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UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

Key highlights

- Record low LME aluminium price driven by the negative investor sentiment exerted further pressure on the aluminium industry throughout the year ended 31 December 2013. Average LME aluminium price decreased by 8.6% from USD2,018 per tonne for the year ended 31 December 2012 to USD1,845 per tonne for the same period of 2013. However, thanks to cost reduction measures, working capital optimization and ongoing rationalization programme undertaken by the management supported by product mix improvement, weakened local currency and continuously growing premiums, United Company RUSAL Plc (the **"Company"**, the **"Group"** or **"UC RUSAL"**) demonstrated Aluminium segment EBITDA margin of 11.3%.

- Aluminium segment cost per tonne reduced to USD1,907 per tonne (by 2.0%) in 2013 as compared to USD1,946 in 2012 resulting from efficiency initiatives supported by depreciation of the Russian Rouble. Aluminium segment cost per tonne in the fourth quarter of 2013 achieved record low USD1,864 per tonne as compared to USD1,934 for the fourth quarter of 2012.

- Primary aluminium production decreased by 7.6% or by 316 thousand tonnes to 3,857 thousand tonnes for the year ended 31 December 2013 as compared to 4,173 thousand tonnes for the preceding year as a result of the Company's expansion of inefficient capacity curtailment programme. Total aluminium output in the fourth quarter of 2013 decreased by 12.9% or by 134 thousand tones to 904 thousand tonnes compared to 1,038 thousand tonnes in the fourth quarter of 2012.

- Share of value-added products output comprised a record 42% of total aluminium production in comparison with 39% for the previous year.

- Revenue decreased by USD1,131 million or by 10.4% to USD9,760 million in 2013 compared to USD10,891 million in 2012 following the drop in LME aluminium prices coupled with the 9.9% reduction on sales of aluminium and alloys volumes. The decrease was partially offset with historically high average realized premiums of USD271 per tonne.

- The Company maintained a robust cash position with USD1,386 million of free cash flow[1] generated for the year ended 31 December 2013 and a reduction in working capital by 15.8% primarily due to the capacity curtailment measures.

- Loss for the year ended 31 December 2013 amounted to USD3,222 million resulting primarily from the impairment and one-off restructuring charges of USD1,919 million in respect of goodwill and certain non-current assets.

- The Company decreased its' net debt by USD720 million or 6.6% as at 31 December 2013 as compared to the beginning of the year.

- During the period, UC RUSAL successfully completed the sale of 3,873,537 shares of Norilsk Nickel to Crispian Investments Limited for a consideration of approximately USD620 million. The net proceeds of the sale were utilised as partial prepayment of debt owing to Sberbank. In September 2013, a new dividend policy of Norilsk Nickel was agreed by the shareholders of Norilsk Nickel, which will provide UC RUSAL with a stable dividend flow up to 2017 and beyond.

[1] Free Cash Flow is defined as Net cash flow generated from operating activities plus Net cash flows generated from investing activities.

Statement of the CEO

2013 was another challenging year for the aluminium industry, which, despite consumption growth of 6% to 51.7 million tonnes, saw negative investor sentiment continue to weigh on LME prices which fell by 8.6%, to USD 1,845 per tonne — a level which takes an ever greater share of global production capacity to or below break-even level. In the second half of the year, the all-in price of aluminium was also influenced by the LME's proposed warehouse policy changes, which added further to the market uncertainty and negatively affected market premiums.

UC RUSAL has continued to implement a disciplined focus on maintaining operational efficiencies and cost controls in order to counter these conditions. In line with its stated strategy, the Company has suspended aluminium production at its least-efficient smelting facilities, resulting in a 7.6% decrease in metal output year-on-year. Whilst the Company has already begun to see the results of these efficiencies, their main effect is expected in the current year as UC RUSAL's results in 2013 include operations at these non-efficient facilities, and their associated mothballing costs. UC RUSAL's loss for the year reached USD3.2 billion, with the majority of this figure represented by impairment and restructuring charges of approximately USD2 billion relating to a non-cash write-down of goodwill and impairment of certain non-current assets, including for the Taishet smelter project which is currently on hold due to the unfavourable market environment as well as the capacity optimization programme.

Having gone through a difficult, but important transformation, the Company now has the lowest level of cash cost per tonne of USD1,864 (in Q4 2013) in recent years and is continuing to focus on higher margin value added products in its portfolio. UC RUSAL estimates that global demand for aluminium will demonstrate resilient growth, with a 6% annual growth forecast, from 2014 to 2015 backed by clear signs of a strengthening global economy. A growing deficit in the market in the years ahead will help unwind stocks and allow the industry to become more fit and healthy for a new period of growth.

Oleg Deripaska
Chief Executive Officer
27 March 2014

Financial and Operating Highlights

	Quarter ended 31 December		Change, quarter on quarter, % (4Q to 4Q)	Quarter ended 30 September	Change, quarter on quarter, % (4Q to 3Q)	Year ended 31 December		Change, year-on-year,
	2013	2012		2013		2013	2012	%
	unaudited	*unaudited*		*unaudited*				
Key operating data								
('000 tonnes)								
Aluminium	904	1,038	(12.9%)	954	(5.2%)	3,857	4,173	(7.6%)
Alumina	1,870	1,806	3.5%	1,802	3.8%	7,310	7,477	(2.2%)
Bauxite	2,601	2,788	(6.7%)	3,067	(15.2%)	11,418	12,365	(7.7%)
('000 tonnes)								
Sales of primary aluminium and alloys	821	1,011	(18.8%)	969	(15.3%)	3,788	4,203	(9.9%)
(USD per tonne)								
Aluminium segment cost per tonne[2]	1,864	1,934	(3.6%)	1,872	(0.4%)	1,907	1,946	(2.0%)
Aluminium price per tonne quoted on the LME[3]	1,769	1,997	(11.4%)	1,781	(0.7%)	1,845	2,018	(8.6%)
Average premiums over LME price[4]	277	249	11.2%	272	1.8%	271	208	30.3%
Average sales price	2,062	2,222	(7.2%)	2,078	(0.8%)	2,154	2,218	(2.9%)
Alumina price per tonne[5]	322	326	(1.2%)	352	(8.5%)	327	319	2.5%
Key selected data from the consolidated statement of income								
(USD million)								
Revenue	2,125	2,624	(19.0%)	2,432	(12.6%)	9,760	10,891	(10.4%)
Adjusted EBITDA	101	221	(54.3%)	130	(22.3%)	651	915	(28.9%)
margin (% of revenue)	*4.8%*	*8.4%*	*NA*	*5.3%*	*NA*	*6.7%*	*8.4%*	*NA*
Loss for the period	(2,611)	(411)	535.3%	(172)	1,418.0%	(3,222)	(528)	510.2%
margin (% of revenue)	*(122.9%)*	*(15.7%)*	*NA*	*(7.1%)*	*NA*	*(33.0%)*	*(4.8%)*	*NA*
Adjusted Loss for the period	(192)	(138)	39.1%	(232)	(17.2%)	(662)	(498)	32.9%
margin (% of revenue)	*(9.0%)*	*(5.3%)*	*NA*	*(9.5%)*	*NA*	*(6.8%)*	*(4.6%)*	*NA*
Recurring Loss for the period	(206)	(151)	36.4%	(132)	56.1%	(494)	(8)	NA
margin (% of revenue)	*(9.7%)*	*(5.8%)*	*NA*	*(5.4%)*	*NA*	*(5.1%)*	*(0.1%)*	*NA*

2 For any period, "Aluminium segment cost per tonne" is calculated as aluminium segment revenue less aluminium segment results less amortisation and depreciation divided on sales volume of the aluminium segment.

3 Aluminium price per tonne quoted on the LME representing the average of the daily closing official London Metals Exchange ("LME") prices for each period.

4 Average premiums over LME realized by the Company based on management accounts.

5 The average alumina price per tonne provided in this table is based on the daily closing spot prices of alumina according to Non-ferrous Metal Alumina Index FOB Australia USD per tonne.

Key selected data from consolidated statement of financial position

	As at		Change
	31 December 2013	31 December 2012	year-on-year, %
(USD million)			
Total assets	20,580	25,210	(18.4%)
Total working capital[6]	1,593	1,893	(15.8%)
Net Debt[7]	10,109	10,829	(6.6%)

Key selected data from consolidated statement of cash flows

	Year ended		Change
	31 December 2013	31 December 2012	year-on-year, %
(USD million)			
Net cash flows generated from operating activities	408	1,092	(62.6%)
Net cash flows generated from/(used in) investing activities	978	(93)	NA
of which dividends from Norilsk Nickel	*803*	*267*	*200.7%*
of which CAPEX[8]	*(553)*	*(501)*	*10.4%*
of which proceeds from partial disposal of Norilsk Nickel shares	*620*	*—*	*100.0%*
Interest paid	(631)	(610)	3.4%

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6 Total working capital is defined as inventories plus trade and other receivables minus trade and other payables.

7 Net Debt is calculated as Total Debt less cash and cash equivalents as at the end of any period. Total Debt refers to UC RUSAL's loans and borrowings and bonds outstanding at the end of any period.

8 CAPEX is defined as payment for the acquisition of property, plant and equipment and intangible assets.

Overview of trends in industry and business

UC RUSAL forecasts that:

- Global demand for aluminium will trend upwards its growth and is expected to increase by 6% reaching 55 million tonnes in 2014, primarily driven by China, other Asian countries, United States (US) and European Union (EU);

- Global aluminium deficit excluding China reaches 1.3 million tonnes in 2014 from 455 thousand tonnes in 2013. About 1.0-1.5 million tonnes of the global aluminium production out of China is expected to be idled in 2014;

- Aluminium premiums will continue to be strong in 2014 due to physical market tightness and robust financial demand;

- The Chinese aluminium market will remain balanced in 2014. Approximately 3.0 million tonnes of Chinese aluminum production is expected to be cut in 2014 as a result of low aluminum prices. Chinese semis exports are not expected to have a significant impact on the global primary metal balance outside of China.

Global aluminum demand

Aided by strong growth within Asia, the US and by a continuing market rebound in Europe, global aluminium consumption rose by 6% in 2013 to 51.7 million tonnes, with ex-China Asia consumption rising by 4% or to 26.2 million tonnes year-on-year in 2013. Consumption in China, the largest growing market, grew by 13% or to 25.5 million tonnes year-on-year in 2013, followed by India (6% growth), ex-China Asia (6% growth) and North America (4% growth). Consumption growth in Europe continued, with a strong rebound seen in the second half of 2013 and total 2013 growth reaching 2%.

Asia

According to the National Bureau of Statistics ("NBS") data, Chinese fixed-asset investment increased by 19.6% year-on-year in 2013. The NBS data also showed that new construction projects rose by 13.5% in 2013. During 2013, the Chinese automotive industry was the top gainer, surging 14.9% after record sales of 21.98 million vehicles according to the China Association of Automobile Manufacturing ("CAAM").

In South East Asia, the transport sector remained strong, with Thailand continuing to be a leader in automotive production in the region. Automotive production in the region in 2013 has repeated the 2012 record despite Japanese output decreasing by 3%, offset by substantial growth in the Association of Southeast Asian Nations ("ASEAN") countries by 6%. The tendency in the second half of 2013 showed a strong recovery of automotive exports from Japan which in turn should support strong domestic production in the beginning of 2014. Construction activity also grew in the region, led by infrastructure development and the building of new houses.

In Japan, following industrial production weakness experienced during the first nine months of 2013, economic indicators have in recent months signaled improved market conditions. The Japanese PMI in December 2013 was 55.2, which was the fastest pace of expansion in more than seven years, suggesting that the Government's pro-growth policies, introduced in early 2013, are having a positive impact on the economy. Operating conditions in the Japanese manufacturing sector improved at the sharpest pace since July 2006. New export orders rose for the fourth successive month in December, whereas housing starts rose by 11% in 2013, and climbed to the highest level in 5 years.

Construction, transport and the electronic sectors remain the key drivers of aluminium consumption growth within India. In November 2013, for the first time in four months, the PMI climbed to 51.3, as new orders rose, raising hopes for the country's economy. Manufacturing activity picked up, led by a rise in new domestic orders which helped lift output growth.

Construction and packaging growth in the Middle East is encouraging local consumption of primary metal. The production of aluminium extrusions and flat rolled products will dominate the Middle Eastern market due to the expectation of robust growth in the construction and packaging sectors.

North America

The North American transport sector remained the main driver of aluminium consumption growth in the region. Light vehicle production in North America was 16.2 million units in 2013, up 4.3% compared to 2012. The key driver in the sector continues to be the increased demand for aluminium automotive body sheets and announced expansions by Aluminium rollers to meet the demand. The new Ford F-150 was unveiled at the North American International Auto Show in Detroit and will have a body and load bed made almost entirely of aluminum. F-series trucks account for about 12% of the company's global sales. Further positive news was the construction sector, where USA housing starts rose by 19% in 2013 to the level of 928 thousand units.

Secondary aluminium and alloys production by independent smelters in USA has decreased by 4% in January-October 2013 due to shortage of scrap, giving additional room for primary aluminium demand growth. Tightness of scrap will continue to take place in 2014.

Europe

Aluminum demand in Europe continued to experience a strong rebound in the latter part of 2013, with the biggest increase from Turkey (10%), followed by Germany (3%) and France (2%). In the consumer market, European new car registrations jumped by 13.3% in the month of December. Primary aluminium demand in Europe grew by 1.5% in 2013.

The recovery in the Eurozone manufacturing sector accelerated further at the end of 2013 with strong growth in manufacturing PMI. Factory activity in Germany, Italy, Spain and the United Kingdom (UK) continue to expand while France remains weak.

Automotive production increased in Germany, Spain and UK in 2013. Production in Spain grew by 9% (2.16 million units), Germany rose by 1% (5.4 million units), UK grew by 3.1% (1.5 million units). France's car production is expected to slip to 1.5 million units (-9%). Total automotive production growth in Europe is expected to be around 1% in 2014.

Global aluminum supply

According to recently published statistics from the International Aluminum Institute and CRU market data, global aluminum production excluding China reached 25.66 million tonnes in 2013, down by 48 thousand tonnes compared to 2012. Despite aluminium production growth in the Middle East and other Asian countries, the estimated 1.2 million tonnes of capacity cuts in Europe, North America and South America resulted in a deficit in the aluminium market. According to UC RUSAL's latest estimates, as a result of continued ex-China consumption growth and almost unchanged production there was a 455 thousand tonnes aluminum ex-China supply deficit.

Following recent Chinese Government measures to tackle overcapacity and deteriorating market conditions the Chinese aluminium industry experienced tempered net capacity rise with an increase of 2.2 million tonnes in 2013. Shutdowns in the central and southern parts of China amounted to 2.1 million tonnes. Some aluminum smelters in Central parts of China continue cutting output to reduce loss due to falling domestic aluminum price. As expected around 3 million tonnes of Chinese aluminium production to be cut in 2014 as a result of low aluminum price. However, some amount of new low-cost aluminum capacity will still go into production in Xinjiang and other North Western regions in 2014.

Apart from pressure of new low-cost capacities, inefficient smelters and smelters that do not meet prescribed government standards will continue to be decommissioned due to increased power tariff because of tiered power pricing system, which is scheduled to be commenced from January 2014. As a result, the Chinese aluminum market is expected to be balanced with production increasing in line with consumption growth and old capacity being replaced with new more efficient capacity.

Chinese aluminum semis net export grew by 12.7% in 2013 compared to the same period of last year. However net export over 2012-2013 grew by just 4.7% compared to 2011 level. The majority part of Chinese semis is mainly delivered to the final consuming industries including transport, construction, machinery, etc. but not to primary metal consumers including rolling mills, casting houses etc. Thus Chinese semis exports have very limited impact on global primary metal balance outside of China.

Aluminum stocks and premiums

Aluminium stocks held in LME warehouses ended the year with 248 thousand tonnes above those as at the end of 2012 of 5,458 thousand tonnes. Globally, around 45% of the aluminum held in LME facilities has been requested for delivery. Metal continues to be locked in financial deals and expected to flow to off-warrant locations rather than released to consumers directly.

As a result of the current tight aluminum supply, physical premiums continue to rise, reaching record highs by the end of 2013. After the fall created by the uncertainty over LME warehousing policy in the middle of the year by year end the Rotterdam duty unpaid premium reached 210-230 USD/t, the US Midwest premium 12 cents/lb and Japan MJP 255 USD/t. The rise has continued into 2014 with the MW at 20 cents/lb and Rotterdam 275-315 USD/t in January.

Aluminum industry outlook in 2014

UC RUSAL expects global aluminum consumption growth of 6% in 2014 over 2013. China and other Asian economies are expected to grow strongly and the developed markets including the US and Europe should continue to show a healthy growth.

Consumption growth excluding China of 1 million tonnes and continued capacity curtailments despite production capacity increase in the Middle East and Asia should lead to 90 thousand tonnes of production reduction in 2014 according to UC RUSAL estimate and the supply deficit will grow from 455 thousand tonnes in 2013 to approximately 1.43 million tonnes in 2014. As expected additional 1.0-1.5 of ex-China capacity to be curtailed in 2014.

