EN+ GROUP PLC
Consolidated Interim Condensed Financial Information for the three months ended 31 March 2019

Contents

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

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

To the 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 2019, 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 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.

Reviewed entity: EN+ GROUP PLC

Registration No. 91061.

Jersey, British Channels Islands.

Audit firm: 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.

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 403 million, USD nil million and USD 256 million, respectively, for the three-month period ended 31 March 2019 and the carrying value of the Group's investment in the investee stated at USD 3,760 million as at 31 March 2019. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2019 and for the three-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Yerkozha Akylbek
JSC "KPMG"
Moscow, Russia
30 May 2019

		Three months ended 31 March	
		2019 (unaudited)	**2018 (unaudited)**
	Note	**USD million**	**USD million**
Revenues	5	2,781	3,438
Cost of sales		(2,044)	(2,290)
Gross profit		**737**	**1,148**
Distribution expenses		(127)	(177)
General and administrative expenses		(186)	(214)
Impairment of non-current assets		(27)	(55)
Other operating expenses, net	6	(37)	(27)
Results from operating activities		**360**	**675**
Share of profits of associates and joint ventures	10	427	238
Finance income	7	20	78
Finance costs	7	(297)	(239)
Profit before tax		**510**	**752**
Income tax expense	8	(101)	(85)
Profit for the period		**409**	**667**
Attributable to:			
Shareholders of the Parent Company		280	378
Non-controlling interests	11(f)	129	289
Profit for the period		**409**	**667**
Earnings per share			
Basic and diluted earnings per share (USD)	9	**0.452**	**0.661**

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 37.

		Three months ended 31 March	
		2019	**2018**
		(unaudited)	**(unaudited)**
	Note	**USD million**	**USD million**
Profit for the period		**409**	**667**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Disposal of subsidiary		4	-
Foreign currency translation differences on foreign operations		88	3
Foreign currency translation differences for equity-accounted investees	10	294	34
Change in fair value of financial assets		(1)	1
		385	38
Total comprehensive income for the period		**794**	**705**
Attributable to:			
Shareholders of the Parent Company		480	401
Non-controlling interests		314	304
Total comprehensive income for the period		**794**	**705**

This consolidated interim condensed financial information was approved by the Board of Directors on 30 May 2019 and was signed on its behalf by:

Vladimir Kiriukhin
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 37.

	Note	31 March 2019 (unaudited) USD million	31 December 2018 USD million
ASSETS			
Non-current assets			
Property, plant and equipment		9,717	9,322
Goodwill and intangible assets		2,300	2,195
Interests in associates and joint ventures	10	4,422	3,701
Deferred tax assets		125	125
Derivative financial assets	13	39	33
Other non-current assets		79	77
Total non-current assets		**16,682**	**15,453**
Current assets			
Inventories		3,048	3,037
Trade and other receivables		1,571	1,389
Short-term investments		204	211
Derivative financial assets	13	9	9
Cash and cash equivalents		1,372	1,183
Total current assets		**6,204**	**5,829**
Total assets		**22,886**	**21,282**

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 37.

	Note	31 March 2019 (unaudited) USD million	31 December 2018 USD million
EQUITY AND LIABILITIES			
Equity	11		
Share capital		-	-
Share premium		1,516	973
Additional paid-in capital		9,193	9,193
Revaluation reserve		2,718	2,718
Other reserves		190	(62)
Foreign currency translation reserve		(5,661)	(5,024)
Accumulated losses		(4,386)	(5,143)
Total equity attributable to shareholders of the Parent Company		**3,570**	**2,655**
Non-controlling interests		2,626	2,747
Total equity		**6,196**	**5,402**
Non-current liabilities			
Loans and borrowings	12	9,955	10,007
Deferred tax liabilities		1,266	1,219
Provisions – non-current portion		475	459
Derivative financial liabilities	13	32	24
Other non-current liabilities		259	208
Total non-current liabilities		**11,987**	**11,917**
Current liabilities			
Loans and borrowings	12	2,693	2,270
Provisions – current portion		57	71
Trade and other payables		1,942	1,615
Derivative financial liabilities	13	11	7
Total current liabilities		**4,703**	**3,963**
Total equity and liabilities		**22,886**	**21,282**

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 37.

