EN+ GROUP PLC
Consolidated Interim Condensed Financial Information for the three months ended 31 March 2018

Contents

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

To the Shareholders and Board of Directors

EN+ GROUP PLC

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of EN+ GROUP PLC (the "Company") and its subsidiaries (the "Group") as at 31 March 2018, and the related consolidated interim condensed statements of profit or loss and other 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"). Management is 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.

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 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 USD 214 million, USD nil million and USD 25 million, respectively, for the three-month period ended 31 March 2018 and the carrying value of the Group's investment in the investee stated at USD 4,035 million as at 31 March 2018. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2018 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*.

Emphasis of Matter

We draw attention to Note 1(d) of the consolidated interim condensed financial information, which describes the effects of inclusion of the Company, its ultimate beneficial owner and certain companies under common control in the Specially Designated Nationals List issued by the Office of Foreign Assets Control of the Department of the Treasury of the United States of America. Our conclusion is not modified in respect of this matter.

Акционерное общество ОГРН 1027700125628
КПМГ
KPMG
МОСКВА

Andrei Ryazantsev
JSC "KPMG"
Moscow, Russia
18 May 2018

		Three months ended 31 March	
		2018 (unaudited)	**2017 (unaudited)**
	Note	**USD million**	**USD million**
Revenues	5	3,438	2,931
Cost of sales		(2,290)	(1,967)
Gross profit		**1,148**	**964**
Distribution expenses		(177)	(158)
General and administrative expenses		(214)	(198)
Impairment of non-current assets		(55)	(17)
Other operating expenses, net	6	(27)	(27)
Results from operating activities		**675**	**564**
Share of profits of associates and joint ventures	10	238	218
Finance income	7	78	71
Finance costs	7	(239)	(560)
Profit before tax		**752**	**293**
Income tax expense	8	(85)	(28)
Profit for the period		**667**	**265**
Attributable to:			
Shareholders of the Parent Company		378	152
Non-controlling interests	11(f)	289	113
Profit for the period		**667**	**265**
Earnings per share			
Basic and diluted earnings per share (USD)	9	**0.661**	**0.304**

The consolidated interim condensed statement of profit or loss and other 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 12 to 41.

	Note	Three months ended 31 March 2018 (unaudited) USD million	Three months ended 31 March 2017 (unaudited) USD million
Profit for the period		**667**	**265**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		3	97
Foreign currency translation differences for equity-accounted investees	10	34	293
Change in fair value of financial assets		1	-
		38	390
Total comprehensive income for the period		**705**	**655**
Attributable to:			
Shareholders of the Parent Company		401	333
Non-controlling interests		304	322
Total comprehensive income for the period		**705**	**655**

This consolidated interim condensed financial information was approved by the Board of Directors on 18 May 2018 and was signed on its behalf by:

Vyacheslav Solomin
Chief Executive Officer

Mikhail Khardikov
Chief Financial Officer

The consolidated interim condensed statement of profit or loss and other 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 12 to 41.

	Note	31 March 2018 (unaudited) USD million	31 December 2017 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		9,977	9,940
Goodwill and intangible assets		2,403	2,392
Interests in associates and joint ventures	10	4,731	4,459
Deferred tax assets		88	87
Derivative financial assets	13	36	34
Other non-current assets		74	75
Total non-current assets		**17,309**	**16,987**
Current assets			
Inventories		2,622	2,495
Trade and other receivables		1,441	1,335
Derivative financial assets	13	46	29
Cash and cash equivalents		1,181	974
Total current assets		**5,290**	**4,833**
Total assets		**22,599**	**21,820**

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 12 to 41.

	Note	31 March 2018 (unaudited) USD million	31 December 2017 USD million
EQUITY AND LIABILITIES			
Equity	11		
Share capital		-	-
Share premium		973	973
Additional paid-in capital		9,193	9,193
Revaluation reserve		2,471	2,471
Other reserves		(71)	(72)
Foreign currency translation reserve		(4,522)	(4,544)
Accumulated losses		(5,720)	(6,030)
Total equity attributable to shareholders of the Parent Company		**2,324**	**1,991**
Non-controlling interests		2,698	2,394
Total equity		**5,022**	**4,385**
Non-current liabilities			
Loans and borrowings	12	10,940	10,962
Deferred tax liabilities		1,309	1,306
Provisions – non-current portion		551	542
Derivative financial liabilities	13	34	61
Other non-current liabilities		234	262
Total non-current liabilities		**13,068**	**13,133**
Current liabilities			
Loans and borrowings	12	2,494	2,067
Provisions – current portion		38	40
Trade and other payables		1,948	2,143
Derivative financial liabilities	13	29	52
Total current liabilities		**4,509**	**4,302**
Total equity and liabilities		**22,599**	**21,820**

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 12 to 41.

		Three months ended 31 March	
		2018 (unaudited)	2017 (unaudited)
	Note	**USD million**	**USD million**
OPERATING ACTIVITIES			
Profit for the period		**667**	**265**
Adjustments for:			
Depreciation and amortization		196	176
Impairment of non-current assets		55	17
Foreign exchange loss/(gain)	7	5	(63)
Loss/(gain) on disposal of property, plant and equipment	6	3	(2)
Share of profits of associates and joint ventures	10	(238)	(218)
Interest expense	7	234	310
Interest income	7	(6)	(6)
Change in fair value of derivative financial instruments	7, 13	(69)	242
Unwinding of discount of trade and other receivables	7	(2)	(2)
Unwinding of discount of other payables	7	-	8
Income tax expense	8	85	28
Impairment of inventory		2	2
Impairment of receivables	6	7	8
Environmental provision		-	1
Provision for legal claims	6	-	9
Operating profit before changes in working capital		**939**	**775**
Increase in inventories		(117)	(78)
Increase in trade and other receivables		(123)	(94)
Decrease in trade and other payables and provisions		(203)	(54)
Cash flows generated from operations before income taxes paid		**496**	**549**
Income taxes paid		(79)	(67)
Cash flows generated from operating activities		**417**	**482**

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 12 to 41.

	Note	Three months ended 31 March 2018 (unaudited) USD million	2017 (unaudited) USD million
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		5	4
Acquisition of property, plant and equipment		(223)	(158)
Acquisition of intangible assets		(9)	(5)
Interest received		5	4
Dividends from associates and joint ventures		3	315
Dividends from financial assets		3	-
Proceeds from disposal of subsidiaries		1	-
Proceeds from promissory notes		-	6
Acquisition of a subsidiary		-	(3)
Loans issued to joint ventures		(8)	-
Change in restricted cash		(4)	-
Cash (used in)/generated from investing activities		**(227)**	**163**
FINANCING ACTIVITIES			
Proceeds from borrowings		2,782	1,652
Repayment of borrowings		(2,427)	(1,958)
Restructuring fees and expenses related to Offering		(19)	(8)
Interest paid		(226)	(258)
Settlement of derivative financial instruments		21	(97)
Payment for non-controlling interest acquired in prior periods		(55)	(54)
Dividends to shareholders	11(e)	(68)	(47)
Other distributions		-	(3)
Cash flows generated from/(used in) financing activities		**8**	**(773)**
Net increase/(decrease) in cash and cash equivalents		**198**	**(128)**
Cash and cash equivalents at beginning of period, excluding restricted cash		957	656
Effect of exchange rate fluctuations on cash and cash equivalents		5	3
Cash and cash equivalents at end of the period, excluding restricted cash		**1,160**	**531**

Restricted cash amounted to USD 21 million, USD 17 million and USD 14 million at 31 March 2018, 31 December 2017 and 31 March 2017, 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 12 to 41.

