En+ Group PLC
Consolidated Interim Condensed Financial Information for the six months ended 30 June 2017

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 30 June 2017, and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). 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.

Audited entity: En+ Group PLC

Registration No. 91061.

Jersey, British Channels Islands

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities 1027700125628.

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2017 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Andrei Ryazantsev

Director

JSC "KPMG"

Moscow, Russia

1 September 2017

		Six months ended 30 June	
		2017 (unaudited)	**2016 (unaudited)**
	Note	**USD million**	**USD million**
Revenue	5	5,841	4,748
Cost of sales		(3,909)	(3,463)
Gross profit		**1,932**	**1,285**
Distribution expenses		(318)	(239)
General and administrative expenses		(399)	(337)
Impairment of non-current assets		(85)	(59)
Other operating (expenses)/income, net	6	(66)	19
Results from operating activities		**1,064**	**669**
Share of profits of associates and joint ventures	10	297	439
Finance income	7	53	54
Finance costs	7	(773)	(724)
Profit before tax		**641**	**438**
Income tax expense	8	(93)	(121)
Profit for the period		**548**	**317**
Attributable to:			
Shareholders of the Parent Company		279	137
Non-controlling interests	11(g)	269	180
Profit for the period		**548**	**317**
Earnings per share			
Basic and diluted earnings per share (USD)	9	**0.558**	**0.274**

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 12 to 38.

	Note	Six months ended 30 June 2017 (unaudited) USD million	2016 (unaudited) USD million
Profit for the period		**548**	**317**
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial losses on post retirement benefit plans		-	(2)
Revaluation of non-current assets		-	2,033
Taxation		-	(407)
		-	1,624
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		4	359
Foreign currency translation differences for equity-accounted investees	10	122	476
Share of other comprehensive income of associate	10	(28)	-
Change in fair value of cash flow hedge	13	-	23
Unrealised gain on available-for-sale assets		6	-
		104	858
Total comprehensive income for the period		**652**	**2,799**
Attributable to:			
Shareholders of the Parent Company		332	1,731
Non-controlling interests		320	1,068
Total comprehensive income for the period		**652**	**2,799**

This consolidated interim condensed financial information was approved by the Board of Directors on 1 September 2017 and was signed on its behalf by:

Maxim Sokov
Director

Andrey Yashchenko
Chief Financial Officer

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial information set out on pages 12 to 38.

	Note	30 June 2017 (unaudited) USD million	31 December 2016 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		9,446	9,355
Goodwill and intangible assets		2,353	2,300
Interests in associates and joint ventures	10	4,192	4,156
Long-term investments		30	25
Trade and other receivables		32	149
Deferred tax assets		97	108
Derivative financial assets	13	67	51
Other non-current assets		12	7
Total non-current assets		**16,229**	**16,151**
Current assets			
Short-term investments		42	38
Inventories		2,197	2,034
Trade and other receivables		1,455	1,401
Prepaid expenses and other current assets		17	14
Derivative financial assets	13	29	16
Cash and cash equivalents		722	669
Assets held for sale		7	7
Total current assets		**4,469**	**4,179**
Total assets		**20,698**	**20,330**

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 38.

	Note	30 June 2017 (unaudited) USD million	31 December 2016 USD million
EQUITY AND LIABILITIES			
Equity	11		
Share capital		-	-
Additional paid-in capital		9,193	9,193
Revaluation reserve		2,540	2,456
Other reserves		(70)	(63)
Foreign currency translation reserve		(4,606)	(4,683)
Accumulated losses		(6,311)	(6,503)
Total equity attributable to shareholders of the Parent Company		**746**	**400**
Non-controlling interests		1,911	1,785
Total equity		**2,657**	**2,185**
Non-current liabilities			
Loans and borrowings	12	12,444	12,095
Deferred tax liabilities		1,322	1,394
Provisions – non-current portion		607	618
Derivative financial liabilities	13	31	3
Other non-current liabilities		113	177
Total non-current liabilities		**14,517**	**14,287**
Current liabilities			
Loans and borrowings	12	1,767	2,110
Provisions – current portion		79	64
Trade and other payables		1,640	1,652
Derivative financial liabilities	13	38	32
Total current liabilities		**3,524**	**3,858**
Total equity and liabilities		**20,698**	**20,330**

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 38.

		Six months ended 30 June	
		2017 (unaudited)	**2016 (unaudited)**
	Note	**USD million**	**USD million**
OPERATING ACTIVITIES			
Profit for the period		**548**	**317**
Adjustments for:			
Depreciation and amortization		365	322
Impairment loss		85	59
Foreign exchange (gain)/loss	7	(36)	108
(Gain)/loss on disposal of property, plant and equipment	6	(1)	1
Share of profits of associates and joint ventures	10	(297)	(439)
Interest expense	7	621	497
Interest income	7	(12)	(52)
Change in fair value of derivative financial instruments	7	138	119
Unwinding of discount of trade and other receivables	7	(4)	-
Unwinding of discount of other payables	7	14	-
Income tax expense	8	93	121
Dividend income	7	(1)	(2)
Impairment of inventory		-	2
Impairment/(reversal of impairment) of receivables	6	15	(1)
Provision/(reversal of provision) for legal claims	6	1	(3)
Environmental provision		1	-
Operating profit before changes in working capital, site restoration and pension provisions		**1,530**	**1,049**
(Increase)/decrease in inventories		(147)	78
Increase in trade and other receivables		(1)	(54)
Decrease in trade and other payables and provisions		(208)	(68)
Cash flows generated from operations before income taxes paid		**1,174**	**1,005**
Income taxes paid		(173)	(89)
Cash flows generated from operating activities		**1,001**	**916**

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 38.