	Note	Three months ended 31 March 2019 (unaudited) USD million	2018 (unaudited) USD million
OPERATING ACTIVITIES			
Profit for the period		**409**	**667**
Adjustments for:			
Depreciation and amortization		189	196
Impairment of non-current assets		27	55
Foreign exchange loss	7	23	5
Loss on disposal of property, plant and equipment	6	3	3
Share of profits of associates and joint ventures	10	(427)	(238)
Interest expense	7	261	234
Interest income	7	(20)	(9)
Change in fair value of derivative financial instruments	7, 13	4	(69)
Income tax expense	8	101	85
(Reversal)/impairment of inventory		(3)	2
Impairment of receivables	6	5	7
Operating profit before changes in working capital		**572**	**938**
Decrease/(increase) in inventories		15	(117)
Increase in trade and other receivables		(176)	(122)
Increase/(decrease) in trade and other payables and provisions		414	(203)
Cash flows generated from operations before income taxes paid		**825**	**496**
Income taxes paid		(199)	(79)
Cash flows generated from operating activities		**626**	**417**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		9	5
Acquisition of property, plant and equipment		(167)	(223)
Acquisition of intangible assets		(11)	(9)
Cash received from / (paid for) other investments		20	(8)
Interest received		16	5
Acquisition of a subsidiary		(25)	-
Dividends from associates and joint ventures		-	3
Dividends from financial assets		1	3
Proceeds from disposal of subsidiaries		-	1
Change in restricted cash		-	(4)
Cash used in investing activities		**(157)**	**(227)**
FINANCING ACTIVITIES			
Proceeds from borrowings		436	2,782
Repayment of borrowings		(521)	(2,427)
Restructuring fees and other payments related to issuance of shares		(9)	(19)
Interest paid		(233)	(226)
Settlement of derivative financial instruments		(2)	21
Payment for non-controlling interest acquired in prior periods		-	(55)
Dividends to shareholders		-	(68)
Cash flows generated (used in)/from financing activities		**(329)**	**8**

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 37.

		Three months ended 31 March	
		2019 (unaudited)	**2018 (unaudited)**
	Note	**USD million**	**USD million**
Net increase in cash and cash equivalents		**140**	**198**
Cash and cash equivalents at beginning of period, excluding restricted cash		1,140	957
Effect of exchange rate fluctuations on cash and cash equivalents		49	5
Cash and cash equivalents at end of the period, excluding restricted cash		**1,329**	**1,160**

Restricted cash amounted to USD 43 million, USD 43 million and USD 21 million at 31 March 2019, 31 December 2018 and 31 March 2018, 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 37.

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 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 (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**
Balance at 1 January 2019	**973**	**9,193**	**2,718**	**(62)**	**(5,024)**	**(5,143)**	**2,655**	**2,747**	**5,402**
Total comprehensive income									
Profit for the period (unaudited)	-	-	-	-	-	280	280	129	409
Other comprehensive income for the period (unaudited)	-	-	-	1	199	-	200	185	385
Total comprehensive income for the period (unaudited)	**-**	**-**	**-**	**1**	**199**	**280**	**480**	**314**	**794**
Transactions with owners									
Glencore deal (note 11(a))	543	-	-	251	(836)	477	435	(435)	-
Total transactions with owners (unaudited)	**543**	**-**	**-**	**251**	**(836)**	**477**	**435**	**(435)**	**-**
Balance at 31 March 2019 (unaudited)	**1,516**	**9,193**	**2,718**	**190**	**(5,661)**	**(4,386)**	**3,570**	**2,626**	**6,196**

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 37.

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 the parent company for a vertically integrated aluminium and power group, engaged in aluminium production and energy generation (together with the Parent Company referred to as "the Group").

The shareholding structure and voting rights of the Parent Company as at 31 March 2019 were as follows:

	Shareholding	**Voting rights**
B-Finance Limited	44.95%	35.00%
VTB	21.68%	7.35%
Citi (Nominees), including	15.24%	15.24%
Glencore Group Funding Limited	*10.55%*	*10.55%*
Other shareholders	18.13%	4,73%
Independent trustees	-	37.68%
Total	**100.00%**	**100.00%**

Glencore Group Funding Limited is a subsidiary of Glencore Plc.

At the reporting date the immediate largest shareholder of the Group is B-Finance Limited, which is incorporated in British Virgin Islands, and beneficially controlled by Mr. Oleg Deripaska.