USD million	Attributable to shareholders of the Parent Company								
	Share premium	**Additional paid-in capital**	**Revaluation reserve**	**Other reserves**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2017	**-**	**9,193**	**2,456**	**(63)**	**(4,683)**	**(6,503)**	**400**	**1,785**	**2,185**
Total comprehensive income									
Profit for the period (unaudited)	-	-	-	-	-	152	152	113	265
Other comprehensive income for the period (unaudited)	-	-	-	-	181	-	181	209	390
Total comprehensive income for the period (unaudited)	**-**	**-**	**-**	**-**	**181**	**152**	**333**	**322**	**655**
Transactions with owners									
Dividends to shareholders (unaudited)	-	-	-	-	-	(46)	(46)	-	(46)
Other distributions (unaudited)	-	-	-	-	-	(3)	(3)	-	(3)
Total transactions with owners (unaudited)	**-**	**-**	**-**	**-**	**-**	**(49)**	**(49)**	**-**	**(49)**
Balance at 31 March 2017 (unaudited)	**-**	**9,193**	**2,456**	**(63)**	**(4,502)**	**(6,400)**	**684**	**2,107**	**2,791**
Balance at 1 January 2018	**973**	**9,193**	**2,471**	**(72)**	**(4,544)**	**(6,030)**	**1,991**	**2,394**	**4,385**
Total comprehensive income									
Profit for the period (unaudited)	-	-	-	-	-	378	378	289	667
Other comprehensive income for the period (unaudited)	-	-	-	1	22	-	23	15	38
Total comprehensive income for the period (unaudited)	**-**	**-**	**-**	**1**	**22**	**378**	**401**	**304**	**705**
Transactions with owners									
Dividends to shareholders (11(e)) (unaudited)	-	-	-	-	-	(68)	(68)	-	(68)
Total transactions with owners (unaudited)	**-**	**-**	**-**	**-**	**-**	**(68)**	**(68)**	**-**	**(68)**
Balance at 31 March 2018 (unaudited)	**973**	**9,193**	**2,471**	**(71)**	**(4,522)**	**(5,720)**	**2,324**	**2,698**	**5,022**

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 12 to 41.

1 Background

(a) Organisation

EN+ GROUP PLC (the "Parent Company") was established as a limited liability company according to the legislation of the British Virgin Islands on 30 April 2002 under the name of Baufinanz Limited. On 18 March 2004 the Parent Company registered a change of its legal name to Eagle Capital Group Limited. On 25 August 2005 the Parent Company changed its domicile to Jersey and was renamed to En+ Group Limited. On 1 June 2017 the Parent Company changed its status to a public company and was renamed to EN+ GROUP PLC. The Parent Company's registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG, British Channel Islands.

On 8 November 2017 the Parent Company successfully completed an initial public offering of global depositary receipts on the London Stock Exchange and the Moscow Exchange.

EN+ GROUP PLC is a parent company for vertically integrated aluminium and power group, engaged in aluminium production, energy generation and distribution and other businesses (together with the Parent Company referred to as "the Group").

The shareholding structure of the Parent Company as at 31 March 2018 and 31 December 2017 was as follows:

	31 March 2018	31 December 2017
B-Finance Limited	53.9%	53.9%
Publicly held	18.8%	18.8%
Basic Element Limited	12.2%	12.2%
Other shareholders	15.1%	15.1%
Total	**100.0%**	**100.0%**

The ultimate parent undertaking of the Group is Fidelitas International Investments Corp., the company incorporated in the Republic of Panama ("Fidelitas"), and the ultimate beneficial owner of the Group (the "Shareholder") is Mr. Oleg Deripaska ("Mr. Deripaska"). He also has a number of other business interests outside of the Group. Related party transactions are detailed in note 16.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 are available at the Parent Company's website http://www.enplus.ru.

(b) Operations

As at 31 March 2018 the Group's operations comprised the following:

United Company RUSAL Plc and its subsidiaries ("UC RUSAL") operate in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Nigeria and Sweden and are principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products.

Other activities of the Group include generation, transmission and distribution of energy in East Siberia, Russia, as well as its supporting operations engaged in the supply of logistics services and coal resources to the Group.

(c) Seasonality

Demand for heat and electricity is subject to seasonal fluctuations and depends on weather conditions. The highest revenues from heat sales are generated in the period from October to March. Electricity sales are also subject to seasonality, though to a lesser extent, with the highest revenue period also falling on October through March. The seasonality factor affects fuel consumption and energy purchases.

Furthermore, equipment repair and maintenance costs tend to grow in the period from April to September. The seasonality of these operations does not have an impact on the accounting treatment of operating income and expenses in accordance with the Group accounting policies.

(d) OFAC sanctions

On 6 April 2018, the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury of the United States of America designated certain legal and natural persons to its Specially Designated Nationals List ("OFAC Sanctions"). These include, among others, the Parent Company and UC RUSAL. In addition, OFAC issued two general licenses (General License 12 and 13) in connection with these designations authorising U.S. persons to engage in certain limited activities and transactions involving the Parent Company and UC RUSAL for a specified period of time.

Further, on 23 April 2018 OFAC issued General License 14 expiring on 23 October 2018 that permits all transactions "ordinarily incident" to and necessary to the maintenance or wind down of the UC RUSAL's operations, contracts, or agreements that existed prior to April 6. This license expressly authorizes exports from and imports to the United States on behalf of UC RUSAL and any of its owned or controlled entities, and does not require that payments occurring from April 23, 2018 forward be blocked by US persons. On the same day the OFAC also issued General License 12A (replacing General License 12) to clarify that US persons are not required to place into a blocked account payments to or for UC RUSAL, or any other entity in which UC RUSAL owns, directly or indirectly, a 50 percent or greater interest, for activities authorized by General License 14.

On 1 May 2018 OFAC issued General License 12B related to UC RUSAL which replaces and supersedes General License 12A in its entirety. General License 12B permits originating and intermediary U.S. financial institutions to process funds transfers that they would otherwise block to an account held by a blocked U.S. person at a U.S. financial institution. In addition, General License 12B clarifies that U.S. financial institutions can release such funds for authorized maintenance and wind-down purposes.