		Six months ended 30 June	
		2017	**2016**
		(unaudited)	**(unaudited)**
	Note	**USD million**	**USD million**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		15	2
Acquisition of property, plant and equipment		(371)	(240)
Acquisition of intangible assets		(8)	(4)
Interest received		8	20
Dividends from associates and joint ventures		325	182
Dividends from available-for-sale investments		1	-
Contribution to short-term investments		-	(2)
Proceeds from promissory notes		8	7
Acquisition of a subsidiary		(4)	-
Loans issued		(9)	(57)
Cash flows used in investing activities		**(35)**	**(92)**
FINANCING ACTIVITIES			
Proceeds from borrowings		5,235	4,389
Repayment of borrowings		(5,323)	(3,353)
Restructuring fees		(36)	(14)
Payment for acquisition of non-controlling interests		(108)	(676)
Interest paid		(515)	(371)
Settlement of derivative financial instruments		(101)	(197)
Dividends to shareholders	11(f)	(69)	(60)
Other distributions	11(d)	(3)	(263)
Cash flows used in financing activities		**(920)**	**(545)**
Net change in cash and cash equivalents		**46**	**279**
Cash and cash equivalents at beginning of period, excluding restricted cash		656	577
Effect of exchange rate fluctuations on cash and cash equivalents		3	56
Cash and cash equivalents at end of the period, excluding restricted cash		**705**	**912**

Restricted cash amounted to USD 17 million, USD 13 million and USD 12 million at 30 June 2017, 31 December 2016 and 30 June 2016, 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 38.

USD million	**Attributable to shareholders of the Parent Company**							
	Additional paid-in capital	**Revaluation reserve**	**Other reserves**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2016	**9,193**	**-**	**(96)**	**(5,078)**	**(5,889)**	**(1,870)**	**873**	**(997)**
Comprehensive income								
Profit for the period (unaudited)	-	-	-	-	137	137	180	317
Revaluation of hydro assets as at 1 January 2016	-	1,479	-	-	-	1,479	554	2,033
Taxation	-	(296)	-	-	-	(296)	(111)	(407)
Other comprehensive income for the period (unaudited)	-	-	10	401	-	411	445	856
Total comprehensive income for the period (unaudited)	**-**	**1,183**	**10**	**401**	**137**	**1,731**	**1,068**	**2,799**
Transactions with owners								
Change in effective interest in subsidiaries	-	271	-	24	(750)	(455)	(525)	(980)
Mandatory offer	-	96	-	14	11	121	(177)	(56)
Other distribution	-	-	-	-	(258)	(258)	(5)	(263)
Total transactions with owners	**-**	**367**	**-**	**38**	**(997)**	**(592)**	**(707)**	**(1,299)**
Balance at 30 June 2016 (unaudited)	**9,193**	**1,550**	**(86)**	**(4,639)**	**(6,749)**	**(731)**	**1,234**	**503**
Balance at 1 January 2017	**9,193**	**2,456**	**(63)**	**(4,683)**	**(6,503)**	**400**	**1,785**	**2,185**
Comprehensive income								
Profit for the period (unaudited)	**-**	**-**	**-**	**-**	279	279	269	548
Other comprehensive income for the period (unaudited)	-	-	(7)	60	-	53	51	104
Total comprehensive income for the period (unaudited)	**-**	**-**	**(7)**	**60**	**279**	**332**	**320**	**652**
Transactions with owners								
Mandatory offer (11(a)(ii)) (unaudited)	-	84	-	17	(38)	63	(194)	(131)
Dividends to shareholders (11(f)) (unaudited)	-	-	-	-	(46)	(46)	-	(46)
Other distributions (11(d)) (unaudited)	-	-	-	-	(3)	(3)	-	(3)
Total transactions with owners (unaudited)	**-**	**84**	**-**	**17**	**(87)**	**14**	**(194)**	**(180)**
Balance at 30 June 2017 (unaudited)	**9,193**	**2,540**	**(70)**	**(4,606)**	**(6,311)**	**746**	**1,911**	**2,657**

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 38.

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.

En+ Group PLC is a private equity management company which focuses on investing in promising sectors of the Russian, CIS and other developing economies.

The Parent Company directly or through its subsidiaries controls a number of entities engaged in aluminium production, energy generation and distribution and other businesses (together with the Parent Company referred to as "the Group").

As at 30 June 2017 the Parent Company's major shareholders were B-Finance Limited with a 61.55% ownership interest and Basic Element Limited with a 21.10% ownership interest (61.55% and 21.10% as at 31 December 2016, respectively).

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.

(b) Operations

As at 30 June 2017 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, through its main power subsidiaries: PJSC Irkutskenergo ("Irkutskenergo"), PJSC Krasnoyrsk Hydro-Power Plant ("Krasnoyarsk HPP") and JSC Eurosibenergo ("Eurosibenergo"), as well as its supporting operations engaged in the supply of logistics services and coal resources to the Group. The Group's subsidiaries are also engaged in metallurgy production in Krasnoyarsk region and production and processing of molybdenum and ferromolybdenum at plants located in the eastern part of the Russian Federation.

(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.

2 Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. 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 2016.

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:

Amendments to IAS 7: *Disclosure Initiative*

Amendments to IFRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

Annual Improvements to IFRSs, 2014-2016 cycle: Amendments to IFRS 12 *Disclosure of Interests in Other Entities*

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

(b) Consolidation of UC RUSAL

Following the Global Offering and issuance of additional shares by UC RUSAL the Group's interest in UC RUSAL reduced below 50% to 47.41% by 31 December 2010. In November 2012 the Parent Company purchased additional 0.72% shares of UC RUSAL for cash consideration of USD 70 million.

In order to ensure continuing control over UC RUSAL and in connection with the Global Offering, the Parent Company entered into the Shareholders' agreement with non-controlling shareholders of UC RUSAL. The Shareholders' agreement provides to the shareholders of the Parent Company certain rights which, based on its current shareholding in UC RUSAL, enables it to retain the power over UC RUSAL and to use it to obtain benefits from UC RUSAL's activities:

- The Parent Company is entitled to nominate more than 50 percent of the Board of Directors, including two independent directors;
- The Parent Company is entitled to provide instructions to one of the non-controlling shareholders for voting at the Board of Directors and Shareholders' meetings on matters including appointment and removal of Directors and distribution of dividends and this non-controlling shareholder is obliged to vote according to such instructions pursuant to the terms of the Shareholders' agreement; and
- The Parent Company is entitled to appoint the CEO of UC RUSAL.