Based on the information at the Group's disposal at the reporting date, there is no individual that has an indirect prevailing ownership interest in the Parent Company exceeding 50%, who could exercise voting rights in respect of more than 35% of the Parent Company's issued share capital or has an opportunity to exercise control over the Parent Company.

Related party transactions are detailed in Note 16.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available at the Parent Company's website https://www.enplusgroup.com.

(b) Operations

The Group is a leading vertically integrated aluminium and power producer, which combines the assets and results of its Metals and Power (formerly "Energy") segments.

The Metals segment operates in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Italy, Nigeria and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products.

The Power segment engages in all aspects of the power industry, including electric power generation, power trading and supply. It also includes supporting operations engaged in the supply of logistics services and coal resources to the Group. The Group's principal power plants are located in East Siberia, Russia.

(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 being from October through to 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 U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated, amongst others, the Parent Company, JSC Eurosibenergo ("Eurosibenergo") and UC RUSAL Plc ("UC RUSAL") as a Specially Designated Nationals ("SDN") (the "OFAC Sanctions").

As a result, all property or interests in property of the Parent Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, must have been frozen, and could not have been transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licenses were issued at the time of the designation and subsequently certain transactions were authorised with the Parent Company, Eurosibenergo and UC RUSAL, and with their respective debt and equity.

On 27 January 2019, OFAC announced the removal of the Parent Company and its subsidiaries, including UC RUSAL and Eurosibenergo, from OFAC's SDN list and Blocked Persons with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions including, but not limited to:

- ending Mr Oleg Deripaska's control of the Group, through the reduction of his direct and indirect ownership interest in the Group to below 50%;
- establishing independent voting arrangements for the Parent Company's shares held by certain shareholders;
- making changes in corporate governance framework, including, inter alia, overhauling the composition of the Board to ensure that independent directors constitute the majority of the Board, and
- ongoing transparency through auditing, reporting and certifications by the Parent Company and UC RUSAL to OFAC concerning compliance with the conditions for sanctions' removal.

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 2018.

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

(b) Consolidation of UC RUSAL

As at the reporting date the Parent Company's effective shareholding in UC RUSAL is 56.88% (nominal shareholding is 50.10%), which enable the Parent Company to consolidate it (note 11(a)(i)).

(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 2019 effective interest in Irkutsk GridCo held by the Group is 52.3% (31 December 2018: 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 to be 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 applied in these 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 2018. The changes in accounting policies described below are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

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

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

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

(a) Definition of a lease

Previously, the Group determined at contract inception whether the arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS

16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

(b) As a lessee

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

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

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

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

	Property, plant and equipment		
USD Million	**Land and buildings**	**Machinery and equipment**	**Total**
Balance at 1 January 2019	29	21	50
Balance at 31 March 2019	**25**	**19**	**44**

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

Significant accounting policies

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

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

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

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

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

Transition

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

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

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

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

As a lessor

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

(c) Impacts on financial statements

Impacts on transition

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

USD Million	**1 January 2019**
Right-of-use assets presented in property, plant and equipment less impairment losses	50
Lease liabilities	50

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 10%.

USD Million	**1 January 2019**
Discounted using incremental borrowing rate at 1 January 2019	80
- Recognition exemption for leases with less than 12 month of lease term at transition	(21)
- Termination options reasonably certain to be exercised	(9)
Lease liabilities recognised at 1 January 2019	50

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised USD 44 million of right-of-use assets and USD 48 million of lease liabilities as at 31 March 2019. USD 36 million of lease liabilities are long-term and included in other non-current liabilities, USD 12 million of lease liabilities are short-term and included in other payables.

Also in relation to these leases under IFRS 16, the Group has recognised USD 3 million of depreciation charges, USD 2 million of interest costs from these leases and USD 2 million foreign currency translation gain for the reporting period. USD 5 million of right-of-use assets have been impaired during three months ended 31 March 2019. The Group’s total cash outflow for leases was in amount of USD 4 million.

The expense relating to short-term leases in the amount of USD 5 million and included in cost of sales or administrative expenses depending on type of underlying asset. Future cash outflows to which the Group is potentially exposed that are not recognised in right-to-use assets and are not reflected in the measurement of lease liabilities and which arise from variable lease payments not linked to index or rate are in the amount of USD 143 million.

(d) Acquisition of non-controlling interests

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

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.