On 1 May 2018 OFAC also issued General License 13A, which replaced and superseded General License 13 which had been issued on 6 April 2018 in its entirety, and extended the authorized period under the General License 13A until 6 June 2018. General License 13A authorizes transactions and activities necessary to divest or transfer debt, equity or other holdings in Parent Company or UC RUSAL. General License 13A also authorizes such transactions in entities in which these persons own, directly or indirectly, a 50 percent or greater interest, provided that such debt, equity, or other holdings was issued.

Whilst further evaluation is being carried out by the Parent Company to assess the impact of the OFAC Sanctions on the Group, the Group's initial assessment is that it is highly likely that the impact may be materially adverse to the business. The Parent Company's primary focus remains on the maintenance of its operations and the protection of the interests of all of its investors, GDR holders and partners. The Parent Company engaged OFAC by submitting its official requests on 26 April and 7 May 2018 seeking prolongation of General Licenses and delisting from SDN status respectively.

The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. The financial statements reflect management's assessment of the impact of the OFAC Sanctions on the operations and the financial position of the Parent Company. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. 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 2017.

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:

IFRS 15: *Revenue from Contracts with Customers*

IFRS 9: *Financial instruments*

Amendments to IFRS 12: *Classification and Measurement of Share-based Payment Transactions*

Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

Amendments to IAS 40: *Transfers of Investment Property*

Annual Improvements to IFRSs, 2014-2016 cycle: Amendments to IFRS 1 and IAS 28

IFRIC 22: *Foreign Currency Transactions and Advance Consideration*

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, including IFRS 15 and IFRS 9 (disclosed in Note 3). The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

(b) Consolidation of UC RUSAL

The Group's management believes that its current 48.13% shareholding in UC RUSAL, considering the size and dispersion of shareholding of other UC RUSAL's vote holders and the terms of the shareholders' agreements between UC RUSAL's principal shareholders enable the Parent Company to retain control over UC RUSAL, and therefore UC RUSAL's results of operations are consolidated into the Group's consolidated financial statements. The terms of the shareholders' agreements include among others provisions entitling the Parent Company to:

- nominate at least 50% of UC RUSAL's board of directors and two independent directors;
- appoint UC RUSAL's CEO.

(c) Consolidation of OJSC Irkutsk Electric Grid Company ("Irkutsk GridCo")

In December 2009, the Group sold to third parties under share purchase contracts all the shares in two Cyprus companies of the Group controlling 34.16% of the shares in Irkutsk GridCo; subsequently the Group purchased back 19.9% in Irkutsk GridCo. The arrangements attached to the share purchase contracts enable the Group to retain certain rights with respect to the disposed shares and the sale did not result in deconsolidation. As at 31 March 2018 effective interest in Irkutsk GridCo held by the Group is 52.3% (31 December 2017: 52.3%).

As laws and regulations in the electricity sector in Russia are in the developing stage there is an uncertainty with respect to the legal interpretation of the existing arrangements which enable the Group to control Irkutsk GridCo and may be interpreted by the Russian regulatory authorities as noncompliant with applicable legislation upon enforcement. Management believes that such arrangements are compliant with the legislation and therefore the Group has the ability to control Irkutsk GridCo as described above. Should the arrangements be found non-compliant upon their enforcement, the Group may be required to unwind the arrangements subsequent to their enforcement and sell Irkutsk GridCo to a third party at that time.

3 Significant accounting policies

Except as described below, the accounting policies and judgements applied in this consolidated interim condensed financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017. The adoption of other new standards and amendments did not have a significant impact on the Group. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* from 1 January 2018.

The effect of initially applying these standards is mainly attributed to the following:

- timing of recognition of revenue for the transportation services after the control for the related goods has been transferred to customer (revenue is to be recognised over time from goods control transfer till completion of the transportation);
- classification of revenue earned from the contracts which bear price finalisation options as other revenue instead of revenue from contracts with customers;
- an increase in impairment losses recognised on financial assets;
- disclosures to be presented as required by the new standards.

(a) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.

	Nature, timing of satisfaction of performance obligations, significant payment terms	**Nature of change in accounting policy**
Sales of goods	Comprise sale of primary aluminium, alloys, alumina, bauxite, coal and other products. Customers obtain control of the goods supplied when the goods are delivered to the point when risks are transferred based on Incoterms delivery terms stated in the contract. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 60 days or in advance. Under certain Group sale contracts the final price for the goods shipped is determined a few months later than the delivery took place. Under current requirements the Group determines the amount of revenue at the moment of recognition based on estimated selling price at the date of the invoice issued. At price finalisation the difference between estimated price and actual one is recognised as other revenue.	Under IAS 18 revenue was recognised when related risks and rewards of ownership were transferred under delivery terms of the contracts. Revenue was recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue is recognised when a customer obtains control of the goods. It has not significantly impacted the Group's revenue recognition approach and the timing of revenue recognition. For the contract with revenue finalisation feature IFRS 15 also has not resulted in a significant change in the amount of revenue recognised and the moment of recognition. But IFRS 15 effected the classification of the revenue recognised: revenue initially recognised at the moment of control transfer to the customer is recognised as revenue from contract with customers. The amount of price adjustment on finalisation is recognised as other revenue.
Rendering of transportation services	As part of sales of goods the Group also performs transportation to the customer under contract terms. In certain cases the control for goods delivered is transferred to customer at earlier point than the transportation is completed. The fee for the transportation services is included in the amount invoiced for the goods supplied (refer to the above caption).	Under IAS 18 revenue was recognised both for goods and transportation services at the point in time when the risks and rewards of goods ownership transfer to customer. Under IFRS 15 the transportation revenue is recognised over time from goods control transfer till completion of the transportation. This has resulted in certain deferral of revenue recognition, but did not have a significant impact.
Rendering of electricity supply services	The Group is involved in sales of energy to 3rd and related parties. Invoices are issued once a month at the end of month and paid within 30 days.	Under current accounting policies revenue was recognised at point in time (on the last day of the month). Under IFRS 15 revenue is recognised over time during the period when the energy is transferred to the customer. Effectively it has not impacted either total amount of revenue recognized, or its classification.

The impact of transition to IFRS 15 on retained earnings is not significant. Thus no transitional adjustments were made by the Group.

(b) IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

The details of new significant accounting policies and the nature and effects of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group’s financial assets most fall within category of financial assets measured at amortised cost both under IAS 39 and IFRS 9 requirements. The only exception is derivative financial assets measured at fair value through profit or loss. The same applies to the Group’s financial liabilities. Thus the adoption of IFRS 9 has not had a significant effect on the Group’s accounting policies related to classification and measurement of financial assets and financial liabilities as well as derivative financial instruments. The impact of IFRS 9 on the impairment of financial assets is set out below.

Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies inter alia to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Group’s financial assets at amortised cost consist of trade and other receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due, but additional analysis is conducted for each such receivable and assessment is updated accordingly.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset in case of long-term assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented as part of net other operating expenses.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 will not result in significant additional impairment allowance and thus has not recognized any additional allowance as part of transition to the new standards.

Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has chosen to apply the hedge accounting requirements of IAS 39.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.
The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

4 Segment reporting

(a) Reportable segments

Based on the current management structure and internal reporting the Group has identified the following five segments:

- *Metals.* The Metals segment is comprised of UC RUSAL which is involved in mining and refining of bauxite into alumina; production and sale of primary aluminium, alumina and related products and also includes equity investment in Norilsk Nickel. The Metals segment is disclosed based on public financial statements of UC RUSAL. All adjustments made to UC RUSAL, including adjustments arising from different time of IFRS first time adoption, are included into reconciliation of reportable segment revenue, profit or loss, assets and liabilities.

  The Power and Coal assets of UC RUSAL are included into the Metals segment.

- *Power.* The Power segment is involved in generation, transmission and distribution of energy in East Siberia and Volga regions of Russia.
- *Coal.* The Coal segment is engaged in the mining and sale of coal in the East Siberia region. Brown and fossil coals are the products of the segment.
- *Logistics.* The logistics segment is engaged in transportation services both for other segments and for the third parties.
- *Other.* The Other segment is comprised production and processing of molybdenum and ferromolybdenum, and also aluminium processing plant.

These business units are managed separately and results of their operations are reviewed by the CEO on a regular basis.

Management additionally analyses performance of the Group through principal business segments (note 4(c)).

(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:

Total segment assets include all tangible, intangible assets and current assets.

Total segment liabilities include all current and non-current liabilities.

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 net profit adjusted for income tax and other items not specifically attributed to individual segments, such as finance income, costs of loans and borrowings. 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, interest income and expenses, other finance income and costs, income tax, loss on disposal of property, plant and equipment, impairment of non-current assets and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined primarily on a consistent basis using market benchmarks.

(i) Reportable segments

Three months ended 31 March 2018

USD million	**Metals**	**Power**	**Coal**	**Logistics**	**Other**	**Total**
Revenue from external customers	2,695	599	45	19	79	3,437
Inter-segment revenue	49	263	71	29	3	415
Total segment revenue	**2,744**	**862**	**116**	**48**	**82**	**3,852**
Segment profit/(loss)	**544**	**138**	**9**	**7**	**(3)**	**695**
Impairment of non-current assets	(49)	(6)	-	-	-	(55)
Loss on disposal of property, plant and equipment	(2)	(1)	-	-	-	(3)
Share of profits of associates and joint ventures	238	-	-	-	-	238
Interest expense, net	(118)	(95)	(3)	(7)	(5)	(228)
Other finance income/(costs), net	62	1	-	-	-	63
Depreciation and amortisation	(128)	(60)	(4)	(2)	(2)	(196)
Income tax expense	(31)	(50)	(3)	(2)	-	(86)
Additions to non-current segment assets during the period	(217)	(19)	(5)	(26)	(1)	(268)
At 31 March 2018						
Cash and cash equivalents	938	196	1	9	2	1,146
Interests in associates and joint ventures	4,720	11	-	-	-	4,731
Other segment assets	10,805	6,261	377	249	156	17,848
Total segment assets	**16,463**	**6,468**	**378**	**258**	**158**	**23,725**
Loans and borrowings	(8,816)	(4,543)	(234)	(58)	(340)	(13,991)
Other segment liabilities	(2,636)	(1,240)	(126)	(188)	(130)	(4,320)
Total segment liabilities	**(11,452)**	**(5,783)**	**(360)**	**(246)**	**(470)**	**(18,311)**

Three months ended 31 March 2017

USD million	**Metals**	**Power**	**Coal**	**Logistics**	**Other**	**Total**
Revenue from external customers	2,262	556	35	18	60	2,931
Inter-segment revenue	35	209	58	26	4	332
Total segment revenue	**2,297**	**765**	**93**	**44**	**64**	**3,263**
Segment profit/(loss)	**187**	**134**	**4**	**4**	**(6)**	**323**
Impairment of non-current assets	(17)	-	-	-	-	(17)
(Loss)/gain on disposal of property, plant and equipment	(1)	3	-	-	-	2
Share of profits of associates and joint ventures	218	-	-	-	-	218
Interest expense, net	(174)	(109)	(3)	(2)	(7)	(295)
Other finance (costs)/income, net	(215)	30	(1)	-	3	(183)
Depreciation and amortisation	(114)	(57)	(4)	-	(1)	(176)
Income tax benefit/(expense)	15	(42)	(2)	(1)	-	(30)
Additions to non-current segment assets during the period	(132)	(30)	(3)	-	(3)	(168)
At 31 December 2017						
Cash and cash equivalents	831	113	1	12	1	958
Interests in associates and joint ventures	4,448	11	-	-	-	4,459
Other segment assets	10,495	6,180	361	217	143	17,396
Total segment assets	**15,774**	**6,304**	**362**	**229**	**144**	**22,813**
Loans and borrowings	(8,479)	(4,468)	(228)	(59)	(333)	(13,567)
Other segment liabilities	(2,851)	(1,289)	(124)	(166)	(117)	(4,547)
Total segment liabilities	**(11,330)**	**(5,757)**	**(352)**	**(225)**	**(450)**	**(18,114)**

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

	Three months ended 31 March	
	2018	**2017**
	USD million	**USD million**
Revenue		
Reportable segment revenue	3,852	3,263
Elimination of inter-segment revenue	(415)	(332)
Unallocated revenue	1	-
Consolidated revenue	**3,438**	**2,931**

	2018 USD million	2017 USD million
Profit		
Reportable segment profit	695	323
Income tax benefit	1	2
Interest income/(expense), net	-	(9)
Other finance income/(costs)	4	(2)
Other unallocated expenses and consolidation adjustments, net	(33)	(49)
Consolidated profit after taxation from continuing operations	**667**	**265**

	31 March 2018 USD million	31 December 2017 USD million
Assets		
Reportable segment assets	23,725	22,813
Elimination of inter-segment receivables	(610)	(520)
Consolidation adjustments	(524)	(513)
Unallocated assets	8	40
Consolidated total assets	**22,599**	**21,820**

	31 March 2018 USD million	31 December 2017 USD million
Liabilities		
Reportable segment liabilities	(18,311)	(18,114)
Elimination of inter-segment payables	610	520
Consolidation adjustments	3	2
Elimination of payables between unallocated and reportable segments, net of unallocated liabilities	121	157
Consolidated total liabilities	**(17,577)**	**(17,435)**

(c) Principal business segments

Management analyses performance of the Group through two principal business segments:

1. “METALS” or “UC RUSAL” as described in note 4(a);
2. “ENERGY” (En+ Group excluding UC RUSAL) is predominantly comprised of power assets involved in generation, transmission and distribution of energy in East Siberia, Russia, as well as its supporting operations engaged in the supply of logistics services and coal resources to the Group.