Management believes that its shareholding in UC RUSAL and the terms of the shareholders agreement described above enable the Group to retain control over UC RUSAL despite holding less than 50%.

(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 30 June 2017 effective interest in Irkutsk GridCo held by the Group is 53.8% (31 December 2016: 51.9%).

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

The accounting policies and judgments applied by the Group in this consolidated interim condensed financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

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.
- *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 of production and processing of molybdenum and ferromolybdenum, and also aluminium processing plant.

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

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

(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 measures used for reporting segment results are the net profit and 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

Six months ended 30 June 2017

USD million	**Metals**	**Power**	**Coal**	**Logistics**	**Other**	**Total**
Revenue from external customers	4,684	928	59	20	137	5,828
Inter-segment revenue	80	443	100	38	7	668
Total segment revenue	**4,764**	**1,371**	**159**	**58**	**144**	**6,496**
Segment profit/(loss)	**470**	**170**	**1**	**9**	**(14)**	**636**
Impairment of non-current assets	(81)	-	-	-	-	(81)
(Loss)/gain on disposal of property, plant and equipment	(1)	1	-	-	-	-
Share of profits of associates and joint ventures	297	-	-	-	-	297
Interest expense, net	(344)	(221)	(5)	(4)	(11)	(585)
Other finance (costs)/income, net	(115)	3	(2)	-	-	(114)
Depreciation and amortisation	(243)	(111)	(8)	-	(3)	(365)
Income tax (expense)/benefit	(28)	(67)	2	(3)	1	(95)
Additions to non-current segment assets during the period	(287)	(62)	(11)	(14)	(4)	(378)

USD million	**Metals**	**Power**	**Coal**	**Logistics**	**Other**	**Total**
At 30 June 2017						
Cash and cash equivalents	619	87	4	3	2	715
Interests in associates and joint ventures	4,183	9	-	-	-	4,192
Other segment assets	10,144	6,006	319	74	132	16,675
Total segment assets	**14,946**	**6,102**	**323**	**77**	**134**	**21,582**
Loans and borrowings	(8,955)	(4,204)	(197)	(43)	(331)	(13,730)
Other segment liabilities	(2,139)	(1,426)	(111)	(50)	(105)	(3,831)
Total segment liabilities	**(11,094)**	**(5,630)**	**(308)**	**(93)**	**(436)**	**(17,561)**

Six months ended 30 June 2016

USD million	**Metals**	**Power**	**Coal**	**Logistics**	**Other**	**Total**
Revenue from external customers	3,832	745	32	26	110	4,745
Inter-segment revenue	64	231	81	17	5	398
Total segment revenue	**3,896**	**976**	**113**	**43**	**115**	**5,143**
Segment profit/(loss)	**261**	**143**	**(9)**	**5**	**(15)**	**385**
Impairment of non-current assets	(55)	(4)	-	-	-	(59)
(Loss)/gain on disposal of property, plant and equipment	(2)	1	-	-	-	(1)
Share of profits of associates and joint ventures	439	-	-	-	-	439
Interest expense, net	(285)	(93)	(8)	(2)	(12)	(400)
Other finance (costs)/income, net	(227)	25	(3)	-	5	(200)
Depreciation and amortisation	(231)	(81)	(7)	-	(3)	(322)
Income tax expense	(34)	(72)	(4)	(2)	(9)	(121)
Additions to non-current segment assets during the period	(222)	(58)	(3)	-	(4)	(287)
At 31 December 2016						
Cash and cash equivalents	544	96	7	5	3	655
Interests in associates and joint ventures	4,147	9	-	-	-	4,156
Other segment assets	9,761	5,981	302	74	123	16,241
Total segment assets	**14,452**	**6,086**	**309**	**79**	**126**	**21,052**
Loans and borrowings	(8,965)	(4,071)	(188)	(42)	(304)	(13,570)
Other segment liabilities	(2,188)	(1,464)	(114)	(41)	(105)	(3,912)
Total segment liabilities	**(11,153)**	**(5,535)**	**(302)**	**(83)**	**(409)**	**(17,482)**

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

	Six months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Revenue		
Reportable segment revenue	6,496	5,143
Elimination of inter-segment revenue	(668)	(398)
Unallocated revenue	13	3
Consolidated revenue	**5,841**	**4,748**

	2017	**2016**
	USD million	**USD million**
Profit		
Reportable segment profit	636	385
Impairment of non-current assets	(4)	-
Gain from disposal of property, plant and equipment	1	-
Income tax benefit	2	-
Interest expense, net	(24)	(45)
Other finance income/(costs)	3	(25)
Other unallocated expenses and consolidation adjustments, net	(66)	2
Consolidated profit	**548**	**317**

	30 June 2017	**31 December 2016**
	USD million	**USD million**
Assets		
Reportable segment assets	21,582	21,052
Elimination of inter-segment receivables	(433)	(394)
Consolidation adjustments	(513)	(469)
Unallocated assets, net of elimination of receivables between unallocated and reportable segments	62	141
Consolidated total assets	**20,698**	**20,330**

	30 June 2017	**31 December 2016**
	USD million	**USD million**
Liabilities		
Reportable segment liabilities	(17,561)	(17,482)
Elimination of inter-segment payables	433	394
Consolidation adjustments	2	-
Unallocated liabilities, net of elimination of payables between unallocated and reportable segments	(915)	(1,057)
Consolidated total liabilities	**(18,041)**	**(18,145)**

(c) Principal business segments

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

1. En+ Group excluding UC RUSAL (“EN+”) is predominantly comprised of power assets and operations as described in note 1(b).
2. UC RUSAL as described in note 4(a).