For a written put or forward option with the non-controlling shareholders in an existing subsidiary on their equity interest in that subsidiary if the non-controlling shareholders do not have present access to the returns associated with the underlying ownership interest, the contract is accounted for as an anticipated acquisition of the underlying non-controlling interests, as if the put option had been exercised already or the forward had been satisfied by the non-controlling shareholders.

4 Segment reporting

(a) Reportable segments

Based on the current management structure and internal reporting the Group has identified two operating segments:

a) Metals. The Metals segment comprises UC RUSAL with disclosures being based on the public financial statements of UC RUSAL. All adjustments made to UC RUSAL financial statements, including any adjustments arising from different timing of IFRS first time adoption, are included in "Adjustments" column.
The Power assets of UC RUSAL are included within the Metals segment.

b) Power. The Power segment mainly comprises the power assets, as described in note 1(b).

These business units are managed separately and the results of their operations are reviewed by the CEO and Board of Directors 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 and cash flows 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 and Adjusted EBITDA (key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness). Segment profit or loss and Adjusted EBITDA are 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.
- Adjusted EBITDA for any period represents the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment for the relevant period.

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.

USD million	**Metals**	**Power**	**Adjustments**	**Total**
Three months ended 31 March 2019				
Statement of profit or loss and other comprehensive income				
Revenue from external customers	*2,140*	*641*	-	*2,781*
Primary aluminium and alloys	1,717	-	-	1,717
Alumina and bauxite	172	-	-	172
Semi-finished products and foil	91	38	-	129
Electricity	21	368	-	389
Heat	16	147	-	163
Other	123	88	-	211
Inter-segment revenue	*30*	*233*	*(263)*	-
Total segment revenue	**2,170**	**874**	**(263)**	**2,781**
Operating expenses (excluding depreciation and loss on disposal of PPE)	(1,944)	(505)	247	(2,202)
Adjusted EBITDA	**226**	**369**	**(16)**	**579**
Depreciation and amortisation	(125)	(64)	-	(189)
Loss on disposal of PPE	(3)	-	-	(3)
Impairment of non-current assets	(25)	(2)	-	(27)
Results from operating activities	**73**	**303**	**(16)**	**360**
Share of profits of associates and joint ventures	427	-	-	427
Interest expense, net	(148)	(93)	-	(241)
Other finance costs, net	(36)	-	-	(36)
Profit before tax	**316**	**210**	**(16)**	**510**
Income tax expense	(43)	(59)	1	(101)
Profit for the period	**273**	**151**	**(15)**	**409**
Additions to non-current segment assets during the period	(132)	(49)	-	(181)

USD million	**Metals**	**Power**	**Adjustments**	**Total**
31 March 2019				
Statement of financial position				
Segment assets, excluding cash and cash equivalents and interests in associates and joint ventures	11,564	6,251	(723)	17,092
Investment in Metals segment	-	4,596	(4,596)	-
Cash and cash equivalents	826	546	-	1,372
Interests in associates and joint ventures	4,418	4	-	4,422
Total segment assets	**16,808**	**11,397**	**(5,319)**	**22,886**
Segment liabilities, excluding loans and borrowings and bonds payable	2,608	1,586	(152)	4,042
Loans and borrowings	8,381	4,267	-	12,648
Total segment liabilities	**10,989**	**5,853**	**(152)**	**16,690**
Total segment equity	5,819	5,544	(5,167)	6,196
Total segment equity and liabilities	**16,808**	**11,397**	**(5,319)**	**22,886**

USD million	**Metals**	**Power**	**Adjustments**	**Total**
Three months ended 31 March 2019				
Statement of cash flows				
Cash flows from operating activities	**300**	**326**	**-**	**626**
Cash flows used in investing activities	**(135)**	**(22)**	**-**	**(157)**
Acquisition of property, plant and equipment, intangible assets	(136)	(42)	-	(178)
Cash received from other investments	8	12	-	20
Interest received	9	7	-	16
Other investing activities	(16)	1	-	(15)
Cash flows used in financing activities	**(206)**	**(123)**	**-**	**(329)**
Interest paid	(135)	(98)	-	(233)
Restructuring fees and other payments related to issuance of shares	-	(9)	-	(9)
Settlements of derivative financial instruments	(2)	-	-	(2)
Other financing activities	(69)	(16)	-	(85)
Net change in cash and cash equivalents	**(41)**	**181**	**-**	**140**