It is expected that Chinese aluminum market will continue to be balanced with very limited net production capacity increase.

Our Business

The principal activities of the Group are bauxite and nepheline ore mining and processing, alumina refining, aluminium smelting and refining, as well as the sale of bauxite, alumina and various primary aluminium products. There were no significant changes in the nature of the Group's principal activities during the year.

Business review

Aluminium production

UC RUSAL's total attributable aluminum output amounted to 3,857 thousand tonnes in 2013, as compared to 4,173 thousand tonnes in 2012, a decrease of 7.6%.

The decrease in volumes during the period discussed above resulted from the gradual mothballing of production at most aluminium smelters located in the European part of Russia, as well as Alscon (Nigeria). The mothballing of production is a result of the curtailment programme for inefficient capacity initially approved by the Board of the Company and announced in the third quarter of 2012 and updated further in September 2013 on the back of the prevailing adverse economic situation in the industry.

Alumina production

UC RUSAL's total attributable alumina output amounted to 7,310 thousand tonnes in 2013, as compared to 7,477 thousand tonnes in 2012, a decrease of 2.2%.

The decrease in the volume of alumina production in 2013 as compared to that of 2012 was primarily due to Friguia Alumina Refinery (Guinea) where operations were suspended in April 2012 and Queensland Alumina Ltd (Australia) where production decreased temporarily following hurricane Oswald in January 2013.

Bauxite production

UC RUSAL's total attributable bauxite output was 11,418 thousand tonnes in 2013, as compared to 12,365 thousand tonnes in 2012, a decrease of 7.7%.

The decrease in the volume of bauxite production in 2013 as compared to 2012 was primarily due to suspension of mining operations at Friguia bauxite mine in Guinea since April 2012, suspension of Cheryomukhovskaya mine at North Urals bauxite mine due to construction of Cheryomukhovskaya-Glubokaya mine; this was partially offset by the increased output at other facilities in Timan (Russia) and Windalco (Jamaica).

Financial Overview

Revenue

	Year ended 31 December 2013			Year ended 31 December 2012		
	USD million	*kt*	*Average sales price (USD/tonne)*	*USD million*	*kt*	*Average sales price (USD/tonne)*
Sales of primary aluminium and alloys	8,159	3,788	2,154	9,323	4,203	2,218
Sales of alumina	507	1,595	318	503	1,582	318
Sales of foil	313	86	3,640	302	80	3,775
Other revenue	781	—	—	763	—	—
Total revenue	**9,760**			**10,891**		

Total revenue decreased by USD1,131 million or by 10.4% to USD9,760 million in 2013 compared to USD10,891 million in 2012. The decrease in total revenue was primarily due to the decreased sales of primary aluminium and alloys, which accounted for 83.6% and 85.6% of UC RUSAL's revenue for the years 2013 and 2012, respectively.

	Quarter ended 31 December		Change, quarter on quarter, % (4Q to 4Q)	Quarter ended 30 September	Change, quarter on quarter, % (4Q to 3Q)	Year ended 31 December		Change, year-on-year,
	2013	2012	2013	2013	2012	2013	2012	%
	unaudited	*unaudited*		*unaudited*				
Sales of primary aluminium and alloys								
USD million	1,693	2,246	(24.6%)	2,014	(15.9%)	8,159	9,323	(12.5%)
kt	821	1,011	(18.8%)	969	(15.3%)	3,788	4,203	(9.9%)
Average sales price (USD/t)	2,062	2,222	(7.2%)	2,078	(0.8%)	2,154	2,218	(2.9%)
Sales of alumina								
USD million	130	89	46.1%	151	(13.9%)	507	503	0.8%
kt	419	283	48.1%	494	(15.2%)	1,595	1,582	0.8%
Average sales price (USD/t)	310	314	(1.3%)	306	1.3%	318	318	0.0%
Sales of foil (USD million)	81	82	(1.2%)	77	5.2%	313	302	3.6%
Other revenue (USD million)	221	207	6.8%	190	16.3%	781	763	2.4%
Total revenue (USD million)	**2,125**	**2,624**	**(19.0%)**	**2,432**	**(12.6%)**	**9,760**	**10,891**	**(10.4%)**

Revenue from sales of primary aluminium and alloys decreased by USD1,164 million, or by 12.5%, to USD8,159 million in 2013, as compared to USD9,323 million in 2012, primarily due to a decrease in volumes of the primary aluminium and alloys sold. This decrease was a result of the Company's inefficient capacity curtailment programme. The decline in weighted-average realised aluminium price by 2.9% in 2013 as compared to 2012, due to the weak LME aluminium price performance also contributed to revenue decrease. The decrease in average LME aluminium price by 8.6% to USD1,845 per tonne in 2013 from USD2,018 per tonne in 2012 was partially offset by a 30.3% growth in premiums above the LME price in the different geographical segments (to an average of USD271 per tonne from USD208 per tonne for the years 2013 and 2012, respectively).

Revenue from sales of alumina was flat during the reporting period as compared to the same period of 2012.

Revenue from sales of foil increased by 3.6% to USD313 million in 2013, as compared to USD302 million in 2012, primarily due to an increase in foil sales volume.

Revenue from other sales, including sales of other products, bauxite and energy services were almost flat during the reporting period as compared to the same period of 2012.

Cost of sales

The following table shows the breakdown of UC RUSAL's cost of sales for the years ended 31 December 2013 and 2012, respectively:

	Year ended 31 December		Change, year-on-year,	Share of costs for the year ended 31 December 2013,
	2013	2012	%	%
(USD million)				
Cost of alumina	1,004	1,352	(25.7%)	11.9%
Cost of bauxite	592	530	11.7%	7.0%
Cost of other raw materials and other costs	2,990	3,148	(5.0%)	35.5%
Energy costs	2,374	2,592	(8.4%)	28.2%
Depreciation and amortisation	493	515	(4.3%)	5.8%
Personnel expenses	844	914	(7.7%)	10.0%
Repairs and maintenance	94	147	(36.1%)	1.1%
Change in asset retirement obligations	—	(2)	(100.0%)	0.0%
Net change in provisions for inventories	38	36	5.6%	0.5%
Total cost of sales	**8,429**	**9,232**	**(8.7%)**	**100.0%**

Total cost of sales decreased by USD803 million, or by 8.7%, to USD8,429 million in 2013, as compared to USD9,232 million in 2012. The decrease was primarily driven by the 9.9% (or 415 thousand tonnes) reduction in the aggregate aluminium sales volumes following mothballing of production at the least efficient smelters in line with the ongoing capacity curtailment programme and continuing depreciation of the Russian Rouble against the US dollar.

Cost of alumina decreased in the reporting period (as compared to 2012) by 25.7%, primarily as a result of a decrease in both alumina purchase volumes and average alumina purchase price.

Cost of bauxite increased by 11.7% in 2013 as compared to 2012, due to 10.6% growth in purchased volume.

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 5.0% following the aluminium sales volume dynamic that caused the decrease in purchased volumes partially compensated by the higher purchase prices for certain materials (such as coal tar pitch for 5.7%, caustic soda for 9.1%, ligature and legating materials for 15.3%) in 2013 as compared to 2012.

Energy cost decreased in 2013 by 8.4% to USD2,374 million compared to USD2,592 million in 2012 primarily due to the decrease in aggregate aluminium sales volumes and depreciation of the Russian Rouble against the US dollar partially compensated with the insignificant increase in the weighted-average electricity tariffs.

Distribution, administrative and other expenses

Distribution expenses decreased by 7.4% to USD488 million in 2013, compared to USD527 million in 2012, primarily due to the decrease in aggregate aluminium sales volumes supported by the depreciation of the Russian Rouble to the US Dollar exchange rate within the comparable periods.

Administrative expenses decreased by 10.2% to USD645 million in 2013, compared to USD718 million in 2012 primarily resulted from the cost optimization programme.

Impairment of non-current assets and restructuring expenses increased by USD1,615 million in 2013 to USD1,919 million. Due to a continued deterioration in forecast aluminum prices in the fourth quarter of 2013 and macroeconomic factors impacting the industry, the Company performed detailed impairment testing of its' non-current assets as at 31 December 2013. As a result impairment loss was recognized in respect of goodwill in the amount of USD382 million and property, plant and equipment of several Group companies in the amount of USD1,222 million. Restructuring expenses in the amount of USD315 million represent one-off expenses incurred by the Company on inefficient capacity curtailment. These expenses include inventories at closed plants in the amount of USD170 million, accounts receivables in the amount of USD56 million, various redundancy payments in the amount of USD47 million, electricity and power costs in the amount of USD18 million and USD 12 million, respectively, and other expenses in the amount of USD12 million.

Other operating expenses increased by 59.5% to USD67 million in 2013, compared to USD42 million in 2012. The increase in other operating expenses in 2013 was primarily due to reassessment of certain tax claims with high probability of cash outflow.

Adjusted EBITDA and Results from operating activities

	Year ended 31 December		Change year-on-year,
	2013	2012	%
(USD million)			
Reconciliation of Adjusted EBITDA			
Results from operating activities	(1,804)	60	NA
Add:			
Amortisation and depreciation	520	543	(4.2%)
Impairment of non-current assets and restructuring expenses	1,919	304	531.3%
Loss on disposal of property, plant and equipment	16	8	100.0%
Adjusted EBITDA	**651**	**915**	**(28.9%)**

As a result of the factors discussed above the Company demonstrated a sharp decrease in the results from operating activities and Adjusted EBITDA for the year ended 31 December 2013 to negative USD1,804 million and positive USD651 million, respectively, as compared to the results from operating activities and Adjusted EBITDA of USD60 million and USD915 million, respectively, for the previous year.

Finance income and expenses

(USD million)	Year ended 31 December 2013	2012	Change year-on-year, %
Finance income			
Interest income on loans and deposits	17	19	(10.5%)
Net foreign exchange gain	29	—	100.0%
Interest income on provisions	5	6	(16.7%)
	51	**25**	**104.0%**
Finance expenses			
Interest expense on bank loans wholly repayable within five years, bonds and other bank charges, including	(754)	(682)	10.6%
Nominal interest expense	*(652)*	*(590)*	*10.5%*
Bank charges	*(102)*	*(92)*	*10.9%*
Net foreign exchange loss	—	(66)	(100.0%)
Change in fair value of derivative financial instruments, including	(12)	(107)	(88.8%)
Change in fair value of embedded derivatives	*(17)*	*(113)*	*(85.0%)*
Change in other derivatives instruments	*5*	*6*	*(16.7%)*
Interest expense on provisions	(21)	(65)	(67.7%)
	(787)	(920)	(14.5%)

Finance income increased by USD26 million to USD51 million in 2013 as compared to USD25 million in 2012, due to the net foreign exchange gain for the 2013 as compared to the net foreign exchange loss for the previous year.

Finance expenses decreased by 14.5% to USD787 million in 2013 as compared to USD920 million in 2012 due to the net foreign exchange differences discussed above supported by the positive dynamic in the change in the fair value of derivative financial instruments.

Total interest expenses on bank loans increased by USD72 million to USD754 million for the reporting period as compared to the USD682 million for the previous year primarily due to the higher interest rate margins and negative effect of interest rate swap.

Change in fair value of derivative financial instruments comprised a loss of USD12 million for 2013 as compared to the loss of USD107 million in the previous year due to the positive effect of the lower LME aluminium prices.

The foreign exchange result of USD29 million gain in 2013 and USD66 million loss in 2012 was driven by the changes in working capital items of several Group companies denominated in currencies other than their functional currency primarily due to fluctuations in the exchange rate between the Russian Rouble and the US dollar.

Share of profits of associates and joint ventures

	Year ended 31 December		**Change year-on-year,**
	2013	**2012**	**%**
(USD million)			
Share of profits of Norilsk Nickel, *with Effective shareholding of*	205 *27.82%*	299 *30.27%*	(31.4%)
Share of losses of other associates	(21)	(21)	0.0%
Share of profits of associates	**184**	**278**	**(33.8%)**
Share of (losses)/profits of joint ventures	**(551)**	**55**	**NA**

The Company's share in profits of associates for the years ended 31 December 2013 and 2012 comprised USD184 million and USD278 million, respectively. Share in results of associates in both periods resulted primarily from the profit from the Company's investment in Norilsk Nickel, which amounted to USD205 million and USD299 million for 2013 and 2012, respectively.

Share of losses of joint ventures was USD551 million for the years ended 31 December 2013 as compared to profit of USD55 million for the same period in 2012. This represents the Company's share of results in the Company's joint ventures — BEMO, LLP Bogatyr Komir, Mega Business and Alliance (transportation business in Kazakhstan) and North United Aluminium Shenzhen Co., Ltd ("North United Aluminium").

The Company's share of losses in joint ventures for the year ended 31 December 2013 include impairment losses relating to property, plant and equipment of the BEMO project entities - the Boguchansky Aluminium Smelter ("BoAZ') and the Boguchansky Hydro Power Plant ("BOGES"). The Group recognised its share of impairment losses in BEMO project entities to the extent of its investment in the

corresponding entity and made the necessary adjustments to the carrying values of each investment. The Group's share of losses related to BoGES and BoAZ were recognized in amount of USD352 million and USD248 million respectively. Loss related to BoAZ was recognised to the extent of Group's investment. At 31 December 2013, additional losses of USD309 million related to impairment charges have not been recognised because the Group's investment has been fully written down to nil.

Loss recycled from other comprehensive income

On 24 April 2013 the Group completed its disposal of 3,873,537 shares in Norilsk Nickel to Crispian Investments Limited for approximately USD620 million which was settled in cash.

On the date of disposal the Group recycled USD230 million of accumulated foreign currency translation losses and USD4 million of other losses relating to shares sold from other comprehensive income recognized in equity to the statement of income. The accumulated foreign currency translation losses of USD230 million and USD4 million of other losses were accumulated while the shares were recognized as part of the Group's investment in an associate.

Loss before income tax

UC RUSAL incurred a loss before income tax of USD3,141 million for the year ended 31 December 2013, as compared to a loss before income tax USD502 million for the year ended 31 December 2012 for the reasons set out above.

Income tax

Income tax expense increased by USD55 million to USD81 million in 2013, as compared to an income tax expense of USD26 million in 2012.

Current tax expenses increased by USD50 million, or 38.2%, to USD181 million as at 31 December 2013, compared to USD131 million as at 31 December 2012 mainly due to the tax paid on cumulative intergroup transfer of Norilsk Nickel dividends.

The deferred tax benefit was almost flat during 2013 in comparison with the prior year.

Loss for the period

As a result of the above, the Company recorded a loss of USD3,222 million in 2013, as compared to a loss of USD528 million in 2012.

Adjusted and Recurring Loss

	Year ended 31 December		Change, year-on-year,
	2013	2012	%
(USD million)			
Reconciliation of Adjusted Loss			
Loss for the period	(3,222)	(528)	510.2%
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, with	66	(299)	NA
Share of profits, net of tax	*(168)*	*(490)*	*(65.7%)*
Impairment of Norilsk Nickel shares classified as held-for-sale	—	*191*	*(100.0%)*
Loss recycled from other reserves	*234*	—	*100.0%*
Impairment of joint ventures	600	—	100.0%
Change in fair value of embedded derivative financial instruments, net of tax (20.0%)	(25)	25	NA
Impairment of non-current assets and restructuring costs, net of tax	1,919	304	531.3%
Adjusted Loss	**(662)**	**(498)**	**32.9%**
Add back:			
Share of profits of Norilsk Nickel, net of tax	168	490	(65.7%)
Recurring Loss	**(494)**	**(8)**	**NA**

Adjusted Loss for any period is defined as the loss adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of embedded derivative financial instruments, gains and losses recycled from other reserves and the net effect of non-current assets impairment and restructuring costs. Recurring Loss for any period is defined as Adjusted Loss plus the Company's net effective share in Norilsk Nickel results. Increase in Adjusted and Recurring Losses in 2013 in comparison with the prior year were primarily driven by the decrease in the Company's result from operating activities.

Assets and liabilities

UC RUSAL's total assets decreased by USD4,630 million, or 18.4% to USD20,580 million as at 31 December 2013 as compared to USD25,210 million as at 31 December 2012. The decrease in total assets mainly resulted from the decrease in the carrying value of the investment in Norilsk Nickel as well as decrease of the Company's goodwill, property, plant and equipment and investment in BEMO project as a result of impairment testing.

Total liabilities decreased by USD548 million, or 3.8%, to USD13,930 million as at 31 December 2013 as compared to USD14,478 million as at 31 December 2012. The decrease was mainly due to the decrease in the outstanding debt of the Group.

Cash flows

The Company generated net cash from operating activities of USD408 million for the year ended 31 December 2013 as compared to USD1,092 for the previous year. Net increase in working capital and provisions comprised USD173 million for 2013 unlike the previous year when the net decrease in working capital and provisions contributed USD287 million to operating cash flow.

Net cash generated from the investing activities for 2013 was USD978 million as compared to net cash used in investing activities for 2012 in the amount of USD93 million primarily due to proceeds from the disposal of Norilsk Nickel shares to Crispian Investments Limited and the dividends received from Norilsk Nickel.