USD million	31 March 2018 EN+ GROUP Consolidated	31 March 2018 METALS	31 March 2018 Adjustments	31 March 2018 ENERGY	31 December 2017 EN+ GROUP Consolidated	31 December 2017 METALS	31 December 2017 Adjustments	31 December 2017 ENERGY
Non-current assets								
Property, plant and equipment	9,977	4,364	(13)	5,626	9,940	4,323	-	5,617
Goodwill and intangible assets	2,403	2,561	(469)	311	2,392	2,552	(469)	309
Interests in associates and joint ventures	4,731	4,720	-	11	4,459	4,448	-	11
Derivative financial assets	36	36	-	-	34	34	-	-
Deferred tax assets	88	64	-	24	87	63	-	24
Other non-current assets	74	77	(4,097)	4,094	75	72	(4,097)	4,100
	17,309	**11,822**	**(4,579)**	**10,066**	**16,987**	**11,492**	**(4,566)**	**10,061**
Current assets								
Inventories	2,622	2,558	(55)	119	2,495	2,414	(44)	125
Trade and other receivables	1,441	1,099	(95)	437	1,335	1,008	(68)	395
Derivative financial assets	46	46	-	-	29	29	-	-
Cash and cash equivalents	1,181	938	-	243	974	831	-	143
	5,290	**4,641**	**(150)**	**799**	**4,833**	**4,282**	**(112)**	**663**
Total assets	**22,599**	**16,463**	**(4,729)**	**10,865**	**21,820**	**15,774**	**(4,678)**	**10,724**

USD million	31 March 2018 EN+ GROUP Consolidated	31 March 2018 METALS	31 March 2018 Adjustments	31 March 2018 ENERGY	31 December 2017 EN+ GROUP Consolidated	31 December 2017 METALS	31 December 2017 Adjustments	31 December 2017 ENERGY
Equity								
Share capital	-	152	(152)	-	-	152	(152)	-
Share premium	973	-	-	973	973	-	-	973
Additional paid-in capital	9,193	15,786	(8,925)	2,332	9,193	15,786	(8,925)	2,332
Revaluation reserve	2,471	-	-	2,471	2,471	-	-	2,471
Other reserves	(71)	2,847	(2,951)	33	(72)	2,847	(2,951)	32
Foreign currency translations reserve	(4,522)	(8,778)	4,332	(76)	(4,544)	(8,801)	4,343	(86)
(Accumulated losses)/retained earnings	(5,720)	(4,996)	773	(1,497)	(6,030)	(5,540)	1,068	(1,558)
Total equity attributable to shareholders of the Parent Company	**2,324**	**5,011**	**(6,923)**	**4,236**	**1,991**	**4,444**	**(6,617)**	**4,164**
Non-controlling interests	2,698	-	2,349	349	2,394	-	2,054	340
	5,022	**5,011**	**(4,574)**	**4,585**	**4,385**	**4,444**	**(4,563)**	**4,504**
Non-current liabilities								
Loans and borrowings	10,940	7,822	-	3,118	10,962	7,744	-	3,218
Deferred tax liabilities	1,309	517	(3)	795	1,306	522	(2)	786
Provisions – non-current portion	551	439	-	112	542	427	-	115
Derivative financial liabilities	34	34	-	-	61	61	-	-
Other non-current liabilities	234	51	-	183	262	104	-	158
	13,068	**8,863**	**(3)**	**4,208**	**13,133**	**8,858**	**(2)**	**4,277**
Current liabilities								
Loans and borrowings	2,494	994	-	1,500	2,067	735	-	1,332
Provisions – current portion	38	23	-	15	40	27	-	13
Trade and other payables	1,948	1,543	(152)	557	2,143	1,658	(113)	598
Derivative financial liabilities	29	29	-	-	52	52	-	-
	4,509	**2,589**	**(152)**	**2,072**	**4,302**	**2,472**	**(113)**	**1,943**
Total equity and liabilities	**22,599**	**16,463**	**(4,729)**	**10,865**	**21,820**	**15,774**	**(4,678)**	**10,724**

	Three months ended							
	31 March 2018				**31 March 2017**			
USD million	EN+ GROUP Consolidated	METALS	Adjustments	ENERGY	EN+ GROUP Consolidated	METALS	Adjustments	ENERGY
Revenues	3,438	2,744	(304)	998	2,931	2,297	(243)	877
Cost of sales	(2,290)	(2,022)	290	(558)	(1,967)	(1,688)	207	(486)
Gross profit	**1,148**	**722**	**(14)**	**440**	**964**	**609**	**(36)**	**391**
Distribution expenses	(177)	(115)	2	(64)	(158)	(96)	-	(62)
General and administrative expenses	(214)	(150)	1	(65)	(198)	(145)	-	(53)
Impairment of non-current assets	(55)	(49)	-	(6)	(17)	(17)	-	-
Other operating expenses, net	(27)	(15)	-	(12)	(27)	(8)	-	(19)
Results from operating activities	**675**	**393**	**(11)**	**293**	**564**	**343**	**(36)**	**257**
Share of profits of associates and joint ventures	238	238	-	-	218	218	-	-
Finance income	78	73	1	4	71	30	-	41
Finance costs	(239)	(129)	(1)	(109)	(560)	(419)	-	(141)
Profit before tax	**752**	**575**	**(11)**	**188**	**293**	**172**	**(36)**	**157**
Income tax expense	(85)	(31)	1	(55)	(28)	15	2	(45)
Profit for the period	**667**	**544**	**(10)**	**133**	**265**	**187**	**(34)**	**112**
Profit attributable to:								
Shareholders of the Parent Company	378	544	(292)	126	152	187	(131)	96
Non-controlling interests	289	-	282	7	113	-	97	16
Profit for the period	**667**	**544**	**(10)**	**133**	**265**	**187**	**(34)**	**112**

	Three months ended							
	31 March 2018				**31 March 2017**			
USD million	EN+ GROUP Consolidated	METALS	Adjustments	ENERGY	EN+ GROUP Consolidated	METALS	Adjustments	ENERGY
Profit for the period	**667**	**544**	**(10)**	**133**	**265**	**187**	**(34)**	**112**
Adjustments for non-cash items	272	30	-	242	510	289	(2)	223
Operating profit before changes in working capital and provisions	**939**	**574**	**(10)**	**375**	**775**	**476**	**(36)**	**335**
Changes in working capital and provisions	(443)	(421)	(3)	(19)	(226)	(237)	36	(25)
Cash flows from operations before income tax	**496**	**153**	**(13)**	**356**	**549**	**239**	**-**	**310**
Income taxes paid	(79)	(37)	-	(42)	(67)	(24)	-	(43)
Cash flows from operating activities	**417**	**116**	**(13)**	**314**	**482**	**215**	**-**	**267**
Cash (used in)/ generated from investing activities, including:	**(227)**	**(225)**	**13**	**(15)**	**163**	**192**	**-**	**(29)**
Capital expenditure (including pot rebuilds and intangible assets)	(232)	(220)	13	(25)	(163)	(129)	-	(34)
Dividends from associates and joint ventures	3	3	-	-	315	315	-	-
Acquisition of a subsidiary	-	-	-	-	(3)	-	-	(3)
Interest received	5	3	-	2	4	2	-	2
Other (payments)/receipts, net	(3)	(11)	-	8	10	4	-	6