USD million	**Metals**	**Power**	**Adjustments**	**Total**
Three months ended 31 March 2018				
Statement of profit or loss and other comprehensive income				
Revenue from external customers	*2,696*	*742*	-	*3,438*
Primary aluminium and alloys	2,195	-	-	2,195
Alumina and bauxite	242	-	-	242
Semi-finished products and foil	78	61	-	139
Electricity	23	398	-	421
Heat	17	164	-	181
Other	141	119	-	260
Inter-segment revenue	*48*	*256*	*(304)*	-
Total segment revenue	**2,744**	**998**	**(304)**	**3,438**
Operating expenses (excluding depreciation and loss on disposal of PPE)	(2,172)	(630)	293	(2,509)
Adjusted EBITDA	**572**	**368**	**(11)**	**929**
Depreciation and amortisation	(128)	(68)	-	(196)
Loss on disposal of PPE	(2)	(1)	-	(3)
Impairment of non-current assets	(49)	(6)	-	(55)
Results from operating activities	**393**	**293**	**(11)**	**675**
Share of profits of associates and joint ventures	238	-	-	238
Interest expense, net	(118)	(108)	-	(225)
Other finance income, net	62	3	-	64
Profit before tax	**575**	**188**	**(11)**	**752**
Income tax expense	(31)	(55)	1	(85)
Profit for the period	**544**	**133**	**(10)**	**667**
Additions to non-current segment assets during the period	(217)	(51)	-	(268)

USD million	Metals	Power	Adjustments	Total
31 December 2018				
Statement of financial position				
Segment assets, excluding cash and cash equivalents and interests in associates and joint ventures	11,235	5,842	(679)	16,398
Investment in Metals segment	-	4,053	(4,053)	-
Cash and cash equivalents	844	339	-	1,183
Interests in associates and joint ventures	3,698	3	-	3,701
Total segment assets	**15,777**	**10,237**	**(4,732)**	**21,282**
Segment liabilities, excluding loans and borrowings and bonds payable	2,282	1,445	(124)	3,603
Loans and borrowings	8,286	3,991	-	12,277
Total segment liabilities	**10,568**	**5,436**	**(124)**	**15,880**
Total segment equity	5,209	4,801	(4,608)	5,402
Total segment equity and liabilities	**15,777**	**10,237**	**(4,732)**	**21,282**

USD million	Metals	Power	Adjustments	Total
Three months ended 31 March 2018				
Statement of cash flows				
Cash flows from/(used in) operating activities	**116**	**314**	**(13)**	**417**
Cash flows (used in)/from investing activities	**(225)**	**(15)**	**13**	**(227)**
Acquisition of property, plant and equipment, intangible assets	(220)	(25)	13	(232)
Dividends from associates and joint ventures	3	-	-	3
Interest received	3	2	-	5
Other investing activities	(11)	8	-	(3)
Cash flows from/(used in) financing activities	**212**	**(204)**	**-**	**8**
Interest paid	(123)	(103)	-	(226)
Restructuring fees and other payments related to issuance of shares	(6)	(13)	-	(19)
Settlements of derivative financial instruments	21	-	-	21
Dividends to shareholders	-	(68)	-	(68)
Other financing activities	320	(20)	-	300
Net change in cash and cash equivalents	**103**	**95**	**-**	**198**

5 Revenue

(a) Revenue by types

	Three months ended 31 March	
	2019	**2018**
	USD million	**USD million**
Sales of primary aluminium and alloys	**1,717**	**2,195**
Third parties	938	1,425
Related parties – companies capable of exerting significant influence	776	767
Related parties – other	3	3
Sales of alumina and bauxite	**172**	**242**
Third parties	81	149
Related parties – companies capable of exerting significant influence	51	60
Related parties – associates	40	33
Sales of semi-finished products and foil	**129**	**139**
Third parties	129	139
Sales of electricity	**389**	**421**
Third parties	375	402
Related parties – other	5	9
Related parties – associates	9	10
Sales of heat	**163**	**181**
Third parties	151	167
Related parties – companies capable of exerting significant influence	1	-
Related parties – other	11	14
Other revenues	**211**	**260**
Third parties	167	206
Related parties – companies capable of exerting significant influence	2	3
Related parties – other	4	8
Related parties – associates	38	43
	2,781	**3,438**

(b) Revenue by primary regions

	Three months ended 31 March	
	2019	**2018**
	USD million	**USD million**
CIS	1,172	1,361
Europe	1,096	1,173
Asia	370	441
America	131	456
Other	12	7
	2,781	**3,438**

Total revenue from contracts with customers amounted to USD 2,781 million and USD 3,438 million for the three months ended 31 March 2019 and three months ended 31 March 2018, respectively. Almost all revenue of the Group relates to revenue from contracts with customers.