The above mentioned initiatives allowed the Company to assign USD465 million of the own cash flows for the debt repayment that together with the interest payments of USD631 million represent the main components of the cash used in the financing activities with the total amount of USD1,159 million for 2013.

Segment reporting

The Group has four reportable segments, as described in the annual report of the Company, which are the Group's strategic business units: Aluminium, Alumina, Energy, Mining and Metals. These business units are managed separately and results of their operations are reviewed by the CEO on a regular basis.

The core segments are Aluminium and Alumina.

	Year ended 31 December			
	2013		**2012**	
	Aluminium	**Alumina**	**Aluminium**	**Alumina**
(USD million)				
Segment revenue				
kt	*3,869*	*6,049*	*4,299*	*6,122*
USD million	*8,314*	*2,035*	*9,515*	*2,043*
Segment result	523	(270)	722	(190)
Segment EBITDA[9]	937	(174)	1,150	(86)
Segment EBITDA margin	11.3%	(8.6%)	12.1%	(4.2%)
Total capital expenditure	332	197	327	155

For the year ended 31 December 2013 and 2012 respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were 6.3% and 7.6% for the aluminium segment, and negative 13.3% and 9.3% for the alumina segment. Key drivers for the decrease in margin in the aluminium segment are disclosed in "Revenue", "Cost of sales" and "Adjusted EBITDA and Results from operating activities" sections above. Detailed segment reporting can be found in the consolidated financial statements for the year ended 31 December 2013.

9 Segment EBITDA for any period is defined as segment result adjusted for amortisation and depreciation for the segment.

Capital expenditure

UC RUSAL recorded total capital expenditures of USD553 million for the year ended 31 December 2013. UC RUSAL's capital expenditure in 2012 was aimed at maintaining existing production facilities.

	Year ended 31 December	
	2013	**2012**
(USD million)		
Growth project		
Taishet smelter	19	76
	19	**76**
Maintenance		
Pot rebuilds costs	157	134
Re-equipment	377	291
Total capital expenditure	**553**	**501**

Norilsk Nickel investment

The market value of UC RUSAL's stake in Norilsk Nickel was USD7,261 million as at 31 December 2013, as compared to USD8,143 million as at 31 December 2012 (excluding the shares clarified as held for sale as at that date) due to a negative share price performance between the relevant dates.

As at the date of these consolidated financial statements, the Group was unable to obtain consolidated financial statements of Norilsk Nickel for the year ended 31 December 2013. Consequently, the Group estimated its share in the profits and other comprehensive income of Norilsk Nickel for the year ended 31 December 2013 based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many respects. Once the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2013 becomes available, they will be compared to the management's estimates. If there are significant differences, adjustments may be required to restate the Group's share of profits, other comprehensive income and the carrying value of the investment in Norilsk Nickel which has been previously reported.

Restatement of previously issued Consolidated Financial Statements as at and for the year ended 31 December 2012

On 10 December 2012 the main shareholders of Norilsk Nickel, UC RUSAL Plc and Interros, concluded a shareholders agreement together with Millhouse (subsequently substituted by Crispian Investments Limited affiliated with Mr. Abramovich) in respect of their respective investments in Norilsk Nickel. In accordance with the shareholders agreement, UC RUSAL agreed to sell 3,873,537 shares of Norilsk Nickel to Crispian Investments Limited for USD160 per share. This disposal took place in the second quarter of 2013. As at 31 December 2012, the accounting policy of the Group was to treat investments in associates as a single unit of account. As a consequence, management did not separate the amount of shares expected to be sold to Crispian Investments Limited ("the holding"), separately test the holding for impairment, represent the holding as non-current assets held-for-sale and then assess whether the holding is measured at the lower of its carrying amount and fair value less costs to sell as at 31 December 2012.

Effective from 1 January 2013, amendments to the revised IAS 28 "Investments in associates and joint ventures" require an entity to reclassify an investment in an associate, or portion of an investment in an associate, as held-for-sale when it meets the criteria specified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". As previously the Group's investments in associates were treated as a single unit of account, the amendment to IAS 28 has resulted in a change in accounting policy.

Management has reassessed the circumstances as at 31 December 2012 applying the amendments to the revised IAS 28 and concluded that the holding that was expected to be sold to Crispian Investments Limited did meet the criteria in IFRS 5 and should be classified as non-current assets held-for-sale. The comparative information as at 31 December 2012 in these Consolidated Financial Statements has been restated to reflect these adjustments which are detailed in the table below:

	As at and for the year ended 31 December 2012		
	Previously reported	**Restatement**	**Adjusted financial information**
	USD million	*USD million*	*USD million*
Interest in associates	10,484	(811)	9,673
Assets reclassified as held for sale	—	620	620
Accumulated losses	(4,096)	(191)	(4,287)
Share of profits of associates	469	(191)	278

The reclassified portion of the investment in Norilsk Nickel of USD811 million was written down to its recoverable amount of USD620 million prior to reclassification to assets held-for-sale resulting in an impairment loss of USD191 million being recognised in the Group's statement of income for the year ended 31 December 2012.

The Company notes that its auditor, ZAO KPMG, has provided a qualified opinion on its audit of the consolidated financial statements of the Company for the year ended 31 December 2013 as it was unable to obtain and audit the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2013. An extract from the audit report provided by ZAO KPMG on the consolidated financial statements of the Company is as follows:

"***Basis for Qualified Opinion***

As explained in Note 18 to the consolidated financial statements, the Group has estimated its share of profit and other comprehensive income of its associate, OJSC MMC Norilsk Nickel ("Norilsk Nickel"), for the year ended 31 December 2013 based on the latest publicly available information reported by Norilsk Nickel adjusted by the Group to account for Norilsk Nickel's performance in the remaining part of the reporting period. As a result of the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2013 not being available, we were unable to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the share of profit, other comprehensive income and foreign currency translation loss in relation to that investee of USD205 million, USD17 million and USD658 million, respectively, for the year ended 31 December 2013, and the carrying value of the Group's investment in Norilsk Nickel of USD7,901 million as at 31 December 2013 and the summary financial information of associates disclosed in Note 18. As a result, we were unable to determine whether adjustments might have been found to be necessary in respect of interests in associates, and the elements making up the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the Group's net loss and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the disclosure requirements of the Hong Kong Companies Ordinance."

Going concern

During 2013 aluminium prices continued to deteriorate decreasing from an average price of USD2,018 per ton in 2012 to USD1,845 per ton in 2013. This factor had an adverse impact on the revenue and profitability of the Group and together with other factors resulted in a loss for the year of USD3,222 million, including impairment losses of USD2,204 million. As a result, unless the Group is able to restructure the terms of its debt facilities, there is significant uncertainty as to whether the Group will have sufficient liquidity to meet its scheduled principal repayments of debt in 2014. Management also expects that the Group will breach certain loan covenants for existing debt facilities which will be measured on 31 March 2014 following the expiry of a covenant holiday.

The Group has entered into negotiations with its major lenders to restructure the repayment and covenant terms of its debt facilities. Subsequent to the reporting date the Group completed restructuring negotiations in regard to its Sberbank and Gazprombank loan facilities of USD4,921 million and USD660 million, respectively, and is currently in an advanced stage of negotiating the restructuring of its PXF facilities of USD3,686 million (for details refer to note 37). As at the date these consolidated financial statements were authorised for issue the restructured Sberbank facilities are still to be executed and management consider it unlikely that the restructuring of the PXF facilities will be completed by 31 March 2014, which will result in an event of default due to non-compliance with financial covenants of the PXF facilities and cross default of the Group's restructured Sberbank and Gazprombank loan facilities. In the event of default the debt may become repayable on demand, and pledged shares and other collateral may be claimed by lenders.

Management believes that the syndicated facilities will be renegotiated in due course and expects the restructured debt repayment terms should provide the Group with sufficient liquidity to meet its financial obligations as they fall due in the foreseeable future. The Company has requested the lenders under the PXF facility agreements to agree to certain forbearances and undertakings not to exercise their rights effective till 7 July 2014 in order to provide the Company with additional time to complete the restructuring of the PXF facilities. Whilst the lenders have not formally agreed to do so, management believes it is unlikely that demands for repayment will be made whilst negotiations with respect to the PFX facility continue. Additionally, management has secured additional financing from its major customer after the reporting date and has identified a number of non-core assets which may be sold in order to generate cash if there should be a further deterioration in aluminium prices. Therefore, management have prepared these consolidated financial statements on a going concern basis and they do not include any adjustment should the Group be unable to continue as a going concern.

However, management acknowledge that these conditions result in the existence of a material uncertainty with respect to the Group's ability to continue as a going concern. There can be no certainty that a mutually acceptable restructuring of the syndicated facilities will be achieved in which case a demand for the immediate repayment of the majority Group's debt could be made which may then result in settlement through a transfer of collateral. In the event this was to occur, this could have a significant adverse impact on the Group's financial position and its ability to realise its assets and settle its obligations in the ordinary course of business.

The Company notes that as a result of the facts and circumstances disclosed above its auditor, ZAO KPMG, has included an emphasis of a matter paragraph in its auditor's report on the consolidated financial statements of the Company for the year ended 31 December 2013. The emphasis of a matter paragrath is as follows:

"Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(d) to the consolidated financial statements which describes that there is significant uncertainty as to whether the Group will have sufficient cash flows to meet its scheduled debt repayments falling due during 2014 unless a debt restructuring is completed that both defers principal repayments to future periods and modifies financial covenants to sustainable levels. The negotiations on restructuring are progressing and have been finalised in respect of certain bi-lateral facilities, however, management does not expect to complete the restructuring of the syndicated facilities before 31 March 2014 which will result in a breach of certain existing financial covenants unless a waiver is obtained from the syndicate beforehand. In the event the Group is unable to reach an acceptable agreement on terms to restructure the syndicated facilities and related financial covenants, the lenders could declare a default for the syndicated facilities and trigger cross default provisions in the other recently restructured loan facilities. These conditions, along with the other matters described in Note 2(d), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Effective 1 January 2013 the Group changed its accounting policy with respect to accounting for interests in associates. The reason for and the effects of this change are described in Note 1(d) to the consolidated financial statements. We have audited the adjustments described in Note 1(d) that were applied to restate the consolidated financial statements as at and for the year ended 31 December 2012. In our opinion, such adjustments are appropriate and have been properly applied.

Matters on which we are required to report by exception

- Other than the matter described in the Basis for Qualified Opinion, we have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinionadequate accounting records have not been kept by the Company; or

- the financial statements of the Company are not in agreement with the accounting records; or

- we have not received all the information and explanations we require for our audit."

Consolidated financial statements

The following section contains the audited consolidated financial statements of UC RUSAL for the year ended 31 December 2013 which were approved by the directors of UC RUSAL (the "**Directors**") on 27 March 2014, and reviewed by the Audit Committee.

The full set of audited consolidated financial statements of UC RUSAL, together with the report of the independent auditor is available on UC RUSAL's website at *http://www.rusal.ru/en/investors/ financial_stat.aspx.*

	Note	Year ended 31 December 2013 USD million	2012 (restated) USD million
Revenue	5	9,760	10,891
Cost of sales		(8,429)	(9,232)
Gross profit		**1,331**	**1,659**
Distribution expenses		(488)	(527)
Administrative expenses		(645)	(718)
Loss on disposal of property, plant and equipment		(16)	(8)
Impairment of non-current assets and restructuring expenses	9(b)	(1,919)	(304)
Other operating expenses	6	(67)	(42)
Results from operating activities		**(1,804)**	**60**
Finance income	7	51	25
Finance expenses	7	(787)	(920)
Share of profits of associates	18	184	278
Share of (losses)/profits of joint ventures	19	(551)	55
Loss recycled from other comprehensive income	17	(234)	-
Loss before taxation		**(3,141)**	**(502)**
Income tax	8	(81)	(26)
Loss for the year		**(3,222)**	**(528)**
Attributable to:			
Shareholders of the Company		(3,222)	(528)
Loss for the year		**(3,222)**	**(528)**
Loss per share			
Basic and diluted loss per share (USD)	14	(0.212)	(0.035)

The consolidated statement of income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

	Note	Year ended 31 December	
		2013	**2012 (restated)**
		USD million	**USD million**
Loss for the year		**(3,222)**	**(528)**
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial losses on post retirement benefit plans	28(a)	(2)	(41)
		(2)	(41)
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	18	(17)	(5)
Change in fair value of cash flow hedges		8	(63)
Recycling of losses relating to the Norilsk Nickel shares sold	17	234	-
Foreign currency translation differences for equity-accounted investees		(777)	642
Foreign currency translation differences for foreign operations		(305)	190
		(857)	**764**
Other comprehensive income for the period, net of tax		**(859)**	**723**
Total comprehensive income for the year		**(4,081)**	**195**
Attributable to:			
Shareholders of the Company		(4,081)	195
Total comprehensive income for the year		**(4,081)**	**195**

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

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

	Note	31 December 2013 USD million	31 December 2012 (restated) USD million
ASSETS			
Non-current assets			
Property, plant and equipment	15	4,167	5,453
Intangible assets	16	3,497	4,051
Interests in associates	18	8,275	9,673
Interests in joint ventures	19	585	1,156
Deferred tax assets	21	143	99
Derivative financial assets	29	13	12
Other non-current assets		110	89
Total non-current assets		**16,790**	**20,533**
Current assets			
Inventories	22	2,248	2,624
Assets held-for-sale	17	-	620
Trade and other receivables	23	817	925
Derivative financial assets	29	9	3
Cash and cash equivalents	24	716	505
Total current assets		**3,790**	**4,677**
Total assets		**20,580**	**25,210**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

	Note	31 December 2013 USD million	31 December 2012 (restated) USD million
EQUITY AND LIABILITIES			
Equity	25		
Share capital		152	152
Shares held for vesting		(1)	(1)
Share premium		15,786	15,787
Other reserves		2,740	2,747
Currency translation reserve		(4,518)	(3,666)
Accumulated losses		(7,509)	(4,287)
Total equity		**6,650**	**10,732**
Non-current liabilities			
Loans and borrowings	26	8,691	9,415
Bonds	27	458	988
Provisions	28	677	621
Deferred tax liabilities	21	472	520
Derivative financial liabilities	29	188	179
Other non-current liabilities		49	43
Total non-current liabilities		**10,535**	**11,766**
Current liabilities			
Loans and borrowings	26	1,234	931
Bonds	27	442	-
Current taxation	21(e)	15	18
Trade and other payables	30	1,472	1,656
Derivative financial liabilities	29	122	47
Provisions	28	110	60
Total current liabilities		**3,395**	**2,712**
Total liabilities		**13,930**	**14,478**
Total equity and liabilities		**20,580**	**25,210**
Net current assets		**395**	**1,965**
Total assets less current liabilities		**17,185**	**22,498**

Approved and authorised for issue by the board of directors on 27 March 2014.

Oleg V. Deripaska
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

	Note	31 December 2013 USD million	31 December 2012 USD million
ASSETS			
Non-current assets			
Investments in subsidiaries	20	15,147	18,578
Total non-current assets		**15,147**	**18,578**
Current assets			
Loans to group companies		-	9
Other receivables	23	15	16
Cash and cash equivalents	24	247	13
Total current assets		**262**	**38**
Total assets		**15,409**	**18,616**
EQUITY AND LIABILITIES			
Equity	25		
Share capital		152	152
Reserves		3,531	6,060
Total equity		**3,683**	**6,212**
Non-current liabilities			
Loans and borrowings	26	7,795	9,236
Total non-current liabilities		**7,795**	**9,236**
Current liabilities			
Loans and borrowings	26	1,577	894
Trade and other payables	30	744	822
Other current liabilities	34(c)	1,610	1,452
Total current liabilities		**3,931**	**3,168**
Total liabilities		**11,726**	**12,404**
Total equity and liabilities		**15,409**	**18,616**
Net current liabilities		**(3,669)**	**(3,130)**
Total assets less current liabilities		**11,478**	**15,448**

Approved and authorised for issue by the board of directors on 27 March 2014.

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Oleg V. Deripaska
Chief Executive Officer

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Alexandra Y. Bouriko
Chief Financial Officer

The statement of financial position of the Company is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 37 to 131.