USD million	30 June 2017 En+ Group Consolidated	30 June 2017 UC RUSAL	30 June 2017 Adjustments	30 June 2017 EN+	31 December 2016 En+ Group Consolidated	31 December 2016 UC RUSAL	31 December 2016 Adjustments	31 December 2016 EN+
Non-current assets								
Property, plant and equipment	9,446	4,057	-	5,389	9,355	4,065	-	5,290
Goodwill and intangible assets	2,353	2,521	(469)	301	2,300	2,470	(469)	299
Interests in associates and joint ventures	4,192	4,183	-	9	4,156	4,147	-	9
Long-term investments	30	-	(4,053)	4,083	25	-	(4,053)	4,078
Trade and other receivables	32	-	4	28	149	-	4	145
Deferred tax assets	97	62	-	35	108	51	-	57
Derivative financial assets	67	67	-	-	51	51	-	-
Other non-current assets	12	58	(46)	-	7	52	(45)	-
	16,229	**10,948**	**(4,564)**	**9,845**	**16,151**	**10,836**	**(4,563)**	**9,878**
Current assets								
Short-term investments	42	-	34	8	38	-	28	10
Inventories	2,197	2,127	(44)	114	2,034	1,926	-	108
Trade and other receivables	1,455	1,223	(112)	344	1,401	1,130	(77)	348
Prepaid expenses and other current assets	17	-	16	1	14	-	13	1
Derivative financial assets	29	29	-	-	16	16	-	-
Cash and cash equivalents	722	619	-	103	669	544	-	125
Assets held for sale	7	-	-	7	7	-	-	7
	4,469	**3,998**	**(106)**	**577**	**4,179**	**3,616**	**(36)**	**599**
Total assets	**20,698**	**14,946**	**(4,670)**	**10,422**	**20,330**	**14,452**	**(4,599)**	**10,477**

	30 June 2017				31 December 2016			
USD million	En+ Group Consolidated	UC RUSAL	Adjustments	EN+	En+ Group Consolidated	UC RUSAL	Adjustments	EN+
Equity								
Share capital	-	152	(152)	-	-	152	(152)	-
Additional paid-in capital	9,193	15,786	(8,925)	2,332	9,193	15,786	(8,925)	2,332
Revaluation reserve	2,540	-	-	2,540	2,456	-	-	2,456
Other reserves	(70)	2,854	(2,954)	30	(63)	2,882	(2,969)	24
Foreign currency translations reserve	(4,606)	(8,947)	4,419	(78)	(4,683)	(9,058)	4,477	(102)
Retained earnings/(accumulated losses)	(6,311)	(5,993)	1,301	(1,619)	(6,503)	(6,463)	1,587	(1,627)
Total equity attributable to shareholders of the Parent	**746**	**3,852**	**(6,311)**	**3,205**	**400**	**3,299**	**(5,982)**	**3,083**
Non-controlling interests	1,911	-	1,747	164	1,785	-	1,460	325
	2,657	**3,852**	**(4,564)**	**3,369**	**2,185**	**3,299**	**(4,522)**	**3,408**
Non-current liabilities								
Loans and borrowings	12,444	7,983	-	4,461	12,095	7,532	-	4,563
Deferred tax liabilities	1,322	552	(2)	772	1,394	585	-	809
Provisions – non-current portion	607	418	-	189	618	423	-	195
Derivative financial liabilities	31	31	-	-	3	3	-	-
Other non-current liabilities	113	62	-	51	177	51	-	126
	14,517	**9,046**	**(2)**	**5,473**	**14,287**	**8,594**	**-**	**5,693**
Current liabilities								
Loans and borrowings	1,767	971	-	796	2,110	1,433	-	677
Provisions – current portion	79	41	-	38	64	40	-	24
Trade and other payables	1,640	998	(104)	746	1,652	1,054	(77)	675
Derivative financial liabilities	38	38	-	-	32	32	-	-
	3,524	**2,048**	**(104)**	**1,580**	**3,858**	**2,559**	**(77)**	**1,376**
Total equity and liabilities	**20,698**	**14,946**	**(4,670)**	**10,422**	**20,330**	**14,452**	**(4,599)**	**10,477**

	Six months ended							
	30 June 2017				30 June 2016			
USD million	En+ Group Consolidated	UC RUSAL	Adjustments	EN+	En+ Group Consolidated	UC RUSAL	Adjustments	EN+
Revenue	5,841	4,764	(522)	1,599	4,748	3,896	(300)	1,152
Cost of sales	(3,909)	(3,478)	478	(909)	(3,463)	(3,053)	300	(710)
Gross profit	**1,932**	**1,286**	**(44)**	**690**	**1,285**	**843**	**-**	**442**
Distribution expenses	(318)	(210)	-	(108)	(239)	(162)	-	(77)
General and administrative expenses	(399)	(292)	-	(107)	(337)	(257)	-	(80)
Impairment of non-current assets	(85)	(81)	-	(4)	(59)	(55)	-	(4)
Other operating (expenses)/income, net	(66)	(43)	-	(23)	19	(1)	-	20
Results from operating activities	**1,064**	**660**	**(44)**	**448**	**669**	**368**	**-**	**301**
Share of profits of associates and joint ventures	297	297	-	-	439	439	-	-
Finance income	53	32	-	21	54	14	-	40
Finance costs	(773)	(491)	-	(282)	(724)	(526)	-	(198)
Profit before tax	**641**	**498**	**(44)**	**187**	**438**	**295**	**-**	**143**
Income tax expense	(93)	(28)	2	(67)	(121)	(34)	-	(87)
Profit for the period	**548**	**470**	**(42)**	**120**	**317**	**261**	**-**	**56**
Profit attributable to:								
Shareholders of the Parent Company	279	470	(286)	95	137	261	(135)	11
Non-controlling interests	269	-	244	25	180	-	135	45
Profit for the period	**548**	**470**	**(42)**	**120**	**317**	**261**	**-**	**56**