6 Net other operating income and expenses

	Three months ended 31 March	
	2019	**2018**
	USD million	**USD million**
Charity	(13)	(15)
Impairment of accounts receivable	(5)	(7)
Loss on disposal of property, plant and equipment	(3)	(3)
Other operating expenses, net	(16)	(2)
	(37)	**(27)**

7 Finance income and costs

	Three months ended 31 March	
	2019	**2018**
	USD million	**USD million**
Finance income		
Interest income	20	9
Change in fair value of derivative financial instruments (note 13)	-	69
	20	**78**
Finance costs		
Interest expense	(260)	(233)
Interest expense from related parties – *companies exerting significant influence*	(1)	(1)
Foreign exchange loss	(23)	(5)
Change in fair value of derivative financial instruments (note 13)	(4)	-
Other finance costs	(9)	-
	(297)	**(239)**

8 Income tax

	Three months ended 31 March	
	2019	**2018**
	USD million	**USD million**
Current tax expense		
Current tax for the period	(102)	(89)
Deferred tax expense		
Origination and reversal of temporary differences	1	4
	(101)	**(85)**

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 21.4%. For the Group’s subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary’s tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates are 9.55% and 14.35% for different subsidiaries. For UC RUSAL’s significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 31 March 2018 and the year ended 31 December 2018 were the same as for the period ended 31 March 2019 except for tax rates for subsidiaries domiciled in

Sweden which amounted to 22% and tax rates for subsidiaries domiciled in Switzerland which amounted to 9.6% and 14.51% accordingly .

9 Earnings per share

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

	Three months ended 31 March	
	2019	**2018**
Weighted average number of shares at the beginning of the period	571,428,572	571,428,572
Issuance of shares (note 11(a)(i))	67,420,324	-
Weighted average number of shares	620,000,203	571,428,572
Profit for the period attributable to the shareholders of the Parent Company, USD million	280	378
Basic and diluted earnings per share, USD	**0.452**	**0.661**

Shares issuance on 26 January 2019 (note 11(a)(i)) was accounted for in the weighted average numbers of shares calculation for the three months ended 31 March 2019 only.

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

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	
	2019	**2018**
	USD million	**USD million**
Balance at beginning of the period	**3,701**	**4,459**
Group’s share of post acquisition profits	427	238
Foreign currency translation	294	34
Balance at end of the period	**4,422**	**4,731**
Goodwill included in interests in associates	2,321	2,624

Investment in Norilsk Nickel

At the date of this consolidated interim condensed financial information the Group was unable to obtain consolidated interim condensed financial information of Norilsk Nickel as at and for the three months ended 31 March 2019. Consequently the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the period ended 31 March 2019 based on publicly available information reported by Norilsk Nickel.

The Group has estimated its share of profit of Norilsk Nickel at the level of USD 403 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 256 million for the three months ended 31 March 2019. The carrying value of the Group’s investment in the investee comprises USD 3,760 million as at 31 March 2019. The information used as a basis for these estimates is incomplete in many aspects. Once the consolidated interim financial information for Norilsk Nickel becomes available, it is compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share in profit, other comprehensive income, foreign currency translation and the carrying value of the investment in Norilsk Nickel which has been previously reported.

The market value of the investment in Norilsk Nickel at 31 March 2019 is USD 9,332 million (31 December 2018: USD 8,286 million). The market value is determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

11 Equity

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

As at 31 March 2019 the Parent Company's authorised share capital comprised 714,285,714.286 ordinary shares, out of which 638,848,896 shares were issued with a par value of USD 0.00007 each.

As at 31 March 2019 and 31 December 2018 all issued ordinary shares were fully paid.