	Note	Share capital	Shares held for vesting	Share premium	Other reserves	Currency translation reserve	Accumulated losses	Total equity
		USD million	USD million	USD million	USD million	USD million	USD million	USD million
Balance at 1 January 2013		**152**	**(1)**	**15,787**	**2,747**	**(3,666)**	**(4,096)**	**10,923**
Restatement as a result of a change in standards	1(d)	-	-	-	-	-	(191)	**(191)**
Balance at 1 January 2013 (restated)		**152**	**(1)**	**15,787**	**2,747**	**(3,666)**	**(4,287)**	**10,732**
Loss for the year		-	-	-	-	-	(3,222)	(3,222)
Other comprehensive income for the year		-	-	-	(7)	(852)	-	(859)
Total comprehensive income for the year		-	-	-	**(7)**	**(852)**	**(3,222)**	**(4,081)**
Share-based compensation	25(b)		-	(1)	-	-	-	**(1)**
Balance at 31 December 2013		**152**	**(1)**	**15,786**	**2,740**	**(4,518)**	**(7,509)**	**6,650**
Balance at 1 January 2012		**152**	-	**15,788**	**2,856**	**(4,498)**	**(3,759)**	**10,539**
Loss for the year		-	-	-	-	-	(337)	(337)
Other comprehensive income for the year		-	-	-	(109)	832	-	723
Total comprehensive income for the year		-	-	-	**(109)**	**832**	**(337)**	**386**
Share-based compensation	25(b)	-	(1)	(1)	-	-	-	(2)
Balance at 31 December 2012		**152**	**(1)**	**15,787**	**2,747**	**(3,666)**	**(4,096)**	**10,923**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

	Note	Year ended 31 December	
		2013	**2012 (restated)**
		USD million	**USD million**
OPERATING ACTIVITIES			
Loss for the year		**(3,222)**	**(528)**
Adjustments for:			
Depreciation	9(b)	505	528
Amortisation	9(b)	15	15
Impairment of non-current assets and restructuring expenses	9(b)	1,919	304
Share-based compensation	25(b)	4	4
Impairment of trade and other receivables	6	5	20
Debtors write-off		12	12
Impairment of inventories	22	38	36
Reversal of provision for legal claims	6	(11)	(3)
Tax provision/(reversal of tax provision)	6	65	(44)
Reversal of site restoration provision		-	(1)
(Reversal of pension provision)/pension provision		(25)	7
Change in fair value of derivative financial instruments	7	12	107
Foreign exchange (gains)/losses		(51)	1
Loss on disposal of property, plant and equipment		16	8
Loss on disposal of intangible assets		-	2
Interest expense		775	747
Interest income		(22)	(25)
Income tax expense	8	81	26
Recycle of losses from other comprehensive income	17	234	-
Share of profits of associates	18	(184)	(278)
Share of losses/(profits) of joint ventures	19	551	(55)
Cash from operating activities before changes in working capital and provisions		**717**	**883**
Decrease in inventories		176	331
Decrease in trade and other receivables		24	87
Decrease in prepaid expenses and other assets		1	5
Decrease in trade and other payables		(338)	(104)
Decrease in provisions		(36)	(32)
Cash generated from operations before income tax paid		**544**	**1,170**
Income taxes paid		(136)	(78)
Net cash generated from operating activities		**408**	**1,092**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

	Note	Year ended 31 December	
		2013	**2012 (restated)**
		USD million	**USD million**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		30	63
Interest received		15	19
Acquisition of property, plant and equipment		(538)	(486)
Dividends from associates		803	267
Dividends from joint ventures	19	63	68
Acquisition of intangible assets	16	(15)	(15)
Acquisition of joint ventures		-	(14)
Proceeds from disposal of non-current asset held for sale	17	620	-
Acquisition of subsidiaries, net of cash acquired		-	(9)
Contributions to joint ventures	19	-	(4)
Changes in restricted cash	24	-	18
Net cash generated from/(used in) investing activities		**978**	**(93)**
FINANCING ACTIVITIES			
Proceeds from borrowings		1,785	1,285
Repayment of borrowings		(2,250)	(1,726)
Restructuring fees and other expenses		(66)	(78)
Interest paid		(631)	(610)
Purchases of shares for vesting		(2)	(2)
Proceeds from settlement of aluminium hedges		5	-
Net cash used in financing activities		**(1,159)**	**(1,131)**
Net increase/(decrease) in cash and cash equivalents		**227**	**(132)**
Cash and cash equivalents at beginning of the year	24	490	613
Effect of exchange rate fluctuations on cash and cash equivalents		(16)	9
Cash and cash equivalents at the end of the year	24	**701**	**490**

Restricted cash amounted to USD15 million both at 31 December 2013 and 31 December 2012.

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 37 to 131.

1 Background

(a) Organisation

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

The Company's registered office is Ogier House, The Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands.

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities (refer to note 35) engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

Upon successful completion of the Global Offering, the Company issued 1,636,363,646 new shares in the form of shares listed on the Stock Exchange, and in the form of global depositary shares ("GDS") listed on Euronext Paris representing 10.81% of the Company's issued and outstanding shares, immediately prior to the Global Offering.

The shareholding structure of the Company as at 31 December 2013 and 31 December 2012 was as follows:

	31 December 2013	31 December 2012
En+ Group Limited ("En+")	48.13%	48.13%
Onexim Holdings Limited ("Onexim")	17.02%	17.02%
SUAL Partners Limited ("SUAL Partners")	15.80%	15.80%
Amokenga Holdings Limited ("Amokenga Holdings")	8.75%	8.75%
Held by Directors	0.26%	0.26%
Shares held for vesting	0.00%*	0.01%
Publicly held	10.04%	10.03%
Total	**100%**	**100%**

* As at 31 December 2013 the Group held 106,684 ordinary shares for LTIP (note 25(b)).

En+ is controlled by Mr. Oleg Deripaska. Onexim is controlled by Mr. Mikhail Prokhorov. SUAL Partners is controlled by Mr. Victor Vekselberg and Mr. Len Blavatnik together. Amokenga Holdings is a wholly owned subsidiary of Glencore International Plc ("Glencore").

Related party transactions and controlling parties are disclosed in notes 34 and 36 respectively.

(b) Operations

The Group 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 Group sells its products primarily in Europe, Russia, other countries of the Commonwealth of Independent States ("CIS"), Asia and North America.

(c) Business environment in emerging economies

The Russian Federation, Ukraine, Jamaica, Nigeria and Guinea have been experiencing political and economic changes that have affected, and may continue to affect, the activities of enterprises operating in these environments. Consequently, operations in these countries involve risks that typically do not exist in other markets, including reconsideration of privatisation terms in certain countries where the Group operates following changes in governing political powers.

The consolidated financial statements reflect management's assessment of the impact of the Russian, Ukrainian, Jamaican, Nigerian and Guinean business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(d) Restatement of previously issued Consolidated Financial Statements as at and for the year ended 31 December 2012

On 10 December 2012 the main shareholders of Norilsk Nickel, UC RUSAL Plc and Interros, concluded a shareholders agreement together with Millhouse (subsequently substituted by Crispian Investments Limited ("Crispian") affiliated with Mr. Abramovich) in respect of their respective investments in Norilsk Nickel. In accordance with the shareholders agreement, UC RUSAL agreed to sell 3,873,537 shares of Norilsk Nickel to Millhouse for USD160 per share. This sale actually took place in the second quarter of 2013. As at 31 December 2012, the accounting policy of the Group was to treat investments in associates as a single unit of account. As a consequence, management did not separate the amount of shares expected to be sold to Millhouse ("the holding"), separately test this holding for impairment, represent the holding as non-current assets held-for-sale and then assess whether the holding is measured at the lower of its carrying amount and fair value less costs to sell as at 31 December 2012.

Effective from 1 January 2013, amendments to the revised IAS 28 "Investments in associates and joint ventures" require an entity to reclassify an investment in an associate, or portion of an investment in an associate, as held-for-sale when it meets the criteria specified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". As previously the Group's investments in associates were treated as a single unit of account, the amendment to IAS 28 has resulted in a change in accounting policy.

Management has reassessed the circumstances as at 31 December 2012 applying the amendments to the revised IAS 28 and concluded that the holding that is expected to be sold to Millhouse does meet the criteria in IFRS 5 and should be classified as non-current assets held-for-sale. The comparative information as at 31 December 2012 in these Consolidated Financial Statements has been restated to reflect these adjustments which are detailed in the table below:

	As at and for the year ended 31 December 2012		
	Previously reported	**Restatement**	**Adjusted financial information**
	USD million	**USD million**	**USD million**
Interest in associates	10,484	(811)	9,673
Assets reclassified as held for sale	-	620	620
Accumulated losses	(4,096)	(191)	(4,287)
Share of profits of associates	469	(191)	278

The reclassified portion of the investment in Norilsk Nickel of USD811 million was written down to its recoverable amount of USD620 million prior to reclassification to assets held-for-sale resulting in an impairment loss of USD191 million being recognised in the Group's statement of income for the year ended 31 December 2012.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB").

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all these new and revised IFRSs, except for any new standards or interpretations that are not yet effective as at 31 December 2013 apart from Amendments to IAS 36, Impairment of Assets: *Recoverable amount disclosures for non-financial assets* originally effective for periods starting from 1 January 2014 which was early adopted in these consolidated financial statements. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2013 are set out in note 39.

(b) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost basis except as set out in the significant accounting policy in note 3(c) below.

(c) Functional and presentation currency

The Company's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances of the Company. The functional currencies of the Group's significant subsidiaries are the currencies of the primary economic environment and key business processes of these subsidiaries and include USD, Russian Roubles ("RUB"), Ukrainian Hryvna and Euros ("EUR"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

(d) Going concern

During 2013 aluminium prices continued to deteriorate decreasing from an average price of USD2,018 per ton in 2012 to USD1,845 per ton in 2013. This factor had an adverse impact on the revenue and profitability of the Group and together with other factors resulted in a net loss for the year of USD3,222 million, including impairment losses of USD2,204 million. As aluminium prices are forecast to continue to remain at depressed levels in 2014, management has entered into negotiations with the Group's lenders to restructure the Group's debt in order to defer principal repayments to future periods and modify financial covenants to sustainable levels. After the reporting date, the Company has agreed amended terms of financing with OJSC Sberbank of Russia ("Sberbank") and OJSC Gazprombank ("Gazprombank") under the bi-lateral loan facilities with a carrying amount of USD4,921 million and USD660 million, respectively, as at 31 December

2013. The revised agreements with Gazprombank have since been executed and management expects to execute revised loan agreements with Sberbank in the nearest future.

The Group is currently still in the process of negotiating amendments to the terms of its syndicated facilities amounting to USD3,686 million. Management does not expect to complete these negotiations before 31 March 2014, which is when the financial covenants will be next tested and a breach of certain existing financial covenants will result unless a waiver is obtained from the syndicate beforehand.

Management believes that the syndicated facilities will be renegotiated in due course and expects the amended debt repayment terms and modified financial covenants should provide the Group with sufficient liquidity to meet its financial obligations as they fall due in the foreseeable future. The Company has requested the lenders under the syndicated facility agreements to agree to certain forbearances and undertakings not to exercise their rights effective till 7 July 2014 in order to provide the Company with additional time to complete negotiation of the amendments. Whilst the lenders have not formally agreed to do so, management believes it is unlikely that demands for repayment will be made whilst negotiations with respect to the syndicated facility continue.

Additionally, management has secured additional financing from its major customer after the reporting date and has identified a number of non-core assets which may be sold in order to generate cash if there should be a further deterioration in aluminium prices.

Management has prepared these consolidated financial statements on a going concern basis and they do not include any adjustment should the Group be unable to continue as a going concern. However, the above conditions result in the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. In the event the Group is unable to renegotiate terms of the syndicated facilities and related financial covenants, the lenders could declare a default for the syndicated facilities and trigger cross default provisions in the other recently renegotiated loan facilities. In the event of default, the debt may become repayable on demand, and pledged shares and other collateral may be claimed by lenders. If this was to occur, it could have a significant adverse impact on the Group's financial position and its ability to realise its assets and settle its obligations in the ordinary course of business.

(e) Use of judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported revenue and costs during the relevant period.

Management bases its judgements and estimates on historical experience and various other factors that are believed to be appropriate and reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38.

(f) Changes in accounting policies and presentation

The accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012 with the exception of the change in accounting policy for the accounting of investments in associates as a consequence of amendments to IAS 28, *Investments in associates and joint ventures (2011)*. For further details please see note 1(d).

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. Except for change in accounting policy in note 2(f) these accounting policies have been consistently applied to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of income and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling-interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in the statement of income. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (refer to note 3(c)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (refer to note 3(a)(iv)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(ii) Acquisitions 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.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of the equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital.

(iv) Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and which require unanimous consent for strategic financial and operating decisions.

Investments in associates and joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment also includes goodwill identified on acquisition. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued (but disclosed) except to the extent that the Group has an obligation to, or has made payments on behalf of, the investee.

When the Group ceases to have significant influence over an associate or joint control over a joint ventures, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the statement of income. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (refer to note 3(c)), or, when appropriate for joint ventures, the cost on initial recognition of an investment in an associate.

When an associate sells equity interests in its subsidiaries to its non-controlling shareholders in an equity transaction, this represents a dilution of the Group's indirect interest in the subsidiary of the associate and therefore gives rise to the recognition of a gain or loss in the Group's consolidated financial statements.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the

investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items in a foreign currency are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which is recognised in the statement of comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currencies to USD at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income and presented in the currency translation reserve in equity. For the purposes of foreign currency translation, the net investment in a foreign operation includes foreign currency intra-group balances for which settlement is neither planned nor likely in the foreseeable future and foreign currency differences arising from such a monetary item are recognised in the statement of comprehensive income.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in securities, trade and other receivables (excluding prepayments and tax assets), cash and cash equivalents, loans and borrowings and trade and other payables (excluding advances received and tax liabilities).

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Group has the positive intent and ability to hold securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h)(i)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less that are subject to insignificant risk of changes in their fair values, and are used by the Group in the management of its short-term commitments.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h)(i)). Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses (refer to note 3(h)(i)).

Non-derivative financial liabilities

The Group's non-derivative financial liabilities, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

(ii) Derivative financial instruments, including hedge accounting

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs (refer to note 3(n)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) Stripping costs

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) Mining assets

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

- Buildings 30 to 50 years;
- Plant, machinery and equipment 5 to 40 years;
- Electrolysers 4 to 15 years;
- Mining assets units of production on proven and probable reserves;

- Other (except for exploration and evaluation assets) 1 to 20 years.

(e) Intangible assets

(i) Goodwill

On the acquisition of a subsidiary, an interest in a joint venture or an associate or an interest in a joint arrangement that comprises a business, the identifiable assets, liabilities and contingent liabilities of the acquired business (or interest in a business) are recognised at their fair values unless the fair values cannot be measured reliably. Where the fair values of assumed contingent liabilities cannot be measured reliably, no liability is recognised but the contingent liability is disclosed in the same manner as for other contingent liabilities.

Goodwill arises when the cost of acquisition exceeds the fair value of the Group's interest in the net fair value of identifiable net assets acquired. Goodwill is not amortised but is tested for impairment annually. For this purpose, goodwill arising on a business combination is allocated to the cash-generating units expected to benefit from the acquisition and any impairment loss recognised is not reversed even where circumstances indicate a recovery in value.

In respect of associates or joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment. Any impairment loss is allocated to the carrying amount of the interest in the associate and joint venture.

When the fair value of the Group's share of identifiable net assets acquired exceeds the cost of acquisition, the difference is recognised immediately in the statement of income.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Other development expenditure is recognised in the statement of income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h)(ii)).

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h)(ii)).

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of income when incurred.

(v) Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- software 5 years;
- contracts, acquired in business combinations 2-8 years.

The amortisation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Assets held under other leases (operating leases) are not recognised in the statement of financial position. Payments made under the lease are charged to the statement of income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined under the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The production costs include mining and concentrating costs, smelting, treatment and refining costs, other cash costs and depreciation and amortisation of operating assets.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a

negative effect on the estimated future cash flows of that asset occurred after the initial recognition of that asset and the impact can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of income.

Impairment losses for trade receivables included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the statement of income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other asset groups. Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the

extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately and, therefore, is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

An impairment loss in respect of an investment in an associate or joint venture is calculated as the difference between its carrying amount after application of the equity method of accounting (refer to note 3(a)(iv)) and its recoverable amount. The recoverable amount of such investment is the greater of its value in use and its fair value less cost to sell. In determining the value in use of the investment the Group estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the investee, including the cash flows from the operations of the investee and the proceeds on the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from the dividends to be received from the investee and from its ultimate disposal depending on which available information with respect to each investee is more reliable. An impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases and the resulting carrying amount does not exceed the carrying amount that would have been determined, after application of the equity method, had no impairment loss previously been recognised.

(i) Insurance contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(j) Employee benefits

(i) Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit pension and other post-retirement plans

The Group's net obligation in respect of defined benefit pension and other post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Where there is a change in actuarial assumptions, the resulting actuarial gains and losses are recognised directly in the statement of comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately.

(iii) State pension fund

The Group makes contributions for the benefit of employees to Russia's and the Ukrainian State's pension funds. The contributions are expensed as incurred.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service costs that had not previously been recognised.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(i) Site restoration

The mining, refining and smelting activities of the Group can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration. The extent of work required and the associated costs are dependent on the requirements of law and the interpretations of the relevant authorities.

Provisions for the cost of each restoration and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the

operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(l) Revenue

Goods sold

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the good and the amount of revenue can be measured reliably. This is generally when title passes. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For the majority of sales transactions agreements specify that title passes on the bill of lading date, which is the date the commodity is delivered to the shipping agent.

Revenue is not reduced for royalties or other taxes payable from production.

(m) Other expenses

Social expenditure

To the extent that the Group’s contributions to social programs benefit the community at large and are not restricted to the Group’s employees, they are recognised in the statement of income as incurred.

(n) Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

(p) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities), that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that has been abandoned may also qualify.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4 Segment reporting

(a) Reportable segments

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

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

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

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

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

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2013 and 2012.