	Six months ended							
	30 June 2017				30 June 2016			
USD million	En+ Group Consolidated	UC RUSAL	Adjustments	EN+	En+ Group Consolidated	UC RUSAL	Adjustments	EN+
Profit for the period	**548**	**470**	**(42)**	**120**	**317**	**261**	**-**	**56**
Adjustments for non-cash items	982	518	(2)	466	732	390	-	342
Operating profit before changes in working capital and provisions	**1,530**	**988**	**(44)**	**586**	**1,049**	**651**	**-**	**398**
Changes in working capital and provisions	(356)	(375)	44	(25)	(44)	(21)	-	(23)
Cash flows from operations before income tax	**1,174**	**613**	**-**	**561**	**1,005**	**630**	**-**	**375**
Income taxes paid	(173)	(44)	-	(129)	(89)	(33)	-	(56)
Cash flows from operating activities	**1,001**	**569**	**-**	**432**	**916**	**597**	**-**	**319**
Cash flows (used in)/ generated from investing activities, including:	**(35)**	**8**	**-**	**(43)**	**(92)**	**1**	**-**	**(93)**
Capital expenditure (including pot rebuilds and intangible assets)	(379)	(321)	-	(58)	(244)	(194)	-	(50)
Dividends from associates and joint ventures	325	325	-	-	182	180	-	2
Acquisition of a subsidiary	(4)	(1)	-	(3)	-	-	-	-
Interest received	8	4	-	4	20	14	-	6
Other receipts/(payments), net	15	1		14	(50)	1	-	(51)
Cash flows used in financing activities, including:	**(920)**	**(506)**	**-**	**(414)**	**(545)**	**(397)**	**-**	**(148)**
Interest paid	(515)	(261)	-	(254)	(371)	(211)	-	(160)
(Repayment of)/proceeds from borrowings, net	(88)	(108)	-	20	1,036	25	-	1,011
Payment for acquisition of non-controlling interest	(108)	-	-	(108)	(676)	-	-	(676)

	Six months ended							
	30 June 2017				30 June 2016			
USD million	En+ Group Consolidated	UC RUSAL	Adjustments	EN+	En+ Group Consolidated	UC RUSAL	Adjustments	EN+
Payments from settlement of derivative instruments	(101)	(101)	-	-	(197)	(197)	-	-
Restructuring fees	(36)	(36)	-	-	(14)	(14)	-	-
Other distributions	(3)	-	-	(3)	(263)	-	-	(263)
Dividends to shareholders	(69)	-	-	(69)	(60)	-	-	(60)
Net increase/(decrease) in cash and cash equivalents	**46**	**71**	**-**	**(25)**	**279**	**201**	**-**	**78**
Cash and cash equivalents at beginning of the year, excluding restricted cash	656	531	-	125	577	494	-	83
Effect of exchange rate changes on cash and cash equivalents	3	-	-	3	56	5	-	51
Cash and cash equivalents at end of the year, excluding restricted cash	**705**	**602**	**-**	**103**	**912**	**700**	**-**	**212**

5 Revenue

	Six months ended 30 June	
	2017	2016
	USD million	USD million
Sales of primary aluminium and alloys	**3,929**	**3,174**
Third parties	2,665	1,952
Related parties – companies capable of exerting significant influence	1,258	1,218
Related parties – companies under common control	6	4
Sales of alumina and bauxite	**371**	**313**
Third parties	216	182
Related parties – companies capable of exerting significant influence	103	88
Related parties – associates	52	43
Sales of semi-finished products and foil	**243**	**198**
Third parties	243	197
Related parties – companies under common control	-	1
Sales of electricity	**675**	**549**
Third parties	645	524
Related parties – companies capable of exerting significant influence	-	2
Related parties – companies under common control	22	16
Related parties – associates	8	7
Sales of heat	**244**	**197**
Third parties	228	180
Related parties – companies capable of exerting significant influence	1	1
Related parties – companies under common control	15	16
Sales of ferromolybdenum	**32**	**25**
Third parties	32	25
Other revenue	**347**	**292**
Third parties	298	244
Related parties – companies capable of exerting significant influence	4	5
Related parties – companies under common control	17	12
Related parties – associates	28	31
	5,841	**4,748**

6 Net other operating income and expenses

	Six months ended 30 June	
	2017	2016
	USD million	USD million
(Impairment)/reversal of impairment of accounts receivable	(15)	1
Charity	(14)	(12)
(Provision)/reversal of provision for legal claims	(1)	3
Gain/(loss) on disposal of property, plant and equipment	1	(1)
Other operating (expenses)/ income, net	(37)	28
	(66)	**19**

Other operating expenses in amount USD 37 million during six months ended 30 June 2017 include penalties of USD 22 million that relate to the amount paid by UC RUSAL in relation to the legal claim from Swedish electricity supplier.

7 Finance income and costs

	Six months ended 30 June	
	2017	2016
	USD million	USD million
Finance income		
Foreign exchange gain	36	-
Interest income	12	52
Unwinding of discount of trade and other receivables	4	-
Dividend income	1	2
	53	**54**
Finance costs		
Interest expense	(621)	(497)
Change in fair value of derivative financial instruments (note 13)	(138)	(119)
Unwinding of discount of other payables	(14)	-
Foreign exchange loss	-	(108)
	(773)	**(724)**

8 Income tax

	Six months ended 30 June	
	2017	2016
	USD million	USD million
Current tax expense		
Current tax for the period	(173)	(114)
Deferred tax expense		
Origination and reversal of temporary differences	80	(7)
	(93)	**(121)**

Pursuant to the rules and regulations of Jersey, the Parent Company is not subject to any income tax in Jersey. The Parent Company’s applicable tax rate is 0%. 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%; Cyprus of 12.5%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%, Sweden of 22% and Italy of 27.9%. For the Group’s subsidiaries domiciled in Switzerland the applicable tax rate for the year is the corporate income tax rate in the Canton of Zug, Switzerland, which differs depending on the company’s tax status. The rate consists of a federal income tax and a 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 are 9.27% and 14.60% for different subsidiaries. For the Group’s significant trading companies the applicable tax rate is 0%. The applicable tax rates for the period ended 30 June 2017 were the same as for the period ended 30 June 2016 and the year ended 31 December 2016, except for Italy where the tax rate was 30.4%.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the six months ended 30 June 2017 and 30 June 2016.

