies related through parent company</i>	1	1
Change in fair value of derivative financial instruments (refer to note 15)	-	69
	10	73
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(72)	(57)
Interest expense on bank loans wholly repayable after 5 years	(82)	(63)
Interest expense on company loans from related parties – <i>companies exerting significant influence</i>	(1)	(1)
Change in fair value of derivative financial instruments (refer to note 15)	(4)	-
Net foreign exchange loss	(32)	(7)
Leases interest costs	(2)	-
Interest expense on provisions	(1)	(1)
	(194)	(129)

8 Income tax

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Current tax		
Current tax for the period	38	37
Deferred tax		
Origination and reversal of temporary differences	5	(6)
Actual tax expense	43	31

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 12.5%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 21.4% and Italy of 27.9%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates are 9.55% and 14.35% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 31 March 2018 and the year ended 31 December 2018 were the same as for the period ended 31 March 2019 except for tax rates for subsidiaries domiciled in Sweden which amounted to 22% and tax rates for subsidiaries domiciled in Switzerland which amounted to 9.6% and 14.51% accordingly.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the three months ended 31 March 2019 and 31 March 2018.

Weighted average number of shares:

	Three months ended 31 March	
	2019	2018
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	-	-
Weighted average number of shares at end of the period	15,193,014,862	15,193,014,862
Profit for the period, USD million	273	544
Basic and diluted earnings per share, USD	0.0180	0.0358

There were no outstanding dilutive instruments during the periods ended 31 March 2019 and 31 March 2018.

No dividends were declared and paid during the periods presented.

10 Interests in associates and joint ventures

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	3,698	4,448
Group's share of profits, impairment and reversal of impairment	427	238
Foreign currency translation	293	34
Balance at the end of the period	4,418	4,720
Goodwill included in interests in associates	2,321	2,624

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 2019. 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 2019 based on publicly available information reported by Norilsk Nickel.

The Group has estimated its share of profit of Norilsk Nickel at the level of USD403 million, other comprehensive income at the level of USD nil million and the foreign currency translation gain in relation to that investee at the level of USD256 million for the three-month period ended 31 March 2019. The carrying value of the Group's investment in the investee comprises USD3,760 million as at 31 March 2019. 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 2019 is USD9,332 million (31 December 2018: USD8,286 million). The market value is determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

11 Non-derivative financial instruments

(a) Trade and other receivables

	31 March	31 December
	2019	2018
	USD million	USD million
Trade receivables from third parties	445	384
Impairment loss on trade receivables	(38)	(33)
Net trade receivables from third parties	407	351
Trade receivables from related parties, including:	109	87
<i>Related parties – companies capable of exerting significant influence</i>	44	76
<i>Impairment loss on trade receivables from related parties - companies capable of exerting significant influence</i>	(1)	(6)
<i>Net trade receivables to related parties - companies capable of exerting significant influence</i>	43	70
<i>Related parties – companies related through parent company</i>	18	13
<i>Related parties – associates and joint ventures</i>	48	4
VAT recoverable	345	305
Impairment loss on VAT recoverable	(33)	(33)
Net VAT recoverable	312	272
Advances paid to third parties	162	185
Impairment loss on advances paid	(1)	(1)
Net advances paid to third parties	161	184
Advances paid to related parties, including:	55	51
<i>Related parties – companies capable of exerting significant influence</i>	-	1
<i>Related parties – companies related through parent company</i>	1	1
<i>Related parties – associates and joint ventures</i>	54	49
Prepaid expenses	3	4
Prepaid income tax	6	22
Prepaid other taxes	21	22
Other receivables from third parties	199	112
Impairment loss on other receivables	(14)	(10)
Net other receivables from third parties	185	102
Other receivables from related parties, including:	11	7
<i>Related parties – companies capable of exerting significant influence</i>	2	-
<i>Related parties – companies related through parent company</i>	12	10
<i>Impairment loss on other receivables from related parties - companies related through parent company</i>	(3)	(3)
<i>Net other receivables to related parties - companies related through parent company</i>	9	7
	1,270	1,102

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

(i) Ageing analysis

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

	31 March	31 December
	2019	2018
	USD million	USD million
Current (not past due)	446	358
1–30 days past due	45	62
31–60 days past due	11	6
61–90 days past due	1	2
More than 90 days past due	13	10
Amounts past due	70	80
	516	438

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

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral over these balances.