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

(b) Segment results, assets and liabilities

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

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

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

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

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

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

The Group's customer base includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2013 revenues from sales of primary aluminium and alloys to this customer amounted to USD3,227 million (2012: USD3,138 million). Details of concentrations of credit risk arising from this customer are set out in note 31(e).

(i) Reportable segments

Year ended 31 December 2013

	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	8,159	567	4	-	**8,730**
Inter-segment revenue	155	1,468	-	-	**1,623**
Total segment revenue	**8,314**	**2,035**	**4**	**-**	**10,353**
Segment profit/(loss)	**523**	**(270)**	**-**	**-**	**253**
Impairment of non-current assets and restructuring expenses	(1,745)	(174)	-	-	**(1,919)**
Share of (losses)/profits of associates	-	(21)	-	205	**184**
Share of profits/(losses) of joint ventures	2	-	(553)	-	**(551)**
Depreciation/amortisation	(414)	(96)	-	-	**(510)**
Non-cash expense other than depreciation	(9)	(100)	-	-	**(109)**
Additions to non-current segment assets during the year	332	197	12	-	**541**
Non-cash additions to non-current segment assets related to site restoration	-	7	-	-	**7**
Segment assets	9,754	1,734	32	-	**11,520**
Interests in associates	-	371	-	7,901	**8,272**
Interests in joint ventures	18	-	567	-	**585**
Total segment assets					**20,377**
Segment liabilities	(1,744)	(957)	(2)	-	**(2,703)**
Total segment liabilities					**(2,703)**

Year ended 31 December 2012 (restated)

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total segment result**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	9,323	552	5	-	**9,880**
Inter-segment revenue	192	1,491	-	-	**1,683**
Total segment revenue	**9,515**	**2,043**	**5**	**-**	**11,563**
Segment profit/(loss)	**722**	**(190)**	**1**		**533**
Impairment of non-current assets	(18)	(266)	-	-	**(284)**
Share of losses of associates	-	(15)	-	299	**284**
Share of profit of joint ventures	-	-	55	-	**55**
Depreciation/amortisation	(428)	(104)	-	-	**(532)**
Non-cash income/(expense) other than depreciation	8	(45)	-	-	**(37)**
Additions to non-current segment assets during the year	327	155	6	-	**488**
Non-cash additions to non-current segment assets related to site restoration	-	20	-	-	**20**
Segment assets	11,651	1,833	43	620	**14,147**
Interests in associates	-	453	-	9,217	**9,670**
Interests in joint ventures	16	-	1,140	-	**1,156**
Total segment assets					**24,973**
Segment liabilities	(2,002)	(724)	(33)	-	**(2,759)**
Total segment liabilities					**(2,759)**

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

	Year ended 31 December	
	2013	2012 (restated)
	USD million	USD million
Revenue		
Reportable segment revenue	10,353	11,563
Elimination of inter-segment revenue	(1,623)	(1,683)
Unallocated revenue	1,030	1,011
Consolidated revenue	**9,760**	**10,891**

	Year ended 31 December	
	2013	2012 (restated)
	USD million	USD million
Profit		
Reportable segment profit	253	533
Impairment of non-current assets and restructuring expenses	(1,919)	(304)
Share of profits of associates	184	278
Share of (losses)/profits of joint ventures	(551)	55
Recycle of losses from other comprehensive income	(234)	-
Finance income	51	25
Finance expenses	(787)	(920)
Unallocated expenses	(138)	(169)
Consolidated loss before taxation	**(3,141)**	**(502)**

	31 December 2013	31 December 2012 (restated)
	USD million	USD million
Assets		
Reportable segment assets	20,377	24,973
Elimination of inter-segment receivables	(336)	(338)
Unallocated assets	539	575
Consolidated total assets	**20,580**	**25,210**

	31 December 2013	31 December 2012 (restated)
	USD million	USD million
Liabilities		
Reportable segment liabilities	(2,703)	(2,759)
Elimination of inter-segment payables	336	338
Unallocated liabilities	(11,563)	(12,057)
Consolidated total liabilities	**(13,930)**	**(14,478)**

(iii) Geographic information

The Group's operating segments are managed on a worldwide basis, but operate in four principal geographical areas: the CIS, Europe, Africa and the Americas. In the CIS, production facilities operate in Russia and Ukraine. In Europe, production facilities are located in Italy, Ireland and Sweden. African production facilities are represented by bauxite mines and an alumina refinery in Guinea and an aluminium plant in Nigeria. In the Americas the Group operates two production facilities in Jamaica, one in Guyana and a trading subsidiary in the United States of America.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset. Unallocated specified non-current assets comprise mainly goodwill and interests in associates and joint ventures.

	Revenue from external customers Year ended 31 December	
	2013	2012
	USD million	USD million
Netherlands	2,788	2,498
Russia	1,926	2,133
Turkey	852	946
USA	611	475
Japan	523	859
South Korea	437	608
Norway	407	177
Poland	306	299
Sweden	219	249
China	203	422
Greece	171	145
France	144	141
Italy	136	100
Germany	110	397
Other countries	927	1,442
	9,760	**10,891**

	Specified non-current assets	
	31 December 2013	31 December 2012 (restated)
	USD million	USD million
Russia	3,461	4,593
Ireland	339	328
Ukraine	254	239
Armenia	55	57
Guyana	55	48
Guinea	49	54
Unallocated	12,577	15,214
	16,790	**20,533**

5 Revenue

	Year ended 31 December	
	2013	2012
	USD million	USD million
Sales of primary aluminium and alloys	**8,159**	**9,323**
Third parties	*4,499*	*5,789*
Related parties – companies capable of exerting significant influence	*3,371*	*3,299*
Related parties – companies under common control	*241*	*178*
Related parties – associates	*48*	*57*
Sales of alumina and bauxite	**567**	**552**
Third parties	*342*	*378*
Related parties – companies capable of exerting significant influence	*225*	*174*
Sales of foil	**313**	**302**
Third parties	*306*	*294*
Related parties – companies under common control	*7*	*8*
Other revenue including energy and transportation services	**721**	**714**
Third parties	*554*	*613*
Related parties – companies capable of exerting significant influence	*23*	*22*
Related parties – companies under common control	*35*	*34*
Related parties – associates	*109*	*45*
	9,760	**10,891**

The Group's customer base is diversified and includes only one major customer - Glencore International AG (a member of Glencore International Plc Group which is a shareholder of the Company with a 8.75% share – refer to note 1(a)) - with whom transactions have exceeded 10% of the Group's revenue. In 2013 revenues from sales of primary aluminium and alloys to this customer amounted to USD3,227 million (2012: USD3,138 million).

6 Other operating expenses

	Year ended 31 December	
	2013	**2012**
	USD million	**USD million**
Impairment loss on trade and other receivables	(5)	(20)
Reversal of provision for legal claims	11	3
(Tax provision)/reversal of tax provision	(65)	44
Charitable donations	(14)	(10)
Other operating income/(expense)	6	(59)
	(67)	**(42)**

7 Finance income and expenses

	Year ended 31 December	
	2013	**2012**
	USD million	**USD million**
Finance income		
Interest income on third party loans and deposits	14	16
Interest income on loans to related parties – *companies under common control*	3	3
Net foreign exchange gain	29	-
Interest income on provisions	5	6
	51	**25**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(754)	(682)
Change in fair value of derivative financial instruments (refer to note 29)	(12)	(107)
Net foreign exchange loss	-	(66)
Interest expense on provisions	(21)	(65)
	(787)	**(920)**

8 Income tax

	Year ended 31 December	
	2013	**2012**
	USD million	**USD million**
Current tax		
Current tax for the year	181	131
Deferred tax		
Reversal of temporary differences	(100)	(105)
Actual tax expense	**81**	**26**

The Company is a tax resident of Cyprus with applicable corporate tax rate of 12.5% (for the year ended 31 December 2012: 10%). 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 19% (for the year ended 31 December 2012: 21%); Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25% (for the year ended 31 December 2012: 33.3%); Ireland of 12.5%; Sweden of 22% (for the year ended 31 December 2012: 26.3%) and Italy of 31.4%. 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 may vary depending on the subsidiary'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 2013 are 9.33% and 14.88% for different subsidiaries (for the year ended 31 December 2012: 9.39% and 15.11%). For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2013 were the same as for the year ended 31 December 2012 except as noted above.

	Year ended 31 December			
	2013		**2012**	
	USD million	**%**	**USD million (restated)**	**%**
Loss before taxation	**(3,141)**	**100**	**(502)**	**100**
Income tax at tax rate applicable to the tax residence of the Company	(393)	12.5	(50)	10.0
Financial expenses non-deductible for tax purposes	81	(2.6)	64	(12.7)
Other non-deductible taxable items	114	(3.6)	(4)	0.8
Effect of impairment of goodwill	50	(1.6)	-	-
Effect of changes in investment in Norilsk Nickel	40	(1.3)	(28)	5.6
Change in unrecognised deferred tax assets	338	(10.8)	117	(23.3)
Effect of different income tax rates	(149)	4.7	(73)	14.5
Actual tax expense	**81**	**(2.6)**	**26**	**(5.2)**

9 Loss for the year

Loss for the year is arrived at after charging:

(a) Personnel costs

	Year ended 31 December	
	2013	**2012**
	USD million	**USD million**
Contributions to defined contribution retirement plans	246	209
Contributions to defined benefit retirement plans	9	7
Total retirement costs	255	216
Wages and salaries	869	1,057
Share-based compensation (refer to note 25(b))	4	4
	1,128	**1,277**

The employees of the Group are members of retirement schemes operated by local authorities. The Group is required to contribute a certain percentage of their payroll to these schemes to fund the benefits.

The Group's total contribution to those schemes charged to the statement of income during the years presented is shown above.

(b) Other items

	Year ended 31 December	
	2013	**2012**
	USD million	**USD million**
Amortisation of intangible assets	15	15
Depreciation (net of amount included in inventories)	505	528
Impairment losses in respect of:		
- property, plant and equipment	1,222	295
- intangible assets	382	13
Restructuring expenses	315	-
Mineral restoration tax	31	34
Net increase in provisions	152	65
Auditors' remuneration	7	7
Operating lease charges in respect of property	18	14
Cost of inventories (refer to note 22)	7,944	8,742

Restructuring expenses include inventories at closed plants in the amount of USD170 million, accounts receivables in amount of USD56 million, various redundancy payments in the amount of USD47 million, electricity and power costs in the amount of USD18 million and USD12 million, respectively, and other expenses in the amount of USD12 million.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to the disclosure requirements of section 161 of the Hong Kong Companies Ordinance is as follow:

	Year ended 31 December 2013		
	Directors' fees	**Salaries, allowances, benefits in kind and discretionary bonuses**	**Total**
	USD thousand	**USD thousand**	**USD thousand**
Executive Directors (g)			
Oleg Deripaska	-	2,233	2,233
Vladislav Soloviev	-	3,211	3,211
Vera Kurochkina	-	728	728
Stalbek Mishakov (a)	-	4,731	4,731
Maksim Sokov	-	19,104	19,104
Non-executive Directors			
Maksim Goldman	223	-	223
Dmitry Afanasiev	204	-	204
Len Blavatnik	200	-	200
Ivan Glasenberg	235	-	235
Dmitry Yudin (b)	91	-	91
Alexandra Bouriko (c)	55	125	180
Ekaterina Nikitina (d)	116	145	261
Christophe Charlier	235	-	235
Olga Mashkovaskaya (e)	53	-	53
Artem Volynets (b)	134	-	134
Gulzhan Moldazhanova	211	-	211
Vadim Geraskin (b)	84	-	84
Independent Non-executive Directors			
Matthias Warnig (Chairman)	456	-	456
Nigel Kenny	258	-	258
Philip Lader	321	-	321
Elsie Leung Oi-Sie	237	-	237
Mark Garber (d)	142	-	142
Barry Cheung Chun-Yuen (f)	118	-	118
	3,373	**30,277**	**33,650**

a. Stalbek Mishakov, an advisor for Chief Executive Officer, was appointed as a member of the Board of Directors in August 2013.

b. Dmitry Yudin, Artem Volynets and Vadim Geraskin resigned from their positions as the members of the Board of Directors in June 2013.

c. Alexandra Bouriko was appointed as a non-executive director in June 2013 and resigned from her position in the Board of Directors in October 2013.

d. Ekaterina Nikitina and Mark Garber were appointed as the members of the Board of Directors in June 2013.

e. Olga Mashkovskaya was appointed as a member of the Board of Directors in October 2013.

f. Barry Cheung Chun-Yuen resigned from his position as a member of the board of Directors in May 2013.

g. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 25(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2013 one-third of LTIP in relation to the CEO and one-fifth of LTIP in relation to other eligible employees were vested as follows:

	Number of shares awarded	**Number of shares vested on 21 November 2013**	**Value of share-based compensation vested** **USD thousand**
Oleg Deripaska	1,669,065	417,266	139
Vladislav Soloviev	1,311,629	262,326	87
Vera Kurochkina	354,346	70,869	24
Maksim Sokov	401,596	80,319	27

	Year ended 31 December 2012		
	Directors' fees	Salaries, allowances, benefits in kind and discretionary bonuses	Total
	USD thousand	USD thousand	USD thousand
Executive Directors (i)			
Oleg Deripaska	-	5,536	5,536
Vladislav Soloviev	-	6,377	6,377
Petr Sinshinov (a)	-	1,444	1,444
Tatiana Soina (b)	-	2,383	2,383
Vera Kurochkina	-	1,146	1,146
Alexander Livshits (b)	-	360	360
Maksim Sokov (c)	-	8,330	8,330
Non-executive Directors			
Victor Vekselberg (d)	90	-	90
Maksim Goldman (f)	189	-	189
Dmitry Afanasiev	207	-	207
Len Blavatnik	207	-	207
Ivan Glasenberg	240	-	240
Dmitry Yudin (f)	121	-	121
Dmitry Troshenkov (e)	86	-	86
Dmitry Razumov (e)	198	-	198
Christophe Charlier (f)	40	-	40
Anatoly Tikhonov (e)	87	-	87
Artem Volynets	268	-	268
Gulzhan Moldazhanova (f)	114	-	114
Vadim Geraskin (f)	49	-	49
Petr Sinshinov (a)	48	-	48
Independent Non-executive Directors			
Matthias Warnig (Chairman) (g)	156	-	156
Nigel Kenny	268	-	268
Philip Lader	307	-	307
Elsie Leung Oi-Sie	208	-	208
Barry Cheung Chun-Yuen (h)	414	-	414
	3,297	**25,576**	**28,873**

a. Petr Sinshinov was re-designated from a Non-executive Director to an Executive Director of the Company in March 2012 and resigned from his position as a member of the Board of Directors in October 2012.

b. Tatiana Soina and Alexander Livshits resigned from their positions as the members of the Board of Directors in March 2012 and in June 2012, respectively.

c. Maksim Sokov, Director for Strategic Investements management, was appointed as a member of the Board of Directors in March 2012.

d. Victor Vekselberg resigned from his positions as the Chairman and the member of the Board of Directors in March 2012.

e. Dmitry Troshenkov, Anatoly Tikhonov and Dmitry Razumov resigned from their positions as the members of the Board of Directors in May, June and November 2012, respectively.

f. The following Non-executive Directors were appointed during 2012: Maksim Goldman (in March 2012), Dmitry Yudin (in May 2012), Gulzhan Moldazhanova (in June 2012), Vadim Geraskin (in October 2012) and Christophe Charlier (in November 2012).

g. Matthias Warnig was appointed as an Independent Non-executive Director in June 2012 and as the Chairman of the Board of Directors with effect from 1 October 2012.

h. From 16 March until 1 October 2012 Barry Cheung Chun-Yuen was the Chairman of the Board of Directors.

i. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 25(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2012 one-third of LTIP in relation to the CEO and one-fifth of LTIP in relation to other eligible employees were vested as follows:

	Number of shares awarded	**Number of shares vested on 21 November 2012**	**Value of share-based compensation vested USD thousand**
Oleg Deripaska	2,086,331	417,266	274
Vladislav Soloviev	1,311,629	262,326	172
Vera Kurochkina	354,346	70,869	47
Maksim Sokov	401,596	80,319	53

The remuneration of the executive directors disclosed above includes compensation received starting from the date of the appointment and/or for the period until their termination as a member of the Board of Directors.

Retirement scheme contributions for the directors, who are members of management, are not disclosed as the amount is considered not significant for either year presented. There are no retirement scheme contributions for non-executive directors.

11 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two were directors in both the years ended 31 December 2013 and 2012, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December	
	2013	**2012**
	USD thousand	**USD thousand**
Salaries and bonuses(*)	32,499	23,244

(*) Included in salaries and bonuses is remuneration in the form of shares of the Company for the years ended 31 December 2013 and 2012 in relation to a share-based long-term incentive plan (refer to note 25(b)).