	Six months ended 30 June	
	2017	**2016**
Weighted average number of shares	500,000,000	500,000,000
Profit for the period attributable to the shareholders of the Parent Company, USD million	279	137
Basic and diluted earnings per share, USD	**0.558**	**0.274**

In June 2017 the number of shares of the Parent Company was changed as described in Note 11(a)(i). Therefore, basic and diluted earnings per share for the six months ended 30 June 2016 were retrospectively adjusted for the effect of the shares split during six months ended 30 June 2017.

There were no outstanding dilutive instruments during the periods ended 30 June 2017 and 30 June 2016.

10 Interests in associates and joint ventures

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

	Six months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Balance at beginning of the period	**4,156**	**3,222**
Group's share of post acquisition profits	297	439
Dividends	(355)	(165)
Share of other comprehensive income of associate	(28)	-
Reversal of provision for guarantee included in share of profits	-	(50)
Foreign currency translation	122	476
Balance at end of the period	**4,192**	**3,922**
Goodwill included in interests in associates	2,543	2,339

Investment in Norilsk Nickel

The market value of the investment in Norilsk Nickel at 30 June 2017 is USD 6,012 million (31 December 2016: USD 7,348 million). The market value is determined by multiplying the quoted bid price per share on the Moscow Exchange on the period-end date by the number of shares held by the Group.

11 Equity

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

(i) Company's share capital

As at 31 December 2016 and 30 June 2016 the Parent Company's authorised share capital comprised 50,000 ordinary shares, out of which 2,000 shares were issued with a par value of USD 1 each.

In June 2017 the number of shares of the Parent Company was changed such that each share in the capital of the Parent Company was subdivided into 250,000 shares.

As at 30 June 2017 the Parent Company's authorised share capital comprises 12,500,000,000 shares, out of which 500,000,000 were issued with a par value of USD 0.000004 each.

As at 30 June 2017 and 31 December 2016 all issued ordinary shares were fully paid.

(ii) Mandatory offer to non-controlling shareholders of Irkutskenergo

According to the Group's accounting policy a put option (a mandatory offer) to acquire a non-controlling interest in subsidiary after control has been obtained and accounted by the Group as an equity transaction whereby the issue of the put option results in the recognition of a liability for the present value of the expected exercise price and the derecognition of non-controlling interests within consolidated equity. Subsequent to initial recognition, changes in the carrying amount of the put liability are recognised within equity. If the put option expires unexercised then the put liability is derecognised and non-controlling interests are recognised.

In June 2017 LLC Telmamskaya GES submitted the mandatory offer to non-controlling shareholders of Irkutskenergo for purchase of non-controlling interest. The offer price was based on weighted six-months trading average price prior to the offer and amounted to RUB 17.42 per share (USD 0.3).

This transaction resulted in an increase of the effective interest in Irkutskenergo held by the Group to 100.00% despite existence of nominal non-controlling interest of 9.2% (Group's effective interest is 90,8%) and respective decrease in non-controlling interests in Irkutskenergo in the amount of USD 194 million.

(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, the Group's share of other comprehensive income of equity-accounted investees other than foreign currency transaction and the cumulative unrealised gain on available-for-sale assets.

(d) Other distributions under the guarantee

During six months ended 30 June 2017, the Group paid additional USD 3 million under the guarantee agreement in respect of loan obligations of entity under common control and recorded this transaction as other distribution.

(e) Revaluation reserve

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

During six-month period ended 30 June 2017 as a result of changes in effective interest in Irkutskenergo (note 11(a)(ii)), revaluation reserve attributable to the Parent company increased by USD 84 million, net of tax.

(f) Dividends

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.

During six months ended 30 June 2017, the Group declared interim dividends in the amount of USD 46 million. Dividends in the total amount of USD 69 million were distributed in cash including USD 23 million, which were accrued as a liability as at 31 December 2016.

(g) Non-controlling interest

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

30 June 2017

	UC RUSAL	Irkutskenergo*	LLC Baikal Yacht Club	JSC Irkutsk Electric Grid Company	Total
NCI percentage	**51.9%**	**0.0%****	**49.0%**	**46.2%**	
Assets	14,462	4,080	1	539	
Liabilities	(11,094)	(2,104)	(32)	(144)	
Net assets	**3,368**	**1,976**	**(31)**	**395**	
Carrying amount of NCI	1,747	-	(15)	179	**1,911**
Revenue	4,764	1,240	-	176	
Profit/(loss)	470	230	(2)	11	
Other comprehensive income	83	-	-	-	
Total comprehensive income	**553**	**230**	**(2)**	**11**	
Profit/(loss) attributable to NCI	244	21	(1)	5	**269**
Other comprehensive income attributable to NCI	43	3	-	5	**51**
Cash flows from operating activities	569	236	-	61	
Cash flows from/(used in) investing activities	8	(202)	(1)	(26)	
Cash flows (used in)/from financing activities	(506)	(54)	2	(35)	
Net increase/(decrease) in cash and cash equivalents	**71**	**(20)**	**1**	**-**	

*Net assets of Irkutskenergo were adjusted for the effect of Irkutskenergo investment in JSC Irkutsk Electric Grid Company.
**According to the Group’s accounting policy, a put option (a mandatory offer) resulted in the derecognition of the non-controlling interest of Irkutskenergo despite of existence of nominal non-controlling interest of 9.2% (Group’s effective interest is 90.8%) (see note 11 (a)(ii)).