(i) Glencore deal

On 26 January 2019, the Parent Company issued 67,420,324 shares with a par value of USD 0.00007 each with a subsequent issue of GDRs on these shares, to Glencore Group Funding Limited pursuant to securities exchange agreement in exchange for 8.75% shares in UC RUSAL ("Glencore deal").

Due to certain regulatory requirements, under the securities exchange agreement, Glencore has agreed to transfer its stake in UC RUSAL to the Parent Company in two stages. The first stage was settled on 31 January 2019 and 1.97% of RUSAL's shares was transferred to the Parent Company following the removal of the Parent Company and UC RUSAL from the SDN list (see note 1(d)), the remaining 6.78% of UC RUSAL's shares will be transferred not later than February 2020.

Under the Group's accounting policy the Glencore deal was accounted for under the anticipated-acquisition method, as if the remaining 6.78% of UC RUSAL's shares had already been transferred. Fair value of the consideration transferred was determined with reference to market quotations on the London Stock Exchange.

As a result of the Glencore deal non-controlling interests decreased by USD 435 million with respective increases of share premium of USD 543 million and other reserves of USD 251 million, and decreases of foreign currency translation reserve and accumulated losses by USD 836 million and USD 477 million, respectively.

(b) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated interim condensed financial information 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 the three months ended 31 March 2019 the Group did not declare and pay dividends.

(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 2019

	UC RUSAL	Irkutskenergo Group*	JSC Irkutsk Electric Grid Company	Total
NCI percentage	**43.1%**	**7.2%**	**47.7%**	
Assets	16,324	4,033	542	
Liabilities	(10,989)	(1,998)	(161)	
Net assets	**5,335**	**2,035**	**381**	
Carrying amount of NCI	2,300	145	181	**2,626**
Revenue	2,170	562	88	
Profit/(loss)	273	95	(1)	
Other comprehensive income	337	-	-	
Total comprehensive income/(loss)	**610**	**95**	**(1)**	
Profit attributable to NCI	122	7	-	**129**
Other comprehensive income attributable to NCI	163	10	12	**185**
Cash flows from operating activities	300	43	20	
Cash flows used in investing activities	(135)	(4)	(20)	
Cash flows used in financing activities	(206)	(41)	(2)	
Net decrease in cash and cash equivalents	**(41)**	**(2)**	**(2)**	

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

31 March 2018

	UC RUSAL	**Irkutskenergo Group***	**JSC Irkutsk Electric Grid Company**	**Total**
NCI percentage	**51.9%**	**7.5%**	**47.7%**	
Assets	15,979	4,383	567	
Liabilities	(11,452)	(2,254)	(145)	
Net assets	**4,527**	**2,129**	**422**	
Carrying amount of NCI	2,349	148	201	**2,698**
Revenue	2,744	685	105	
Profit/(loss)	544	85	5	
Other comprehensive income	23	-	-	
Total comprehensive income	**567**	**85**	**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 used in financing activities	212	(20)	(21)	
Net increase in cash and cash equivalents	**103**	**7**	**-**	

*Net assets of Irkutskenergo Group were adjusted for the effect of PJSC 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 2019 USD million	31 December 2018 USD million
Non-current liabilities		
Secured bank loans	7,898	7,951
Unsecured bank loans	481	476
Bonds	1,576	1,580
	9,955	**10,007**
Current liabilities		
Secured bank loans	1,345	915
Unsecured bank loans	925	860
Accrued interest	130	118
Bonds	293	377
	2,693	**2,270**

(a) Loans and borrowings

UC RUSAL

The nominal value of the UC RUSAL's loans and borrowings was USD 6,494 million at 31 March 2019 (31 December 2018: USD 6,332 million).

POWER

(i) Credit facilities of Eurosibenergo

As at 31 March 2019 Eurosibenergo had two RUB-denominated loans in the amounts of USD 1,010 million (RUB 65,391 million) and USD 507 million (RUB 32,845 million).

(ii) Syndicate facilities

As at 31 March 2019 the outstanding amount of the syndicate loan was USD 1,435 million (RUB 92,882 million).

The nominal value of Power segment loans and borrowings was USD 4,201 million at 31 March 2019 (31 December 2018: USD 3,932 million).

The carrying amount of the Group's liabilities measured at amortised cost approximate their fair values as at 31 March 2019.

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 2018 except for shares of JSC Krasnoyarsk Hydro-Power Plant, the pledged amount of which decreased to 50%+1 share as at 31 March 2019.