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December	
	2013	**2012**
	Number of individuals	**Number of individuals**
HK$ 40,500,001-HK$41,000,000 (US$ 5,200,001 – US$5,300,000)	1	-
HK$ 50,500,001-HK$ 51,000,000 (US$ 6,500,001 – US$ 6,600,000)	-	1
HK$ 51,500,001-HK$ 52,000,000 (US$ 6,600,001 – US$ 6,700,000)	1	-
HK$ 54,000,001-HK$ 54,500,000 (US$ 7,000,001 – US$ 7,100,000)	-	1
HK$ 62,000,001-HK$ 62,500,000 (US$ 8,000,001 – US$ 8,100,000)	1	-
HK$ 75,000,001-HK$ 75,500,000 (US$ 9,700,001 – US$ 9,800,000)	-	1
HK$ 97,000,001-HK$ 97,500,000 (US$ 12,500,001 – US$ 12,600,000)	1	-

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years presented.

Retirement scheme contributions to individuals with highest emoluments are not disclosed as the amount is considered not significant for either year presented.

12 Dividends

No dividends were declared and paid by the Company during the years ended 31 December 2013 and 2012.

The Company is subject to external capital requirements (refer to note 31(f)).

13 Loss/profit attributable to equity shareholders of the Company

The loss attributable to equity shareholders of the Company includes a loss of USD2,529 million for the year ended 31 December 2013 (2012: includes a profit of USD121 million) which relates to the financial statements of the Company.

14 Loss per share

The calculation of earnings per share is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2013 and 31 December 2012.

Weighted average number of shares:

	Year ended 31 December	
	2013	**2012 (restated)**
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(2,228,639)	(1,524,768)
Weighted average number of shares at end of the period	**15,190,786,223**	**15,191,490,094**
Loss for the period, USD million	**(3,222)**	**(528)**
Basic and diluted loss per share, USD	**(0.212)**	**(0.035)**

There were no outstanding dilutive instruments during the years ended 31 December 2013 and 2012.

15 Property, plant and equipment

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construc-tion in progress	Total
Cost/Deemed cost							
Balance at 1 January 2012	3,683	5,846	1,839	106	642	1,385	13,501
Additions	21	3	134	31	-	348	537
Acquired through business combination	8	14	-	-	-	1	23
Disposals	(4)	(38)	-	(1)	-	(55)	(98)
Transfers	45	152	4	6	15	(222)	-
Transfers to intangible assets	-	-	-	-	-	(10)	(10)
Foreign currency translation	61	63	21	2	32	22	201
Balance at 31 December 2012	**3,814**	**6,040**	**1,998**	**144**	**689**	**1,469**	**14,154**
Balance at 1 January 2013	3,814	6,040	1,998	144	689	1,469	14,154
Additions	1	3	157	26	9	371	567
Disposals	(11)	(47)	(10)	(2)	(1)	(17)	(88)
Transfers	39	142	4	-	11	(196)	-
Foreign currency translation	(58)	(50)	(28)	(1)	(40)	(29)	(206)
Balance at 31 December 2013	**3,785**	**6,088**	**2,121**	**167**	**668**	**1,598**	**14,427**
Accumulated depreciation and impairment losses							
Balance at 1 January 2012	1,675	3,684	1,320	69	619	388	7,755
Depreciation charge	92	262	167	11	2	-	534
Impairment loss	66	88	-	35	20	86	295
Disposals	(1)	(25)	-	(1)	-	-	(27)
Foreign currency translation	37	43	14	1	31	18	144
Balance at 31 December 2012	**1,869**	**4,052**	**1,501**	**115**	**672**	**492**	**8,701**
Balance at 1 January 2013	1,869	4,052	1,501	115	672	492	8,701
Depreciation charge	86	260	169	13	1	-	529
Impairment loss	185	161	77	24	14	761	1,222
Disposals	(5)	(30)	(7)	(1)	-	-	(43)
Foreign currency translation	(32)	(33)	(21)	(2)	(40)	(21)	(149)
Balance at 31 December 2013	**2,103**	**4,410**	**1,719**	**149**	**647**	**1,232**	**10,260**
Net book value							
At 31 December 2012	**1,945**	**1,988**	**497**	**29**	**17**	**977**	**5,453**
At 31 December 2013	**1,682**	**1,678**	**402**	**18**	**21**	**366**	**4,167**

Depreciation expense of USD478 million (2012: USD500 million) has been charged to cost of goods sold, USD8 million (2012: USD7 million) to distribution expenses and USD19 million (2012: USD21 million) to administrative expenses.

During the years ended 31 December 2013 and 2012, no interest cost was capitalised due to postponement of construction projects as a result of the economic environment.

Included into construction in progress at 31 December 2013 and 2012 are advances to suppliers of property, plant and equipment of USD23 million and USD44 million, respectively.

(a) Impairment

Management reviewed the carrying amount of the group's non-financial assets at the reporting date to determine whether there were any indicators of impairment. Management identified several factors including declining aluminium prices and plant closures in the industry that indicated that a number of the Group's cash-generating units may be impaired.

Based on results of impairment testing, management has concluded that an impairment loss relating to property, plant and equipment should be recognised in these financial statements in respect of the Taishet, Kubikenborg Aluminium and Kremniy cash generating units in the amounts of USD680 million, USD125 million and USD57 million, respectively.

For the purposes of impairment testing the recoverable amount of each cash generating unit was determined by discounting expected future net cash flows of the cash generating unit. The pre-tax discount rates applied to the Taishet, Kubikenborg Aluminium and Kremniy cash generating units were 18.61%, 12.20% and 13.60%, respectively (31 December 2012: 18.12%, 15.51% and 15.40%, respectively), estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium prices, foreign exchange rates, applicable discount rates and in respect to Taishet, the expected timing of completion of the project and period required to reach full production capacity.

Additionally, management identified specific items of property, plant and equipment that are no longer in use and therefore are not considered to be recoverable amounting to USD360 million (including USD115 million of impairment relating specifically to 2013 SUAL plant closures and USD32 million relating to closure of other Group's plants) at 31 December 2013 (2012: USD295 million (including USD167 million impairment of Friguia)). These assets have been impaired in full. No further impairment of property, plant and equipment or reversal of previously recorded impairment was identified by management.

(b) Security

The carrying value of property, plant and equipment subject to lien under swap agreements was USD288 million as at 31 December 2013 (31 December 2012: USD327 million under loan agreements), refer to note 29.

(c) Net book value of properties

	31 December 2013	31 December 2012
	USD million	USD million
Owned and leased properties		
In the Russian Federation		
Freehold	1,505	1,752
short-term leases	22	22
medium-term leases	7	7
Outside the Russian Federation		
Freehold	148	164
	1,682	**1,945**
Representing		
Land and buildings	**1,682**	**1,945**

Included in the above mentioned amounts is the land held on long lease in the Russian Federation that comprised USD29 million and USD29 million at 31 December 2013 and 31 December 2012, respectively. The Group does not hold land in Hong Kong.

16 Intangible assets

	Goodwill	Other intangible assets	Total
	USD million	**USD million**	**USD million**
Cost			
Balance at 1 January 2012	**3,865**	**487**	**4,352**
Additions	18	15	33
Transfer from PPE	-	10	10
Disposals	-	(2)	(2)
Foreign currency translation	133	-	133
Balance at 31 December 2012	**4,016**	**510**	**4,526**
Balance at 1 January 2013	**4,016**	**510**	**4,526**
Additions	-	15	15
Disposals	-	(1)	(1)
Foreign currency translation	(170)	(1)	(171)
Balance at 31 December 2013	**3,846**	**523**	**4,369**
Amortisation and impairment losses			
Balance at 1 January 2012	**(67)**	**(380)**	**(447)**
Impairment	-	(13)	(13)
Amortisation charge	-	(15)	(15)
Balance at 31 December 2012	**(67)**	**(408)**	**(475)**
Balance at 1 January 2013	**(67)**	**(408)**	**(475)**
Impairment	(382)	-	(382)
Amortisation charge	-	(15)	(15)
Balance at 31 December 2013	**(449)**	**(423)**	**(872)**
Net book value			
At 31 December 2012	**3,949**	**102**	**4,051**
At 31 December 2013	**3,397**	**100**	**3,497**

(a) Amortisation charge

The amortisation charge is included in cost of sales in the consolidated statement of income.

(b) Goodwill

Goodwill recognised in these consolidated financial statements initially arose on the formation of the Group in 2000 and the acquisition of a 25% additional interest in the Group by its controlling shareholder in 2003. The amount of goodwill was principally increased in 2007 as a result of the acquisition of certain businesses of SUAL Partners and Glencore.

(c) Impairment testing of goodwill and other intangible assets

For the purposes of impairment testing, the entire amount of goodwill is allocated to the aluminium segment of the Group's operations. The aluminium segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount represents value in use as determined by discounting the future cash flows generated from the continuing use of the plants within the Group's aluminium segment.

At 31 December 2013, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2012 and performed an impairment test for goodwill at 31 December 2013 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.7 million metric tonnes of primary aluminium, of 7.4 million metric tonnes of alumina and of 11.6 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD1,865 per tonne for primary aluminium in 2014, USD2,016 in 2015, USD2,107 in 2016, USD2,171 in 2017, USD2,246 in 2018. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB33.4 for one USD in 2014, RUB34.3 in 2015, RUB34.9 in 2016, RUB36.6 in 2017, RUB36.7 in 2018. Inflation of 4.1% – 5.6% in RUB and 2.2% - 2.5% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 12%;
- A terminal value was derived following the forecast period assuming a 2.5% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in full impairment of goodwill of USD3,397 million;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 31% decrease in the recoverable amount and would lead to an additional impairment of USD1,058 million;
- A 1% increase in the discount rate would have resulted in a 32% decrease in the recoverable amount and would lead to an additional impairment of USD1,080 million.

Based on results of impairment testing, management concluded that an impairment of USD382 million should be recorded in the consolidated financial statements as at 31 December 2013.

At 31 December 2012, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2011 and performed an impairment test for goodwill at 31 December 2012 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 4.3 million metric tonnes of primary aluminium, of 7.5 million metric tonnes of alumina and of 10.4 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD2,144 per tonne for primary aluminium in 2013, USD2,309 in 2014, USD2,412 in 2015, USD2,466 in 2016, USD2,564 in 2017, USD2,671 in 2018, USD2,761 in 2019 and USD2,824 in 2020 and thereafter. Operating costs were projected based on the historical performance of each cash generating unit;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB31.2 for one USD in 2013, RUB32.0 in 2014, RUB32.4 in 2015, RUB32.2 in 2016, RUB32.0 in 2017, RUB32.8 in 2018, RUB33.7 in 2019 and RUB34.6 in 2020 and thereafter. Inflation of 5.0% – 6.6% in RUB and 2.2% - 2.5% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 11.6% ;
- A terminal value was derived following the forecast period assuming a 2.3% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was consistent with external sources of information and historic data for each cash-generating unit. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 40% and would lead to an impairment of USD1,876 million;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 27% decrease in the recoverable amount and would lead to an impairment of USD245 million;
- A 1% increase in the discount rate would have resulted in a 13% decrease in the recoverable amount and would not lead to impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2012.

17 Non-current assets classified as held-for-sale

As at 31 December 2013 3,873,537 shares of Norilsk Nickel were classified as held-for-sale (refer to note 1(d)). On 24 April 2013 the Group completed disposal of shares to Crispian Investments Limited for USD620 million which was settled in cash.

On the date of disposal the Group recycled USD230 million of accumulated foreign currency translation losses and USD4 million of other losses relating to shares sold from other comprehensive income recognized in equity to the consolidated statement of income. The accumulated foreign currency translation losses of USD230 million and USD4 million of other losses were accumulated while the shares were recognized as part of the Group's investment in an associate.

18 Interests in associates

	31 December	
	2013 (unaudited)	**2012 (restated)**
	USD million	**USD million**
Balance at the beginning of the year	9,673	9,714
Group's share of profits and other gains and losses attributable to associates	184	278
Dividends	(845)	(285)
Group's share of other comprehensive income	(17)	(5)
Reclassified to non-current assets classified as held-for-sale	-	(620)
Foreign currency translation	(720)	591
Balance at the end of the year	**8,275**	**9,673**
Goodwill included in interests in associates	4,801	5,626

The following list contains only the particulars of associates, all of which are corporate entities, which principally affected the results or assets of the Group.

				Proportion of ownership interest		
Name of associate	**Form of business structure**	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Group's nominal interest**	**Principal activity**
OJSC MMC Norilsk Nickel	Incorporated	Russian Federation	158,245,476 shares, RUB1 par value	27.82%	27.82%	Nickel and other metals production
Queensland Alumina Limited	Incorporated	Australia	2,212,000 shares, AUD2 par value	20%	20%	Production of alumina under a tolling agreement

On 10 December 2012, the Company, Interros, Millhouse, and the beneficial owners of Interros and Millhouse entered into a shareholders' agreement establishing the corporate governance requirements, dividend policy, and voting rights in respect to managing the operations of Norilsk Nickel. As a result the Group sold 3,873,537 shares to Crispian at USD160 per share in cash upon the satisfaction of a number of conditions specified in the agreement including partial redemption of quasi-treasury shares of Norilsk Nickel (see note 1(d)).

The summary of the consolidated financial statements of associates for the year ended 31 December 2013 is presented below:

	OJSC MMC Norilsk Nickel (unaudited)		**Queensland Alumina Limited**		**Other**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Non-current assets	8,555	12,833	563	711	2	-
Current assets	2,214	7,957	37	231	-	-
Non-current liabilities	(2,162)	(7,057)	(124)	(269)	-	-
Current liabilities	(706)	(2,536)	(105)	(521)	-	-
Net assets	**7,901**	**11,197**	**371**	**152**	**2**	-

	OJSC MMC Norilsk Nickel (unaudited)		**Queensland Alumina Limited**		**Other**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Revenue	3,068	11,028	168	838	-	-
Profit or loss from continuing operations	205	1,126	(21)	(26)	-	-
Other comprehensive income	(675)	(922)	(61)	(20)	(1)	-
Total comprehensive income	**(470)**	**204**	**(82)**	**(46)**	**(1)**	**-**

The summary of the consolidated financial statements of associates for the year ended 31 December 2012 is presented below:

	OJSC MMC Norilsk Nickel		**Queensland Alumina Limited**		**Other**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Non-current assets	9,797	14,160	666	817	3	-
Current assets	1,896	6,814	59	305	-	-
Non-current liabilities	(1,372)	(4,065)	(151)	(316)	-	-
Current liabilities	(1,104)	(3,969)	(121)	(608)	-	-
Net assets	**9,217**	**12,940**	**453**	**198**	**3**	**-**

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Revenue	3,652	12,065	192	959	-	-
Profit or loss from continuing operations	299	2,143	(15)	10	(6)	-
Other comprehensive income	578	506	10	4	(2)	-
Total comprehensive income	**877**	**506**	**(5)**	**14**	**(8)**	**-**

(a) OJSC MMC Norilsk Nickel

The carrying value and market value of the Group's investment in Norilsk Nickel as at 31 December 2013 and 31 December 2012 were as follows:

	31 December 2013	31 December 2012
	USD million	USD million
Carrying value	7,901	9,217
Market value (a), (b)	7,261	8,143

a. Market value is determined by multiplying the quoted bid price per share on the Moscow Interbank Currency Exchange on the year-end date by the number of shares held by the Group;

b. as at 31 December 2012 the Group's investment in Norilsk Nickel is restated; it does not include share reclassified to available for sale (see note 17); market value is calculated for remaining investment.

The recoverable amount of the investment at 31 December 2013 was determined based on the underlying value in use based on the following significant assumptions.

- The long term commodity price forecasts for nickel, copper and other by-products, are management's estimates based on their experience of the specific commodities markets as at the date of the impairment test, and are within the range of external market forecasts. The prices used were as follows:

Metal	Units	2014	2015	2016	2017	2018
Nickel	USD/tonne	15,043	16,671	18,197	19,348	20,061
Copper	USD/tonne	6,962	6,941	7,071	7,143	7,210
Platinum	USD/oz	1,559	1,687	1,775	1,839	1,880
Palladium	USD/oz	782	837	824	843	856

- Total production volume was based on existing production levels for 2012 adjusted for a growth rate of 1.5-3.0% per year.
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB33.4 for one USD in 2014, RUB34.3 in 2015,

RUB34.9 in 2016, RUB36.6 in 2017, RUB36.7 in 2018. Inflation of 4.1% – 5.6% in RUB and 2.2% - 2.5% in USD was assumed in determining recoverable amounts.

The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital and was 13.4%.

Management concluded that no impairment is required to be recognised as a result of impairment testing. Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results are not particularly sensitive and would not be impacted by a 5% reduction in projected sales price level or a 1% increase in discount rate.

The recoverable amount of the investment at 31 December 2012 was determined based on the underlying value in use based on the following significant assumptions.

- The long term commodity price forecasts for nickel, copper and other by-products, are management's estimates based on their experience of the specific commodities markets as at the date of the impairment test, and are within the range of external market forecasts. The prices used were as follows:

Metal	Units	2013	2014	2015	2016	2017
Nickel	USD/tonne	18,363	20,556	21,929	23,040	23,152
Copper	USD/tonne	8,122	8,055	7,696	7,396	7,170
Platinum	USD/oz	1,692	1,768	1,840	1,869	1,906
Palladium	USD/oz	722	799	836	850	877

- Total production volume was based on existing production levels for 2011 adjusted for a growth rate of 1.5-3.0% per year.
- The nominal foreign currency exchange rates applied to convert operating costs denominated in RUB into USD were RUB31.2 in 2013, RUB32.0 in 2014, RUB32.4 in 2015, RUB32.2 in 2016, RUB32.0 in 2017 and thereafter. Inflation of 5.0% – 6.6% in RUB and 2.2%-2.5% in USD was assumed in determining recoverable amounts.