	Three months ended							
	31 March 2018				31 March 2017			
USD million	EN+ GROUP Consolidated	METALS	Adjustments	ENERGY	EN+ GROUP Consolidated	METALS	Adjustments	ENERGY
Cash flows generated from/(used in) financing activities, including:	**8**	**212**	**-**	**(204)**	**(773)**	**(555)**	**-**	**(218)**
Interest paid	(226)	(123)		(103)	(258)	(132)	-	(126)
Proceeds from/ repayment of borrowings, net	355	320		35	(306)	(318)	-	12
Payment for non-controlling interest acquired in prior periods	(55)	-	-	(55)	(54)	-	-	(54)
Settlement of derivative financial instruments	21	21	-	-	(97)	(97)	-	-
Restructuring fees and expenses related to Offering	(19)	(6)	-	(13)	(8)	(8)	-	-
Distributions to shareholder	-	-	-	-	(3)	-	-	(3)
Dividends to shareholders	(68)	-	-	(68)	(47)	-	-	(47)
Net increase/(decrease) in cash and cash equivalents	**198**	**103**	**-**	**95**	**(128)**	**(148)**	**-**	**20**
Cash and cash equivalents at beginning of the year, excluding restricted cash	957	814	-	143	656	531	-	125
Effect of exchange rate changes on cash and cash equivalents	5	-	-	5	3	-	-	3
Cash and cash equivalents at end of the year, excluding restricted cash	**1,160**	**917**	**-**	**243**	**531**	**383**	**-**	**148**

5 Revenue

(a) Revenue by types

	Three months ended 31 March	
	2018	**2017**
	USD million	**USD million**
Sales of primary aluminium and alloys	**2,195**	**1,887**
Third parties	1,425	1,251
Related parties – companies capable of exerting significant influence	767	634
Related parties – companies under common control	3	2
Sales of alumina and bauxite	**242**	**192**
Third parties	149	111
Related parties – companies capable of exerting significant influence	60	56
Related parties – associates	33	25
Sales of semi-finished products and foil	**139**	**104**
Third parties	139	104
Sales of electricity	**421**	**406**
Third parties	402	389
Related parties – companies under common control	9	11
Related parties – associates	10	6
Sales of heat	**181**	**150**
Third parties	167	137
Related parties – companies capable of exerting significant influence	-	1
Related parties – companies under common control	14	12
Sales of ferromolybdenum	**4**	**16**
Third parties	4	16
Other revenues	**256**	**176**
Third parties	202	155
Related parties – companies capable of exerting significant influence	3	2
Related parties – companies under common control	8	7
Related parties – associates	43	12
	3,438	**2,931**

(b) Revenue by primary regions

	Three months ended 31 March	
	2018	**2017**
	USD million	**USD million**
CIS	1,361	1,113
Europe	1,173	998
America	456	404
Asia	441	409
Other	7	7
	3,438	**2,931**

Total revenue from contracts with customers amounted to USD 3,398 million and USD 2,904 million for the three months ended 31 March 2018 and three months ended 31 March 2017, respectively.

6 Net other operating income and expenses

	Three months ended 31 March	
	2018	2017
	USD million	USD million
Charity	(15)	(5)
Impairment of accounts receivable	(7)	(8)
(Loss)/gain on disposal of property, plant and equipment	(3)	2
Provision for legal claims	-	(9)
Other operating expenses, net	(2)	(7)
	(27)	**(27)**

7 Finance income and costs

	Three months ended 31 March	
	2018	2017
	USD million	USD million
Finance income		
Change in fair value of derivative financial instruments (note 13)	69	-
Interest income	6	6
Unwinding of discount of trade and other receivables	2	2
Foreign exchange gain	-	63
Other finance income	1	-
	78	**71**
Finance costs		
Interest expense	(233)	(309)
Interest expense from related parties – *companies exerting significant influence*	(1)	(1)
Foreign exchange loss	(5)	-
Change in fair value of derivative financial instruments (note 13)	-	(242)
Unwinding of discount of other payables	-	(8)
	(239)	**(560)**

8 Income tax

	Three months ended 31 March	
	2018	2017
	USD million	USD million
Current tax expense		
Current tax for the period	(89)	(108)
Deferred tax expense		
Origination and reversal of temporary differences	4	80
	(85)	**(28)**

The Parent 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% and Sweden of 22%. 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 2017 were 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 2018 were the same as for the period ended 31 March 2017 and the year ended 31 December 2017 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.6% and 14.51% for the period ended 31 March 2018 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 2018 and 31 March 2017.

	Three months ended 31 March	
	2018	**2017**
Weighted average number of shares at end of the period	**571,428,572**	**500,000,000**
Profit for the period attributable to the shareholders of the Parent Company, USD million	378	152
Basic and diluted earnings per share, USD	**0.661**	**0.304**

There were no outstanding dilutive instruments during the periods ended 31 March 2018 and 31 March 2017.

10 Interests in associates and joint ventures

The Group has the following movements in investments in associates and joint ventures:

	Three months ended 31 March	
	2018	**2017**
	USD million	**USD million**
Balance at beginning of the period	**4,459**	**4,156**
Group’s share of post acquisition profits	238	218
Foreign currency translation	34	293
Balance at end of the period	**4,731**	**4,667**
Goodwill included in interests in associates	2,624	2,666

Investment in Norilsk Nickel

At the date of this consolidated interim condensed financial information the Group was unable to obtain consolidated interim condensed financial information of Norilsk Nickel as at and for the three months ended 31 March 2018. 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 2018 based on publicly available information reported by Norilsk Nickel.

The Group has estimated its share of profit of Norilsk Nickel at the level of USD 214 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 USD 25 million for the three months ended 31 March 2018. The carrying value of the Group’s investment in the investee comprises USD 4,035 million as at 31 March 2018. 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 2018 is USD 8,273 million (31 December 2017: USD 8,294 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 Equity

(a) Share capital, additional paid-in capital and transactions with shareholders

The Parent Company’s authorised share capital comprises 714,285,714.286 ordinary shares, out of which 571,428,572 shares are issued with a par value of USD 0.00007 each.

As at 31 March 2018 and 31 December 2017 all issued ordinary shares were fully paid.

(b) 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.

(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 change in fair value of cash flow hedges and the Group’s share of other comprehensive income of equity-accounted investees other than foreign currency transaction.

(d) Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of hydro assets at the reporting date.

(e) Dividends

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

During three months ended 31 March 2018, the Group declared and paid interim dividends for 2017 in the amount of USD 68 million (USD 0.119 per share).