The secured bank loans are also secured by the following:

- Property, plant and equipment with a carrying amount of USD 1,187 million (31 December 2018: USD 1,112 million);
- Inventories with a carrying amount of USD 53 million (31 December 2018: USD 5 million);

As at 31 March 2019 and 31 December 2018 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.

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

(b) Bonds payable

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

The closing market price at 31 March 2019 for series 08 bonds was RUB 994 per bond and RUB 1,000 per bond for series BO-01 bonds.

On 20 March 2019 UC RUSAL executed the put option under its Panda bonds issuance (the first tranche) and redeemed bonds with a notional value CNY 680 million (USD 101 million).

On 29 March 2019 RUSAL Bratsk announced a new coupon rate with respect to the series 08 bonds at the level of 0.01% per annum. On 10 April 2019 UC RUSAL exercised a put option on the outstanding RUB-denominated bonds series 08 and redeemed the bonds with notional value of 23.8 million RUB.

On 4 April 2019 RUSAL Bratsk announced a new coupon rate in respect to the series BO-01 bonds at the level of 0.01% per annum. On 18 April 2019 UC RUSAL exercised a put option on the outstanding RUB-denominated bonds series BO-01 and redeemed the bonds with notional value of 3.8 billion RUB.

13 Derivative financial assets and liabilities

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

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

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

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

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

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

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

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 2019 and 31 December 2018 approximated USD 258 million and USD 200 million, respectively. These commitments are due over a number of years.

POWER

The Power segment had outstanding capital commitments which had been contracted for at 31 March 2019 and 31 December 2018 in the amount of USD 77 million and USD 78 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 from the authorities' previous interpretations or practices. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

In addition, a number of new laws introducing changes to the Russian tax legislation have been adopted. In particular, starting from 1 January 2015 changes aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as the concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation and practice of its application is still evolving and the impact of legislative changes should be considered based on the actual circumstances. All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on this consolidated interim condensed financial information, if the authorities were successful in enforcing their interpretations, could be significant.

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 31 March 2019 is USD 34 million (31 December 2018: USD 32 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.

(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 2019 the amount of claims, where management assesses outflow as possible approximates USD 36 million (31 December 2018: USD 31 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria Plc ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG sought compensatory damages in the amount of USD2.8 billion plus interest.

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

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

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

16 Related party transactions

(a) Transactions with related parties

The Group transacts with related parties, the majority of which are under control of SUAL Partners Limited or its shareholders, Glencore International Plc or entities under its control, associates and joint ventures and other related parties.

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	
	2019	2018
	USD million	USD million
Purchase of raw materials	**(104)**	**(107)**
Companies capable of exerting significant influence	*(15)*	*(12)*
Other related parties	*(13)*	*(18)*
Associates and joint ventures	*(76)*	*(77)*
Energy costs	**(12)**	**(11)**
Companies capable of exerting significant influence	*(1)*	*(1)*
Associates and joint ventures	*(11)*	*(10)*
Other services	**(29)**	**(38)**
Other related parties	-	*(1)*
Associates and joint ventures	*(29)*	*(37)*
	(145)	**(156)**

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

	31 March 2019 USD million	31 December 2018 USD million
Current trade and other receivables, and advances issued		
Companies capable of exerting significant influence	*45*	*77*
Other related parties	*6*	*5*
Associates and joint ventures	*105*	*56*
	156	**138**

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

	31 March 2019 USD million	31 December 2018 USD million
Current trade and other payables, and advances received		
Companies capable of exerting significant influence	*598*	*265*
Other related parties	*2*	*2*
Associates and joint ventures	*32*	*24*
	632	**291**

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 2019 included in non-current assets are balances of related parties — associates and joint ventures of USD 45 million (31 December 2018: USD 42 million). At 31 March 2019, included in non-current liabilities are balances of related parties – associates and joint ventures of USD 10 million (31 December 2018: USD 10 million, respectively).

(b) Remuneration to key management

For the three month period ended 31 March 2019 remuneration to key management personnel was represented by short-term remuneration and amounted to USD 8 million (for the three months ended 31 March 2018: USD 2 million).

17 Events subsequent to the reporting date

On 29 April 2019 the placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-01 in the amount of RUB 15 billion with a coupon rate 9,0% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in April 2022. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount in the US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.