The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital and was 13.06%.

Management concluded that no impairment is required to be recognised as a result of impairment testing. Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results are particularly sensitive to the following key assumptions:

- A 5% reduction in the projected sales price level of main metals for a five-year period would have resulted in a decrease in the recoverable amount by 16% and would result in impairment of USD766 million;
- A 1% increase in the discount rate would have resulted in a 14% decrease in the recoverable amount and would result in impairment USD512 million.

On the date these consolidated financial statements were issued, the Group was unable to obtain the consolidated financial statements of Norilsk Nickel as at and for the year ended 31 December 2013. Consequently the Group has estimated its share in the profit, other comprehensive income and foreign currency translation of Norilsk Nickel for the year ended 31 December 2013, as well as estimating the summarized financial information expected to be included in the financial statements,

based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many aspects. Once the consolidated financial statements for Norilsk Nickel become available, the financial information will be compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share of profit, other comprehensive income, foreign currency translation, the carrying value of the investment in Norilsk Nickel and related disclosures which are reported in these financial statements.

19 Interests in joint ventures

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

	31 December	
	2013	**2012**
	USD million	**USD million**
Balance at the beginning of the year	1,156	1,102
Acquisitions	-	16
Contributions to joint ventures	-	4
Group's share of (losses)/profits	(551)	55
Adjustment for guarantee	100	-
Dividends	(63)	(72)
Foreign currency translation	(57)	51
Balance at the end of the year	**585**	**1,156**

Details of the Group's interest in the joint ventures are as follows:

				Proportion of ownership interest		
Name of joint venture	**Form of business structure**	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Group's nominal interest**	**Principal activity**
LLP Bogatyr Komir and its trading companies	Incorporated	Russian Federation/ Kazakhstan	18,150 shares, EUR1	50%	50%	Coal mining
BEMO project	Incorporated	Cyprus, Russian Federation	BOGES Limited – 10,000 shares EUR1.71 BALP Limited – 10,000 shares EUR1.71	50%	50%	Energy / Aluminium production – construction in progress
Mega Business & Alliances B.V. and its companies	Incorporated	Netherlands/ Russian Federation/ Kazakhstan	18,000 shares, EUR1	50%	50%	Transportation business
North United Aluminium	Incorporated	China	170,375,940 RMB	33%	33%	Aluminium alloys trading

Summary of the consolidated financial statements of joint venture – Group's effective interest for the year ended 31 December 2013 is presented below (all in USD million):

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Non-current assets	290	863	49	1 202
Current assets	55	37	245	337
Non-current liabilities	(77)	(829)	(17)	(923)
Current liabilities	(49)	(47)	(244)	(340)
Net assets	**219**	**24**	**33**	**276**

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Revenue	325	70	908	1 303
Profit or loss from continuing operations	35	(505)	19	(451)
Other comprehensive income	(4)	(53)		(57)
Total comprehensive income	**31**	**(558)**	**19**	**(508)**

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Cash and cash equivalents	7	8	47	62
Current financial liabilities	(16)	-	(38)	(54)
Non-current financial liabilities	(26)	(800)	(7)	(833)
Depreciation and amortisation	(23)	(19)	(4)	(46)
Interest income	-	1	-	1
Interest expense	(3)	(1)	(2)	(6)
Income tax expense or income	(10)	3	(5)	(12)

Summary of the consolidated financial statements of joint venture – Group's effective interest for the year ended 31 December 2012 is presented below (all in USD million):

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Non-current assets	300	1,444	54	1,798
Current assets	52	69	180	301
Non-current liabilities	(76)	(577)	(20)	(673)
Current liabilities	(46)	(46)	(178)	(270)
Net assets	**230**	**890**	**36**	**1,156**

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Revenue	275	13	523	811
Profit or loss from continuing operations	38	-	17	55
Other comprehensive income	(3)	50	4	51
Total comprehensive income	**35**	**50**	**21**	**106**

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Cash and cash equivalents	5	3	37	45
Current financial liabilities	(14)	-	(33)	(47)
Non-current financial liabilities	(23)	(560)	(9)	(592)
Depreciation and amortisation	(24)	(4)	(4)	(32)
Interest expense	(2)	-	(2)	(4)
Income tax expense or income	(10)	5	(6)	(11)

North United Aluminium

In April 2012 the Group acquired a 33% interest in North United Aluminium for USD16 million. North United Aluminium is a Chinese trader specialising in the trade of aluminium, alloys and other non-ferrous metals.

BEMO project

The Group's share of losses in joint ventures for the year ended 31 December 2013 includes impairment losses relating to property, plant and equipment of the BEMO project of which USD600 million was recognised by the Group.

For the purposes of impairment testing, the BEMO project was separated into two cash generating units – the Boguchansky Aluminium Smelter ("BoAZ') and the Boguchansky Hydro Power Plant ("BOGES"). The recoverable amount was determined by discounting the expected future net cash flows of each cash generating unit. The pre-tax discount rates applied to discount the cash flows for BoAZ and BOGES were 15.5% and 15.4%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amount of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the expected timing of commencement of the project and the forecast period to reach full production capacity.

The Group recognised its share of impairment losses in BEMO project entities to the extent of its investment in the corresponding entity and made the necessary adjustments to the carrying values of each investment. The Group's share of losses of related to BoGES and BoAZ were recognized in amount of USD352 million and USD248 million respectively. The loss relating to BoAZ was recognised to the extent of Group's investment. At 31 December 2013, additional losses of USD309 million related to impairment charges have not been recognised because the Group's investment has been fully written down to nil.

20 Investments in subsidiaries

The Company

	31 December	
	2013	**2012**
	USD million	**USD million**
Unlisted shares, at cost	27,529	26,248
Less: impairment	(12,382)	(7,670)
	15,147	**18,578**

Details of the principal subsidiaries are set out in note 35 to the consolidated financial statements. The increase in the amount of impairment loss arises due to impairment of investments in several subsidiaries in the aluminium segment as a result of losses generated and the deterioration in aluminium prices.

21 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

	Assets		Liabilities		Net	
USD million	**31 December 2013**	**31 December 2012**	**31 December 2013**	**31 December 2012**	**31 December 2013**	**31 December 2012**
Property, plant and equipment	31	43	(534)	(556)	(503)	(513)
Inventories	38	19	(1)	(1)	37	18
Trade and other receivables	19	8	(1)	(4)	18	4
Derivative financial liabilities	4	9	(4)	(3)	-	6
Tax loss carry-forwards	134	109	-	-	134	109
Others	67	65	(82)	(110)	(15)	(45)
Deferred tax assets/(liabilities)	293	253	(622)	(674)	(329)	(421)
Set off of deferred taxation	(150)	(154)	150	154	-	-
Net deferred tax assets/(liabilities)	**143**	**99**	**(472)**	**(520)**	**(329)**	**(421)**

(b) Movement in deferred tax assets/(liabilities) during the year

USD million	1 January 2012	Recognised in profit or loss	Foreign currency translation	31 December 2012
Property, plant and equipment	(536)	20	3	(513)
Inventories	15	6	(3)	18
Trade and other receivables	4	-	-	4
Derivative financial liabilities	(1)	7	-	6
Tax loss carry-forwards	100	9	-	109
Others	(111)	63	3	(45)
Total	**(529)**	**105**	**3**	**(421)**

USD million	1 January 2013	Recognised in profit or loss	Foreign currency translation	31 December 2013
Property, plant and equipment	(513)	10	-	(503)
Inventories	18	20	(1)	37
Trade and other receivables	4	14	-	18
Derivative financial liabilities	6	(6)	-	-
Tax loss carry-forwards	109	25	-	134
Others	(45)	37	(7)	(15)
Total	**(421)**	**100**	**(8)**	**(329)**

Recognised tax losses expire in the following years:

	31 December	31 December
	2013	2012
Year of expiry	USD million	USD million
From 6 to 10 years	117	91
From 2 to 5 years	17	15
Up to 1 year	-	3
	134	**109**

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 December	31 December
	2013	2012
	USD million	USD million
Deductible temporary differences	665	347
Tax loss carry-forwards	545	524
	1,210	**871**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. Tax losses expire in the following years:

	31 December	31 December
	2013	2012
Year of expiry	USD million	USD million
Without expiry	412	441
From 6 to 10 years	104	82
From 2 to 5 years	27	1
Up to 1 year	2	-
	545	**524**

(d) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD2,127 million and USD4,130 million as at 31 December 2013 and 31 December 2012, respectively, for which deferred taxation has not been provided because remittance of the earnings has been indefinitely postponed through reinvestment and, as a result, such amounts are considered to be permanently invested. It was not practicable to determine the amount of temporary differences relating to investments in subsidiaries where the Group is able to control the timing of reversal of the difference. Reversal is not expected in the foreseeable future. For other subsidiaries in the Group, including the significant trading companies, the distribution of dividends does not give rise to taxes.

(e) Current taxation in the consolidated statement of financial position represents:

	31 December	31 December
	2013	2012
	USD million	USD million
Net income tax receivable at the beginning of the year	(2)	(21)
Income tax for the year	181	131
Income tax paid	(136)	(104)
Dividend withholding tax	(43)	-
Translation difference	8	(8)
	8	**(2)**
Represented by:		
Income tax payable	15	18
Prepaid income tax (note 23)	(7)	(20)
Net income tax recoverable	**8**	**(2)**

22 Inventories

	31 December 2013	31 December 2012
	USD million	USD million
Raw materials and consumables	1,035	1,173
Work in progress	811	854
Finished goods and goods held for resale	708	782
	2,554	2,809
Provision for inventory obsolescence	(306)	(185)
	2,248	**2,624**

Inventories at 31 December 2013 and 31 December 2012 are stated at cost.

Inventory with a carrying value of USD16 million is pledged under existing secure bank loans at 31 December 2013. No inventories were pledged at 31 December 2012, refer to note 26.

Inventory with a carrying value of USD113 million is pledged under existing trading contracts at 31 December 2013 (31 December 2012: USD64 million).

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December	
	2013	2012
	USD million	USD million
Carrying amount of inventories sold	7,944	8,718
Write-down of inventories	38	24
Inventories included in restructuring expenses	170	-
	8,152	**8,742**

23 Trade and other receivables

The Group

	31 December 2013 USD million	31 December 2012 USD million
Trade receivables from third parties	180	203
Impairment loss on trade receivables	(45)	(34)
Net trade receivables from third parties	**135**	**169**
Trade receivables from related parties, including:	**44**	**28**
Companies capable of exerting significant influence	*34*	*29*
Impairment loss	*(8)*	*(8)*
Net trade receivables from companies capable of exerting significant influence	*26*	*21*
Companies under common control	*5*	*4*
Related parties – associates	*13*	*3*
VAT recoverable	351	449
Impairment loss on VAT recoverable	(35)	(60)
Net VAT recoverable	**316**	**389**
Advances paid to third parties	134	107
Impairment loss on advances paid	(3)	(3)
Net advances paid to third parties	**131**	**104**
Advances paid to related parties, including:	**68**	**79**
Related parties – companies capable of exerting significant influence	-	*1*
Related parties – companies under common control	*2*	*2*
Related parties – associates	*66*	*76*
Prepaid expenses	**20**	**20**
Prepaid income tax	**7**	**20**
Prepaid other taxes	**19**	**20**
Other receivables from third parties	82	98
Impairment loss on other receivables	(25)	(26)
Net other receivables from third parties	**57**	**72**
Other receivables from related parties, including:	**20**	**24**
Related parties – companies under common control	*8*	*12*
Related parties – associates	*12*	*12*
	817	**925**

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

The specific allowance for doubtful trade and other receivables and the uncollectible amount of trade and other receivables written off during the year ended 31 December 2013 amounted USD5 million and USD20 million, respectively (31 December 2012: USD20 million and USD22 million, respectively).

(a) Ageing analysis

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

	31 December 2013	31 December 2012
	USD million	USD million
Current	135	161
Past due 0-90 days	37	23
Past due 91-365 days	5	10
Past due over 365 days	2	3
Amounts past due	44	36
	179	**197**

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

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Further details of the Group's credit policy are set out in note 31(e).

(b) Impairment of trade receivables

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

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

	Year ended 31 December	
	2013	2012
	USD million	USD million
Balance at the beginning of the year	(42)	(49)
Impairment loss recognised	(13)	5
Uncollectible amounts written off	2	2
Balance at the end of the year	**(53)**	**(42)**

As at 31 December 2013 and 31 December 2012, the Group's trade receivables of USD53 million and USD42 million, respectively, were individually determined to be impaired. Management assessed that the receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

The Company

	31 December 2013 USD million	31 December 2012 USD million
Other receivables	15	16

24 Cash and cash equivalents

The Group

	31 December 2013 USD million	31 December 2012 USD million
Bank balances, USD	423	211
Bank balances, RUB	10	52
Bank balances, other currencies	39	46
Cash in transit	1	5
Short-term bank deposits	228	176
Cash and cash equivalents in the consolidated statement of cash flows	701	490
Restricted cash	15	15
	716	**505**

As at 31 December 2013 and 31 December 2012 included in cash and cash equivalents was restricted cash of USD15 million which is pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A.

The Company

	31 December 2013 USD million	31 December 2012 USD million
Cash and cash equivalents in the statement of financial position	247	13
	247	**13**

As at 31 December 2013 and 31 December 2012 included in cash and cash equivalents was restricted cash of USD14 million and USD13 million, respectively.

25 Equity

(a) Share capital

	31 December 2013		31 December 2012	
	USD	**Number of shares**	**USD**	**Number of shares**
Ordinary shares at the end of the year, authorised	200 million	20 billion	200 million	20 billion
Ordinary shares at 1 January	151,930,148	15,193,014,862	151,930,148	15,193,014,862
Ordinary shares at the end of the year of USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	**151,930,148**	**15,193,014,862**

(b) Share-based compensation

On 14 June 2013 the Board approved a new share-based incentive plan that regulates share-based compensation for eligible employees of the Group ("Production System Incentive Plan" or "PSIP"). On 11 July 2013 in accordance with this plan the Group selected eligible employees for participation in the PSIP and granted 6,258,373 shares to the participants. The Group also has an existing share based plan which was approved by the Board on 11 May 2011 under which 14,603,764 shares were granted.

As at 31 December 2013 and 31 December 2012 the Group held 4,299,796 and 834,947 of its own shares, respectively, which were acquired on the open market for the share-based incentive plans ("Shares held for vesting"). During the year ended 31 December 2013 the trustees acquired on the open market 7,751,604 shares (2012: 3,059,914 shares). In July and November 2013 2,065,261 shares and 2,221,494 shares vested respectively (2012: 2,224,967 shares). For the year ended 31 December 2013 and 31 December 2012, the Group recognized an additional employee expense of USD4 million and USD4 million in relation to the share based plans, respectively, with a corresponding increase in equity.

(c) Other reserves

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves.

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

(d) Distributions

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

(e) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(b).

(f) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2012	**152**	**5,949**	**6,101**
Profit and total comprehensive income for the year	-	121	121
Other changes resulting from transactions under common control	-	(10)	(10)
Balance at 31 December 2012	**152**	**6,060**	**6,212**
Balance at 1 January 2013	**152**	**6,060**	**6,212**
Net loss for the year	-	(2,529)	(2,529)
Balance at 31 December 2013	**152**	**3,531**	**3,683**

26 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk refer to notes 31(c)(ii) and 31(c)(iii), respectively.

	31 December 2013	31 December 2012
	USD million	USD million
Non-current liabilities		
Secured bank loans	8,691	8,907
Unsecured bank loans	-	508
	8,691	**9,415**
Current liabilities		
Secured bank loans	995	769
Unsecured bank loans	183	127
Accrued interest	56	35
	1,234	**931**

Terms and debt repayment schedule as at 31 December 2013

	TOTAL	2014	2015	2016	2017	2018	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 3M Libor + 4.25%	2,380	789	793	798	-	-	-
USD – 3M Libor + 5.25%	982	-	-	-	484	498	-
USD – 1Y Libor + 4.5%	4,370	-	-	4,370	-	-	-
USD – 3M Libor + 4.5%	97	6	28	28	28	7	
USD – 3M Libor + 6.5%	506	120	120	192	74	-	-
USD – 3M Libor + 4.15%	100	-	100	-	-	-	-
EUR – 3M Euribor + 4.5%	227	16	65	65	65	16	-
EUR – 3M Libor + 6.5%	152	51	51	50	-	-	-
RUB – Mosprime + 4%	309	-	24	95	95	95	-
USD – 2.35% + cost of funds	2	2	-	-	-	-	-
EUR – 2.35% + cost of funds	11	11	-	-	-	-	-
Fixed							
RUB – 9.7%	550	-	-	550	-	-	-
	9,686	**995**	**1,181**	**6,148**	**746**	**616**	**-**
Unsecured bank loans							
Fixed							
RUB – 10.5%	183	183	-	-	-	-	-
Total	**183**	**183**	**-**	**-**	**-**	**-**	**-**
Accrued interest	56	56	**-**	**-**	**-**	**-**	**-**
Total	**9,925**	**1,234**	**1,181**	**6,148**	**746**	**616**	**-**

The secured bank loans are secured by pledges of shares of the following Group companies:

- 40% + 1 share of RUSAL Novokuznetsk
- 25% + 1 share of SUAL
- 50% + 2 shares of RUSAL Sayanogorsk
- 50% + 2 shares of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 25.1% of Khakas Aluminium Smelter
- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The secured bank loans are also secured by pledges of shares of associate:

- 27.8% share of Norilsk Nickel

The secured bank loans are also secured by the following:

- inventory with a carrying value of USD16 million (note 22). No inventories were pledged against loans at 31 December 2012.