30 June 2016

	UC RUSAL	Irkutskenergo*	LLC Baikal Yacht Club	Krasnoyarsk HPP	JSC Irkutsk Electric Grid Company	Total
NCI percentage	**51.9%**	**9.4%**	**49.0%**	**0.0%*** **	**48.1%**	
Assets	13,152	3,252	1	1,775	485	
Liabilities	(11,313)	(1,880)	(26)	(312)	(147)	
Net assets	**1,839**	**1,372**	**(25)**	**1,463**	**338**	
Carrying amount of NCI	954	129	(12)	-	163	**1,234**
Revenue	3,896	963	-	34	125	
Profit/(loss)	261	104	(1)	36	6	
Other comprehensive income	672	811	-	815	-	
Total comprehensive income	**933**	**915**	**(1)**	**850**	**6**	
Profit/(loss) attributable to NCI	135	41	(1)	2	3	**180**
Other comprehensive income attributable to NCI	349	446	(1)	74	20	**888**
Cash flows from operating activities	597	146	-	1	41	
Cash flows from/(used in) investing activities	1	(306)	-	7	(12)	
Cash flows (used in)/from financing activities	(397)	197	1	(6)	(27)	
Net increase in cash and cash equivalents	**201**	**37**	**1**	**2**	**2**	

*Net assets of Irkutskenergo were adjusted for the effect of Irkutskenergo investments in JSC Irkutsk Electric Grid Company and Krasnoyarsk HPP.
**According to the Group's accounting policy, a put option (a mandatory offer) resulted in the derecognition of the non-controlling interest of Krasnoyarsk HPP.

12 Loans and borrowings

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

	30 June 2017 USD million	31 December 2016 USD million
Non-current liabilities		
Secured bank loans	10,147	9,812
Secured company loans	-	1,000
Unsecured bank loans	940	1,088
Bonds	1,357	195
	12,444	**12,095**
Current liabilities		
Secured bank loans	1,217	1,431
Secured company loans	-	50
Unsecured bank loans	397	492
Accrued interest	122	136
Bonds	31	1
	1,767	**2,110**

(a) Loans and borrowings

UC RUSAL

On 17 March 2017 UC RUSAL executed amendments to the existing credit facilities with Sberbank. Under USD credit agreements the interest rate was decreased from 3M Libor + 5.75% p.a. (incl. 1.05% PIK) to 3M Libor + 4.75% p.a. (subject to min 3M Libor at the level of 1%), effective from 29 December 2016. Under RUB credit facility outstanding exposure was converted into USD (at the rate of Central Bank of Russia as of the date of conversion). The interest rate of 3M Libor + 4.75% p.a. (subject to min 3M Libor at the level of 1%), is effective from 18 March 2017.

In March 2017 UC RUSAL through its subsidiaries entered into the REPO transaction backed by bonds issued by RUSAL Bratsk – in number of 7,527,646 series 08 bonds. As a result of the transactions the Group raised funding in the amount of EUR 100 million (USD 107 million) with fifteen months maturity at an effective rate of 2.6% p.a.

On 24 May 2017 UC RUSAL entered into a new syndicated Pre-Export Finance Term Facility Agreement (New PXF Facility) in the amount of USD 1.7 billion, interest rate 3M LIBOR+3% per annum, maturity 5 years (repayment starting in 2 years). The proceeds of the facility were used for the purpose of refinancing UC RUSAL's current debt.

During the six month period ended 30 June 2017 UC RUSAL made a principal repayment in total amounts of USD 2,821 million and EUR 76 million (USD 102 million) under the Combined PXF Facility, credit facilities with Gazprombank, VTB Capital, Sovcombank and Credit Bank of Moscow.

The nominal value of the UC RUSAL's loans and borrowings was USD 7,635 million at 30 June 2017 (31 December 2016: USD 8,852 million).

EN+

(i) VTB facility

In January 2017, the Group acquired 100% of the shares in GrandStroy LLC, the Lender of the Parent company under the loan agreement, for a cash consideration of USD 3 million.

As at 30 June 2017 the outstanding amount under the VTB facility was USD 942 million bearing interest 6% p.a.

(ii) Sberbank facilities of Eurosibenergo

As at 30 June 2017 Eurosibenergo had RUB-denominated loan in the amount of USD 1,102 million (RUB 65,090 million) bearing 11.55% effective interest and USD-denominated loan in the amount of USD 486 million bearing 7.4% effective interest.

(iii) Syndicate facilities of Telmamskaya HPP LLC

During six months ended 30 June 2017 scheduled two tranches of USD 54 million (RUB 3,125 million) each were received.

As at 30 June 2017 the outstanding amount of this loan was USD 1,385 million (RUB 81,818 million).

The nominal value of EN+ loans and borrowings was USD 5,212 million at 30 June 2017 (31 December 2016: USD 5,204 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 2016 with the following changes:

- release of 25%+1 share of Eurosibenergo;
- release of 100% stake of LLC Tyvinskaya Gornorudnaya Company;
- release of 22.78% shares of Irkutskenergo in February 2017 and their subsequent pledge in June 2017;
- pledge of dams acquired in November 2016;
- pledge of 1.48% shares of Krasnoyarsk HPP;
- pledge of 100% shares of Strikeforce Mining and Resources Limited;
- release of 25% less two shares of each of Rusal Bratsk, Rusal Sayanogorsk, 25% plus one share of SUAL, 50% less one share of Rusal Krasnoyarsk and 40% plus one share of Rusal Novokuznetsk.

Pledge of 47.84% shares of JSIC Ingosstrakh under the Group's bank loans was released in March 2017.

The secured bank loans are also secured by the following:

- Property, plant and equipment with a carrying amount of USD 1,378 million (31 December 2016: USD 274 million), including pledged dams of USD 1,091 million;
- Inventories with a carrying amount of USD 378 million (31 December 2016: USD 402 million);
- Export revenues of ferromolybdenum.

As at 30 June 2017 and 31 December 2016 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 New PXF Facility dated 24 May 2017 and the Combined PXF Facility dated 18 August 2014, respectively.

(b) Bonds payable

As at 30 June 2017 1,821,565 series 07 bonds, 51,509 series 08 bonds and 6,461,320 series BO-01 bonds were outstanding (traded in the market).