(ii) Impairment of trade receivables

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

There were no significant changes in expected credit losses rates as at 31 March 2019 as compared to those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

The movement in the allowance for doubtful debts during the period is as follows:

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	(39)	(16)
Reversal of impairment	-	1
Increase in the balance of allowance for doubtful debts	-	(1)
Balance at the end of the period	(39)	(16)

The Group does not hold any collateral over these balances.

(b) Trade and other payables

	31 March	31 December
	2019	2018
	USD million	USD million
Accounts payable to third parties	552	520
Accounts payable to related parties, including:	85	64
<i>Related parties – companies capable of exerting significant influence</i>	9	5
<i>Related parties – companies related through parent company</i>	45	35
<i>Related parties – associates and joint ventures</i>	31	24
Advances received	38	32
Advances received from related parties, including:	589	259
<i>Related parties – companies capable of exerting significant influence</i>	589	259
Other payables and accrued liabilities to third parties	164	176
Other payables and accrued liabilities to related parties, including	4	-
<i>Related parties – companies related through parent company</i>	4	-
Current tax liabilities	28	127
Other taxes payable	117	96
	1,577	1,274

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

Included in trade and other payables are trade payables with the following ageing analysis as at the reporting date. Ageing analysis is performed based on number of days payable is overdue.

	31 March	31 December
	2019	2018
	USD million	USD million
Current	545	502
Past due 0-90 days	73	50
Past due 91-120 days	5	8
Past due over 120 days	14	24
Amounts past due	92	82
	637	584

Lease liabilities that are expected to be settled within one year for the amount of USD11 million are included in other payables and accrued liabilities.

12 Equity

(a) Share capital

	Three months ended 31 March 2019		Three months ended 31 March 2018	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the period, authorised	200 million	20 billion	200 million	20 billion
Ordinary shares at 1 January	151,930,148	15,193,014,862	151,930,148	15,193,014,862
Ordinary shares at the end of the period of USD0.01 each, issued and paid	151,930,148	15,193,014,862	151,930,148	15,193,014,862

(b) Other reserves

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

(c) Distributions

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

(d) Currency translation reserve

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

13 Loans and borrowings

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

	31 March 2019	31 December 2018
	USD million	USD million
<i>Non-current liabilities</i>		
Secured bank loans	5,547	5,566
Unsecured bank loans	225	226
Bonds	1,576	1,580
	7,348	7,372
<i>Current liabilities</i>		
Secured bank	673	476
Unsecured bank loans	13	12
Bonds	293	377
Accrued interest	54	49
	1,033	914

(a) Loans and borrowings

Certain of the Group's bank loans are secured by pledges of shares of the Group's subsidiaries and by pledges of the shares of an associate, the details of which are disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2018.

The secured bank loans are also secured by the following:

- inventory with a carrying value of USD48 million (31 December 2018: USD nil);
- property, plant and equipment, receivables with a carrying amount of USD3 million (31 December 2018: USD3 million).

As at 31 March 2019 and 31 December 2018 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the syndicated Pre-Export Finance Term Facility Agreement (PXF) dated 24 May 2017.

The nominal value of the Group's loans and borrowings was USD6,494 million at 31 March 2019 (31 December 2018: USD6,332 million).

As a result of change in control over the Group disclosed in note 1(a) certain lenders of the Group have obtained the right to require mandatory prepayment of outstanding indebtedness as stipulated in the respective loan agreements. As at 31 March 2019 the lenders waived the right of mandatory prepayment, with one lender providing a letter affirming a waiver to be granted on certain practicable conditions, and this waiver has been confirmed by the lender before the date of these financial statements.

(b) Bonds

As at 31 March 2019 6,877,652 series 08 bonds and 4,221,951 series BO-01 bonds were outstanding (traded in the market).

The closing market price at 31 March 2019 for series 08 bonds was RUB994 per bond and RUB1,000 per bond for series BO-01 bonds.

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

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

On 04 April 2019 RUSAL Bratsk announced a new coupon rate in respect to the series BO-01 bonds at the level of 0.01% per annum. On 18 April 2019 the Company exercised a put option on the outstanding RUB-denominated bonds series BO-01 and redeemed the bonds with notional value of RUB 3,8 billion.