(f) Non-controlling interest

The following table summarises the information relating to each of the Group`s subsidiaries that has material non-controlling interest:

31 March 2018

	UC RUSAL	Irkutskenergo Group*	LLC Baikal Yacht Club	JSC Irkutsk Electric Grid Company	Total
NCI percentage	**51.9%**	**7.5%**	**49.0%**	**47.7%**	
Assets	15,979	4,418	-	567	
Liabilities	(11,452)	(2,254)	(35)	(145)	
Net assets	**4,527**	**2,164**	**(35)**	**422**	
Carrying amount of NCI	2,349	165	(17)	201	**2,698**
Revenue	2,744	685	-	105	
Profit/(loss)	544	86	(1)	5	
Other comprehensive income	23	-	-	-	
Total comprehensive income/(loss)	**567**	**86**	**(1)**	**5**	
Profit attributable to NCI	282	5	-	2	**289**
Other comprehensive income attributable to NCI	12	2	-	1	**15**
Cash flows from operating activities	116	48	-	35	
Cash flows used in investing activities	(225)	(21)	-	(14)	
Cash flows from/(used in) financing activities	212	(20)	-	(21)	
Net increase/(decrease) in cash and cash equivalents	**103**	**7**	**-**	**-**	

*Net assets of Irkutskenergo Group were adjusted for the effect of PSCJ Irkutskenergo investment in JSC Irkutsk Electric Grid Company.

31 March 2017

	UC RUSAL	Irkutskenergo Group*	LLC Baikal Yacht Club	JSC Irkutsk Electric Grid Company	Total
NCI percentage	**51.9%**	**9.2%**	**49.0%**	**48.1%**	
Assets	14,367	4,217	1	572	
Liabilities	(11,012)	(2,250)	(33)	(159)	
Net assets	**3,355**	**1,967**	**(32)**	**413**	
Carrying amount of NCI	1,741	183	(16)	199	**2,107**
Revenue	2,297	695	-	93	
Profit/(loss)	187	127	(1)	10	
Other comprehensive income	353	-	-	-	
Total comprehensive income	**540**	**127**	**(1)**	**10**	
Profit attributable to NCI	97	11	-	5	**113**
Other comprehensive income attributable to NCI	183	13	(1)	14	**209**
Cash flows from operating activities	215	148	-	35	
Cash flows from/(used in) investing activities	192	(97)	-	(15)	
Cash flows (used in)/from financing activities	(555)	(34)	1	(20)	
Net (decrease)/increase in cash and cash equivalents	**(148)**	**17**	**1**	**-**	

*Net assets of Irkutskenergo Group were adjusted for the effect of PSCJ Irkutskenergo investment in JSC Irkutsk Electric Grid Company.

12 Loans and borrowings

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

	31 March 2018 USD million	31 December 2017 USD million
Non-current liabilities		
Secured bank loans	8,465	8,913
Unsecured bank loans	744	650
Bonds	1,731	1,399
	10,940	**10,962**
Current liabilities		
Secured bank loans	1,376	1,144
Unsecured bank loans	819	768
Accrued interest	140	133
Bonds	159	22
	2,494	**2,067**

(a) Loans and borrowings

UC RUSAL

During three months ended 31 March 2018 UC RUSAL made a principal repayment in total amounts of USD 507 million and EUR 55 million (USD 68 million) under credit facilities with Gazprombank, VTB Capital and Credit Bank of Moscow.

In January 2018 the UC RUSAL entered into a bilateral facility agreement with Nordea Bank AB with the following key terms: principal amount of USD 200 million, tenor of 3 years, interest rate of 1M Libor + 2.4% per annum with a bullet repayment. The proceeds were applied for partial prepayment of UC RUSAL's existing debt.

Fair value of UC RUSAL's liabilities measured at amortised cost approximate their fair values as at 31 March 2018.

The nominal value of the UC RUSAL's loans and borrowings was USD 6,937 million at 31 March 2018 (31 December 2017: USD 7,072 million).

ENERGY

(i) Sberbank facilities of Eurosibenergo

As at 31 March 2018 Eurosibenergo had RUB-denominated loan in the amount of USD 1,133 million (RUB 64,871 million) bearing 9.91% effective interest and USD-denominated loan in the amount of USD 486 million bearing 7.45% effective interest.

(ii) Syndicate facilities

During three months ended 31 March 2018 scheduled tranche of USD 55 million (RUB 3,125 million) was received.

As at 31 March 2018 the outstanding amount of this loan was USD 1,563 million (RUB 89,520 million).

Fair value of the ENERGY liabilities measured at amortised cost approximate their fair values as at 31 March 2018.

The nominal value of ENERGY loans and borrowings was USD 4,560 million at 31 March 2018 (31 December 2017: USD 4,500 million).

Security and pledges

The Group's bank loans and guarantees are secured by pledges of shares of the Group's subsidiaries and by a pledge of 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 2017.

The secured bank loans are also secured by the following:

- Property, plant and equipment with a carrying amount of USD 1,152 million (31 December 2017: USD 1,150 million);
- Inventories with a carrying amount of USD 461 million (31 December 2017: USD 373 million);

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

(b) Bonds payable

As at 31 March 2018 51,509 series 08 bonds and 4,221,951 series BO-01 bonds were outstanding (traded in the market).

The closing market price at 31 March 2018 was RUB 1,013, RUB 1,043 per bond for the first and second tranches, respectively.

As at 31 March 2018 the first and the second tranche of Eurobonds were outstanding (traded in the market).

The closing market price at 31 March 2018 was USD 0.9869 per bond, USD 0.9818 per bond for the first and second tranches, respectively.

In February 2018 the Group completed its third offering of Eurobonds with the following key terms: principal amount of USD 500 million, tenor of 5 years, coupon rate of 4.85% per annum. The bonds proceeds were applied for partial prepayment of the Group's existing debt. The closing market price at 31 March 2018 was USD 0.9640 per bond.

In February 2018 the Group has fully redeemed 1,289,314 series 07 bonds for USD 23 million.

13 Derivative financial assets and liabilities

Derivative financial instruments are attributable to the following contracts of UC RUSAL:

	31 March 2018		31 December 2017	
	USD million		USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Petroleum coke supply contracts and other raw materials	38	47	36	82
Forward contracts for aluminium and other instruments	44	16	27	31
Total	**82**	**63**	**63**	**113**

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 the nature of derivatives entered into by the Group as well as circumstances that caused the transfer. There were no changes in valuation techniques applied during three months ended 31 March 2018. The following significant assumptions were used in estimating derivative instruments:

	2018	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	2,011	2,048	2,079	2,104	2,130	2,167	2,214	2,262
Platt's FOB Brent, USD per barrel	69	64	61	59	58	-	-	-

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

	Three months ended 31 March	
	2018	2017
	USD million	USD million
Balance at the beginning of the period	(50)	32
Unrealised changes in fair value recognised in statement of profit or loss (finance income (expenses)) during the period	69	(242)
Realised portion during the period	-	136
Balance at the end of the period	**19**	**(74)**

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

14 Commitments

Capital commitments

UC RUSAL

UC RUSAL has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 March 2018 and 31 December

2017 approximated USD 158 million and USD 213 million, respectively. These commitments are due over a number of years.