The closing market price at 30 June 2017 was RUB 1,021, RUB 995, RUB 1,062 per bond for the first, second and the third tranches, respectively.

In February 2017 UC RUSAL completed the debut offering of Eurobonds with the following key terms: principal amount of USD 600 million, tenor of 5 years, coupon rate of 5.125% per annum. The bonds proceeds, excluding related expenses, in the amount of USD 597 million were applied for partial prepayment of UC RUSAL's existing pre-export finance facility. The closing market price at 30 June 2017 was USD 1,000 per bond.

In February 2017 UC RUSAL registered Panda Bond Offering Circular for the total amount of RMB 10 billion (c. USD 1.5 billion) with the Shanghai Stock Exchange with the right to make placement in tranches with different maturities but not higher than 7 years. In March 2017 the first tranche of RMB 1 billion was placed for 3 years and 5.5% per annum. The tranch is subject to put option after 2 years. The funds were used for working capital needs and refinancing of existing debt.

On 3 April 2017 RUSAL Bratsk announced a coupon rate in respect to the series 08 bonds at the level of 9% per annum for the 13-16 semi-annual coupon periods after which the series 08 bonds will be subject to a put option and coupon rate revision. On 12 April 2017 UC RUSAL exercised a put option on the outstanding RUB-denominated bonds series 08.

In May 2017 UC RUSAL completed the offering of Eurobonds with the following key terms: principal amount of USD 500 million, tenor of 6 years, coupon rate of 5.3% per annum. The bonds proceeds were applied for partial prepayment of UC RUSAL's debt. The closing market price at 30 June 2017 was USD 1,011.

13 Derivative financial assets and liabilities

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

	30 June 2017		31 December 2016	
	USD million		USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Petroleum coke supply contracts and other raw materials	81	38	62	5
Forward contracts for aluminium and other instruments	15	31	5	30
Total	**96**	**69**	**67**	**35**

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques during six-month period ended 30 June 2017. The following significant assumptions were used in estimating derivative instruments:

	2017	2018	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,920	1,944	1,972	1,996	2,024	2,064	2,112	2,160	2,208
Platt's FOB Brent, USD per barrel	49	51	52	54	55	56	-	-	-

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

	Six months ended 30 June	
	2017	2016
	USD million	USD million
Balance at the beginning of the period	32	(300)
Unrealised changes in fair value recognised in other comprehensive income during the period	-	23
Unrealised changes in fair value recognised in statement of comprehensive income during the period	(138)	(119)
Realised portion of electricity, coke and raw material contracts	133	216
Balance at the end of the period	**27**	**(180)**

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 30 June 2017 and 31 December 2016 approximated USD 180 million and USD 157 million, respectively. These commitments are due over a number of years.

EN+

The Group had outstanding capital commitments which had been contracted for at 30 June 2017 and 31 December 2016 in the amount of USD 43 million and USD 55 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 30 June 2017 is USD 244 million (31 December 2016: USD 225 million).

EN+

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 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 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 30 June 2017 is USD 10 million (31 December 2016: USD 18 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 an 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 30 June 2017 the amount of claims, where management assesses outflow as possible approximates USD 37 million (31 December 2016: USD 60 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD 2.8 billion. In January 2014 the court granted the Company's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. The next hearing is currently scheduled for 26 September 2017. 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.

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:

	Six months ended 30 June	
	2017	**2016**
	USD million	**USD million**
Purchase of raw materials	**(300)**	**(254)**
Companies capable of exerting significant influence	*(87)*	*(64)*
Companies under common control	*(23)*	*(18)*
Associates and joint ventures	*(190)*	*(172)*
Energy costs	**(21)**	**(108)**
Companies capable of exerting significant influence	*(6)*	*(2)*
Companies under common control	*(1)*	*(1)*
Associates and joint ventures	*(14)*	*(105)*
Other services	**(1)**	**(1)**
Companies under common control	*(1)*	*(1)*
	(322)	**(363)**

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

	30 June 2017	**31 December 2016**
	USD million	**USD million**
Current trade and other receivables, and advances issued	103	143
Companies capable of exerting significant influence	*28*	*56*
Companies under common control	*16*	*30*
Associates and joint ventures	*59*	*57*
Dividends receivable from related parties	316	311
Associates and joint ventures	*316*	*311*
	419	**454**

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

	30 June 2017	**31 December 2016**
	USD million	**USD million**
Current trade and other payables, and advances received		
Companies capable of exerting significant influence	*118*	*183*
Companies under common control	*3*	*4*
Associates and joint ventures	*35*	*33*
Dividends payable	-	*23*
	156	**243**

On 11 April 2016 the Group pledged 15% shares of JSC Eurosibenergo with the bank for the corporate guarantee provided by the related party under common control till 20 December 2019.

(b) Remuneration to key management

For the six month period ended 30 June 2017 remuneration to key management personnel was represented by short-term employee benefits and amounted to USD 3 million (for the six-month period ended 30 June 2016: USD 3 million).

17 Events subsequent to the reporting date

(a) Dividends distribution

Subsequently to the reporting date, the Parent Company declared interim dividends for 2017 in the amount of USD 35 million.

(b) UC RUSAL dividends

On 24 August 2017 board of directors of UC RUSAL approved an interim dividend of USD 299.3 million (USD 0.0197 per ordinary share) for 2017.

(c) Loans and borrowings

On 31 August 2017 UC RUSAL has signed the agreement with Sberbank to extend final maturity under loans secured by Norilsk Nickel shares to 2024 and decrease interest margin from 4.75% to 3.75%.

In August UC RUSAL executed amendments to Gazprombank facilities, reducing interest margin from 4.5% to 3.5%, extending final maturity and adjusting covenants in line with New PXF Facility.

(d) The second tranche of UC RUSAL Panda Bonds

On 1 September 2017 UC RUSAL announced that the second tranche of the Panda Bonds have been priced at principal amount of RMB 500 million, with a tenor of 2+1 years and a coupon rate of 5.5 per cent per annum.