14 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 January 2018	69	382	3	-	454
Provisions made during the period	1	8	-	-	9
Provisions reversed during the period	-	(7)	-	-	(7)
Provisions utilised during the period	(1)	-	-	-	(1)
Foreign currency translation	1	6	-	-	7
Balance at 31 March 2018	70	389	3	-	462
<i>Non-current</i>	<i>66</i>	<i>373</i>	<i>-</i>	<i>-</i>	<i>439</i>
<i>Current</i>	<i>4</i>	<i>16</i>	<i>3</i>	<i>-</i>	<i>23</i>
Balance at 1 January 2019	54	348	3	20	425
Provisions made during the period	1	5	-	-	6
Provisions reversed during the period	-	(2)	-	-	(2)
Provisions utilised during the period	(1)	(2)	-	(20)	(23)
Foreign currency translation	3	2	-	-	5
Balance at 31 March 2019	57	351	3	-	411
<i>Non-current</i>	<i>53</i>	<i>318</i>	<i>-</i>	<i>-</i>	<i>371</i>
<i>Current</i>	<i>4</i>	<i>33</i>	<i>3</i>	<i>-</i>	<i>40</i>

15 Derivative financial assets/liabilities

	31 March 2019		31 December 2018	
	USD million		USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Petroleum coke supply contracts and other raw materials	43	42	42	31
Forward contracts for aluminium and other instruments	5	1	-	-
Total	48	43	42	31

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques during three-month period ended 31 March 2019. The following significant assumptions were used in estimating derivative instruments:

	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,929	2,006	2,083	2,154	2,222	2,286	2,327
Platt's FOB Brent, USD per barrel	67	65	63	61	61	60	-

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

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	11	(50)
Unrealised changes in fair value recognised in statement of income (finance expenses) during the period	(4)	69
Realised portion during the period	(2)	-
Balance at the end of the period	5	19

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

16 Commitments and contingencies

(a) Capital commitments

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 March 2019 and 31 December 2018 approximated USD315 million and USD255 million, respectively. These commitments are due over a number of years.

(b) Taxation

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

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 31 March 2019 is USD nil million (31 December 2018: USD nil million).

(c) Environmental contingencies

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

(d) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated interim condensed financial information (refer to note 14). As at 31 March 2019 the amount of claims, where management assesses outflow as possible approximates USD36 million (31 December 2018: USD31 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino

Corporation (“BFIG”) against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants’ alleged tortious interference in the bid process for the sale of the Nigerian government’s majority stake in the Aluminium Smelter Company of Nigeria Plc (“ALSCON”) and alleged loss of BFIG’s earnings resulting from its failed bid for the said stake in ALSCON. BFIG sought compensatory damages in the amount of USD2.8 billion plus interest.

In January 2014 the court granted the Company’s motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. The last hearing took place on 8 November 2017. The claim was struck out. BFIG may appeal.

Based on a preliminary assessment of the claim, the Company does not expect the case to have any material adverse effect on the Group’s financial position or its operation as a whole.

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

17 Related party transactions

(a) Transactions with management and close family members

Management remuneration

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

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Salaries and bonuses	21	20
	21	20

(b) Transactions with associates and joint ventures

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

(c) Transactions with other related parties

The Group transacts with other related parties, the majority of which are companies related through parent company or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc or entities under its control.

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

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

	Three months ended 31 March	
	2019	2018
	USD million	USD million
Related parties – companies capable of exerting significant influence	1	1
Related parties – companies related through parent company	10	16
Related parties – associates and joint ventures	2	1
	13	18

(d) Related parties balances

At 31 March 2019, included in non-current assets are balances of related parties — companies related through parent company of USD47 million and balances of related parties — associates and joint ventures of USD2 million (31 December 2018: companies related through parent company of USD46 million and balances of related parties – associates and joint ventures of USD2 million). At 31 March 2019, included in non-current liabilities are balances of related parties – associates and joint ventures of USD10 million (31 December 2018: USD10 million).

At 1 January 2019 the Group adopted IFRS 16 Leases and made appropriate accruals in the accounting, including lease agreement with company related through parent company. At 31 March 2019, included in non-current liabilities are balances of USD5 million and in current liabilities of USD4 million.

(e) Pricing policies

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

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

18 Events subsequent to the reporting date

On 29 April 2019 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-01 in the amount of RUB15 billion with a coupon rate 9,0% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in April 2022. In addition to the placement, the Group entered into the cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount in the US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.