ENERGY

The ENERGY segment had outstanding capital commitments which had been contracted for at 31 March 2018 and 31 December 2017 in the amount of USD 77 million and USD 24 million, respectively. These commitments are due over a number of years.

15 Contingencies

(a) Taxation

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

Transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances. These transfer pricing rules provide for an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe the basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level. The transfer pricing rules apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code (no threshold is set for the purposes of prices control in such transactions). In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB 1 billion in 2014 and thereon). The compliance of prices with the arm's length level could be as well subject to scrutiny on the basis of unjustified tax benefit concept.

Effective 1 January 2015 the concept of "beneficial ownership" which is broadly in line with the concept developed by the OECD were introduced into Russian tax legislation. In particular, based on this concept the double tax treaty relief should be available to foreign legal entities provided they have the actual right to receive income (i.e., they qualify as a "beneficial owner of income"). When determining the beneficial owner, the functions of a foreign person that is claiming the application of reduced tax rates under a double tax treaty and the risks that such person takes should be analyzed. Effective 1 January 2017, a non-resident income recipient should be obliged to provide a tax agent with confirmation that it is the beneficial owner of the income. However, at the moment there is no clear guidance in the tax legislation in what form such confirmation should be obtained.

No assurance can currently be given as to how the above concepts will be applied in practice, their potential interpretation by the Russian tax authorities and the possible impact on the Group.

UC RUSAL

In addition to the amounts of income tax UC RUSAL already has provided, there are certain tax positions 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. UC RUSAL'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 2018 is USD nil million (31 December 2017: USD 30 million).

ENERGY

During the past several years the Russian tax authorities have shown a tendency to take more assertive positions in their interpretation of tax legislation which has led to an increased number of material tax assessments issued by them as a result of tax audits. In practice, the Russian tax authorities generally interpret the tax laws in ways that do not favor taxpayers.

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for three calendar years of review (one year in the case of customs). Under certain circumstances reviews may cover longer periods. In addition, in some instances, new tax regulations effectively have been given retroactive effect. Moreover, in October 2006, the Plenum of the Supreme Arbitration Court of the Russian Federation issued Ruling No. 53, formulating a concept of "unjustified tax benefit", which is defined in the Ruling by reference to specific examples of such tax benefits (e.g., tax benefits obtained as a result of a transaction that has no reasonable business purpose). There is a growing practice on the interpretation of this concept by the Russian tax authorities and the Russian courts and it is apparent that the Russian tax authorities actively seek to apply this concept when challenging tax positions taken by taxpayers. The tax authorities have actively sought to apply this concept when challenging tax positions taken by taxpayers in court, and this trend is anticipated to continue in the future. It is possible that additional taxes may be payable in respect of some operations of the Group upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. It could potentially have a significant impact on the consolidated financial statements of the Group.

Russian tax legislation includes "thin capitalisation" rules which limit the amount of interest that could be deducted by the Russian subsidiaries of the Parent Company for corporate income tax purposes on "controlled" debts. The deductibility of interest is restricted to the extent that the controlled debt of a Russian company exceeds its net assets by more than three times. Interest on excess debt is non-deductible and treated as a dividend subject to Russian withholding tax. Prior to 2017 loans provided between Russian affiliated companies were subject to thin capitalisation rules in case they have direct or indirect foreign shareholder owning more than 20%. There is contemplated tax practice with respect to such kind of transactions and tax authorities interpreted these rules differently. It is currently unclear how the Russian tax authorities will interpret and apply the amended thin capitalisation rules.

The Russian subsidiaries of the Parent Company may be affected by the Russian Federation's thin capitalisation rules which may result in assessment of additional taxes. 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 2018 is USD 8 million (31 December 2017: USD 7 million).

(b) Environmental contingencies

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

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated interim condensed financial information. As at 31 March 2018 the amount of claims, where management assesses outflow as possible approximates USD 34 million (31 December 2017: USD 36 million).

In January 2013, UC RUSAL 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 UC RUSAL. 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 USD 2.8 billion plus interest. In January 2014 the court granted the UC RUSAL's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. On the latest hearing held on 8 November 2017 the Court has not upheld the claim and the claim was struck out. In January 2018 one of the UC RUSAL's subsidiaries, ALSCON and the Bureau of Public Enterprises of Nigeria entered into an addendum to the original sale and purchase contract regarding ALSCON.

16 Related party transactions

(a) Transactions with related parties

The Group transacts with related parties, the majority of which are entities under common control with the Group or under the common control of minority shareholders of main subsidiaries or entities under their control.

Sales to related parties for the period are disclosed in note 5.

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

	Three months ended 31 March	
	2018	2017
	USD million	USD million
Purchase of raw materials	**(107)**	**(126)**
Companies capable of exerting significant influence	*(12)*	*(51)*
Companies under common control	*(18)*	*(12)*
Associates and joint ventures	*(77)*	*(63)*
Energy costs	**(11)**	**(9)**
Companies capable of exerting significant influence	*(1)*	*(3)*
Companies under common control	-	*(1)*
Associates and joint ventures	*(10)*	*(5)*
Other services	**(38)**	**(31)**
Companies under common control	*(1)*	*(1)*
Associates and joint ventures	*(37)*	*(30)*
	(156)	**(166)**

Receivables from and advances paid at the end of the period were as follows:

	31 March 2018	31 December 2017
	USD million	USD million
Current trade and other receivables, and advances issued	113	95
Companies capable of exerting significant influence	*46*	*34*
Companies under common control	*10*	*6*
Associates and joint ventures	*57*	*55*
Dividends receivable from related parties	-	3
Associates and joint ventures	-	*3*
	113	**98**

Trade and other payables owing to related parties at the end of the period were as follows:

	31 March 2018	31 December 2017
	USD million	USD million
Current trade and other payables, and advances received		
Companies capable of exerting significant influence	*217*	*302*
Companies under common control	*1*	*9*
Associates and joint ventures	*43*	*49*
	261	**360**

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

At 31 March 2018, included in non-current assets are balances of related parties —associates and joint ventures of USD 12 million (31 December 2017: USD 11 million, respectively). At 31 March 2018, included in non-current liabilities are balances of related parties – associates and joint ventures of USD 9 million (31 December 2017: USD 9 million, respectively).

(b) Remuneration to key management

For the three month period ended 31 March 2018 remuneration to key management personnel was represented by short-term employee benefits and amounted to USD 2 million (for the three months ended 31 March 2017: USD 2 million).

17 Events subsequent to the reporting date

The following events occurred subsequent to the reporting date in addition to those disclosed in note 1(d) above.

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

UC RUSAL has successfully paid the coupon on Eurobonds due in May 2018 for the amount of USD 13 million.