As at 31 December 2013 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility .

The nominal value of the Group's loans and borrowings was USD10,018 million at 31 December 2013 (31 December 2012: USD10,522 million).

In January 2013 the Group obtained a USD400 million multicurrency credit facility for a term of 5 years, and in February 2013 drew down USD328 million of the facility. The drawn down funds together with USD78 million of the Group's own funds were used for early repayment of principal amounts originally scheduled for the third and fourth quarters of 2013 under the USD4.75 billion syndicated facility.

On 25 April 2013 the net proceeds received by the Group from the sale of shares in Norilsk Nickel to Crispian Investments Limited in the amount of USD620 million were applied towards the repayment of debt owing to Sberbank (in accordance with the mandatory prepayment provisions in the financing agreement).

In September 2013 the Group drew down funds in amount of USD150 million under Gazprombank credit facility up to USD300 million entered into on 28 December 2012 with a maturity of 5 years and an interest rate of 3-months Libor plus 6.5% p.a.

In November 2013 the Group entered into a new credit facility of RUB6 billion (USD183 million) with Moscow Credit Bank with a maturity of 6 months and an interest rate 10.5% p.a.

On 16 December 2013 the Group entered into a new credit facility up to RUB15 billion with VTB Capital Plc with a maturity of 5 years and an interest rate of 3-months Mosprime plus 4.0% p.a. and drew RUB10 billion (USD309 million) on 17 December 2013. The credit facility includes an option which may be exercised by the bank two years from the date of entering into the credit facility to convert the credit facility to USD with a 3M Libor + 5.05% interest rate.

On 23 December 2013 the Group through its subsidiaries entered into a number of the REPO transactions backed by its ownership of 627,083 ordinary shares and 2,475,565 ADRs of GMK Norilsk Nickel with a market value of USD144 million. As result of the transactions the Group raised funding in the amount of USD100 million with a two year maturity at a rate of 3-months LIBOR plus 4.15% p.a.

During 2013 the Group made a principal repayment of RUB12 billion (USD376 million) against the VTB loan.

During 2013 quarterly repayments under Gazprombank loans were made in total amount of USD91 million and EUR28 million.

The Group drew down funds under the Raiffeisen Bank International AG uncommitted revolving trade finance line. The outstanding amount as at 31 December 2013 is USD2 million and EUR8 million. The funds were used for general operating activities of the Group.

In 2013 the Group has entered into several cross-currency swaps, for details refer to note 29.

Terms and debt repayment schedule as at 31 December 2012

	TOTAL	2013	2014	2015	2016	2017	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 3M Libor + 4.25%	2,751	371	789	793	798	-	-
USD – 3M Libor + 5.25%	973	-	-	-	-	496	477
USD – 1Y Libor + 4.5%	4,963	-	-	-	4,963	-	-
RUB – refinancing rate of RCB + 1.5%	398	398	-	-	-	-	-
Fixed							
RUB – 9.7%	591	-	-	-	591	-	-
	9,676	**769**	**789**	**793**	**6,352**	**496**	**477**
Unsecured bank loans							
Variable							
USD – 3M Libor + 6.5%	451	90	120	120	121	-	-
EUR – 3M Libor + 6.5%	184	37	49	49	49	-	-
Total	**635**	**127**	**169**	**169**	**170**	**-**	**-**
Accrued interest	35	35	-	-	-	-	-
Total	**10,346**	**931**	**958**	**962**	**6,522**	**496**	**477**

The secured bank loans are secured by pledges of shares of the following Group companies:

- 25% + 1 share of RUSAL Novokuznetsk
- 36% + 1 share of SUAL
- 25% + 1 share of RUSAL Sayanogorsk
- 25% + 1 share of RUSAL Bratsk
- 25% + 1 share of RUSAL Krasnoyarsk

The secured bank loans are also secured by pledges of shares of associate:

- 25% + 1 share of Norilsk Nickel

The secured bank loans are also secured by properties, plant and equipment with a carrying amount of USD327 million.

As at 31 December 2012 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the USD4.75 billion syndicated facility.

The nominal value of the Group's loans and borrowings was USD10,522 million at 31 December 2012 (31 December 2011: USD10,928 million).

On 26 January 2012 the Group successfully completed negotiations with its international and Russian lenders to obtain an option to exercise a covenant holiday for a 12-month period during which certain financial covenants are not applied commencing from any quarter in 2012. On 30 March 2012 the Group decided to exercise this option with effect from the first quarter of 2012. In

November 2012 the Group agreed with the lenders to extend the period of the covenant holiday till 31 December 2013 (inclusive).

Under the covenant holiday option the extended margin grid will be applied as follows:

Leverage Ratio	Supplemental Margin
Greater than 5:1	1.4 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.95 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.55 per cent. per annum
Less than or equal to 4:1	0 per cent. per annum

During the year 2012 the Group made the following repayments:

- On 30 January 2012 the Group made an early repayment of Tranche A loans under the USD4.75 billion syndicated facility in the amount of USD500 million using proceeds of a Sberbank facility obtained in January 2012 with a credit limit of RUB18.3 billion and a maturity of five years;
- On 16 March 2012 the Group made a principal repayment of RUB2 billion against its VTB loan;
- On 30 March 2012 the Group repaid in full its loan with Natixis in the amount of USD66 million;
- On 14 November 2012 the Group made an early repayment of Tranche A loans under the USD4.75 billion syndicated facility in the amount of USD406 million (scheduled for the first and second quarters of 2013) out of the remaining proceeds of the Sberbank facility and the Group's own funds.

On 28 December 2012 the Group entered into a new credit facility of USD300 million with Gazprombank with a maturity of 5 years and an interest rate of 3-months Libor plus 6.5% p.a.

In 2012 the Group has entered into several cross-currency swaps, for details refer to note 29.

The Group is in an advanced stage of negotiations on refinancing its' debt and restructuring the financial covenants requirements which will ensure the Group has sufficient resources to meet it liabilities as they come due.

The Company

	31 December	
	2013	**2012**
	USD million	**USD million**
Non-current liabilities		
Secured bank loans	7,795	8,907
Unsecured loans from related parties	-	329
	7,795	**9,236**
Current liabilities		
Secured bank loans	811	371
Unsecured loans from related parties	711	462
Accrued interest	55	61
	1,577	**894**

Terms and debt repayment schedule as at 31 December 2013

	TOTAL	2014	2015	2016	2017	2018	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 1Y Libor + 4.5%	4,370	-	-	4,370	-	-	-
USD – 3M Libor + 4.25%	2,380	789	793	798	-	-	-
USD – 3M Libor + 5.25%	982	-	-	-	484	498	-
USD – 3M Libor + 4.5%	97	6	28	28	28	7	-
EUR – 3M Euribor + 4.5%	227	16	65	65	65	16	-
Fixed							
RUB – 9.7%	550	-	-	550	-	-	-
	8,606	**811**	**886**	**5,811**	**577**	**521**	**-**
Unsecured loans from related parties							
Interest free	300	300	-	-	-	-	-
USD – fixed 4.6%	411	411	-	-	-	-	-
	711	**711**	**-**	**-**	**-**	**-**	**-**
Accrued interest	55	55	-	-	-	-	-
Total	**9,372**	**1,577**	**886**	**5,811**	**577**	**521**	**-**

The secured bank loans are secured by pledges of shares of the following Group companies:

- 25% + 1 share of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 25% + 1 share of RUSAL Sayanogorsk
- 40% + 1 share of RUSAL Novokuznetsk
- 25% + 1 share of SUAL
- 100% share of Gershvin Investments Corp.Limited
- 100% share of Seledar Holding Corp Limited
- 100% share of Aktivium Holding B.V.

The secured bank loans are also secured by pledges of shares of associate:

- 27.2% share of Norilsk Nickel.

Terms and debt repayment schedule as at 31 December 2012

	TOTAL	2013	2014	2015	2016	2017	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 1Y Libor + 4.5%	4,963	-	-	-	4,963	-	-
USD – 3M Libor + 4.25%	2,751	371	789	793	798	-	-
USD – 3M Libor + 5.25%	973	-	-	-	-	496	477
Fixed							
RUB – 9.7%	591	-	-	-	591	-	-
	9,278	**371**	**789**	**793**	**6,352**	**496**	**477**
Unsecured loans from related parties							
Interest free	301	301	-	-	-	-	-
USD – fixed 4.6%	161	161	-	-	-	-	-
RUB – fixed 8.31%-8.51%	329	-	329	-	-	-	-
	791	**462**	**329**	**-**	**-**	**-**	**-**
Accrued interest	61	61	-	-	-	-	-
Total	**10,130**	**894**	**1,118**	**793**	**6,352**	**496**	**477**

The secured bank loans are secured by pledges of shares of the following Group companies:

- 25% + 1 share of RUSAL Bratsk
- 25% + 1 share of RUSAL Krasnoyarsk
- 25% + 1 share of RUSAL Sayanogorsk
- 25% + 1 share of RUSAL Novokuznetsk
- 25% + 1 share of SUAL.

The secured bank loans are also secured by pledges of shares of associate:

- 25% + 1 share of Norilsk Nickel.

27 Bonds

On 3 March and 18 April 2011, one of the Group's subsidiaries issued two tranches of rouble denominated bonds, each including 15 million bonds, with a par value of 1,000 roubles each on MICEX. Maturity of the first tranche is seven years subject to a put option exercisable in March 2014. Maturity of the second tranche is ten years subject to a put option exercisable in April 2015.

Simultaneously, the Group entered into cross-currency swaps with an unrelated financial institution in relation to each tranche whereby the first tranche with semi-annual coupon payments of 8.3% p.a. was transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% p. a. and the second tranche with semi-annual coupon payments of 8.5% p.a. was

transformed into a USD obligation with a matching maturity of USD533 million bearing interest at 5.09% p. a. The proceeds of the bond issues were used for repayment of part of the Group's outstanding debts. The closing market price at 31 December 2013 was 965.0 roubles and 853.9 roubles per bond for the first and second tranches respectively.

From September 2013 till the end of December 2013 the Group has purchased on the open market 548 586 of its own bonds for the USD17 million.

28 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
Balance at 1 January 2012	105	401	36	47	-	589
Provisions made during the year	16	86	4	10	-	116
Provisions reversed during the year	-	-	(7)	(44)	-	(51)
Actuarial loss	41	-	-	-	-	41
Provisions utilised during the year	(15)	(7)	(10)	-	-	(32)
Foreign currency translation	4	14	-	-	-	18
Balance at 31 December 2012	**151**	**494**	**23**	**13**	**-**	**681**
Balance at 1 January 2013	151	494	23	13	-	681
Provisions made during the year	14	14	-	65	100	193
Provisions reversed during the year	(30)	-	(11)	-	-	(41)
Actuarial loss	2	-	-	-	-	2
Provisions utilised during the year	(15)	(11)	-	(10)	-	(36)
Foreign currency translation	(6)	(6)	-	-	-	(12)
Balance at 31 December 2013	**116**	**491**	**12**	**68**	**100**	**787**
Non-current	***104***	***473***	***-***	***-***	***100***	***677***
Current	***12***	***18***	***12***	***68***	***-***	***110***
	116	**491**	**12**	**68**	**100**	**787**

(a) Pension liabilities

Group subsidiaries in the Russian Federation

The Group voluntarily provides long-term and post-employment benefits to its former and existing employees including death-in-service, jubilee, lump sum upon retirement, material support for pensioners and death-in-pension benefits. Furthermore, the Group provides regular social support payments to some of its veterans of World War II.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries in Ukraine

Due to legal requirements, the Ukrainian subsidiaries are responsible for partial financing of the state hardship pensions for those of its employees who worked, or still work, under severe and hazardous labour conditions (hardship early retirement pensions). These pensions are paid until the recipient reaches the age of entitlement to the State old age pension (55-60 years for female (dependent on year of birth) and 60 years for male employees). In Ukraine, the Group also

voluntarily provides long-term and post-employment benefits to its employees including death-in-service, lump sum benefits upon retirement and death-in-pension benefits.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries outside the Russian Federation and Ukraine

At its Guinean and Nigerian entities the Group provides a death-in-service benefit and lump-sum benefits upon disability and old-age retirement.

At its Guyana subsidiary, the Group provides a death-in-service benefit.

At its Italian subsidiary (Eurallumina) the Group only provides lump sum benefits upon retirement, which relate to service up to 1 January 2007.

In Ireland (Aughinish Alumina) the Group's final pension plan was wound up with effect from 2 October 2013. Subsequent to this a liability of approximately USD2 million remains, which is expected to be settled in 2014. Going forward the entity's pension plan will be of a defined contribution nature. The wind-up was treated as a settlement of benefits.

In Sweden (Kubikenborg Aluminium AB), the Group provides defined benefit lifelong and temporary pension benefits. The lifelong benefits are dependent on the past service and average salary level of the employee, with an accrual rate that depends on the salary bracket the employee is in. The liability relates only to benefits accrued before 1 January 2004.

All pension plans of the Group are unfunded.

The number of employees eligible for the plans as at 31 December 2013 and 2012 was 59,737 and 65,149, respectively. The number of pensioners as at 31 December 2013 and 2012 was 49,355 and 48,980, respectively.

The following tables summarise the components of the benefit expense recognised in the consolidated statement of income and the amounts recognised in the consolidated statement of financial position and in the consolidated statement of comprehensive income in relation to the plans. The amounts recognised in the consolidated statement of income are as follows:

	31 December 2013	**31 December 2012**
	USD million	**USD million**
Current service cost	10	8
Past service costs recognised during the year	(1)	(1)
Interest cost	14	15
Actuarial expected return on plan assets	(5)	(6)
Curtailment/settlement	(34)	-
Net (income)/expense recognised in the statement of income	**(16)**	**16**

The reconciliation of the present value of the defined benefit obligation to the liabilities recognised in the consolidated statement of financial position is as follows:

	31 December 2013	31 December 2012
	USD million	USD million
Present value of defined benefit obligations	116	314
Fair value of plan assets	-	(161)
Present value of obligations	116	153
Unrecognised past service cost	-	(2)
Net liability in the statement of financial position	**116**	**151**

Changes in the present value of the net liability are as follows:

	31 December 2013	31 December 2012
	USD million	USD million
Net liability at beginning of the year	151	105
Net (income)/expense recognised in the statement of income	(16)	16
Contributions paid into the plan by the employers	(15)	(15)
Actuarial losses charged directly to equity	2	41
Foreign currency translation	(6)	4
Net liability at end of the year	**116**	**151**

The change of the present value of the defined benefit obligations (“DBO”) is as follows:

	31 December 2013	31 December 2012
	USD million	USD million
Present value of defined benefit obligations at beginning of the year	314	243
Service cost	9	8
Interest cost	14	15
Actuarial (gains)/losses	(8)	52
Currency exchange losses	-	7
Contributions by employees	2	3
Benefits paid	(15)	(14)
Settlement and curtailment gain	(200)	-
Present value of defined benefit obligations at the end of the year	**116**	**314**

Movement in fair value of plan assets:

	31 December 2013	31 December 2012
	USD million	USD million
Fair value of plan assets at the beginning of the year	161	136
Actuarial expected return on plan assets	5	6
Contributions paid into the plans by the employers	15	15
Contributions paid into the plans by the employees	2	3
Benefits paid by the plan	(15)	(13)
Investment (losses)/gains	(6)	12
Settlement and curtailment gain	(166)	-
Currency exchange gain	4	2
Fair value of plan assets at the end of the year	**-**	**161**

Actuarial gains and losses recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2013	2012
	USD million	USD million
Cumulative amount at beginning of the year	(26)	15
Recognised during the year	2	(41)
Cumulative amount at the end of the year	**(24)**	**(26)**

The Group expects to pay the defined benefit retirement plans an amount of USD12 million during the 12 month period beginning on 1 January 2014.

Actuarial valuation of pension liabilities

The actuarial valuation of the Group and the portion of the Group funds specifically designated for the Group's employees were completed by a qualified actuary, Robert van Leeuwen AAG, as at 31 December 2013, using the projected unit credit method as stipulated by IAS 19.

The key actuarial assumptions (weighted average, weighted by DBO) are as follows:

	31 December 2013	**31 December 2012**
	% per annum	% per annum
Discount rate	7.7	5.2
Expected return on plan assets	N/A	4.3
Future salary increases	9.1	5.1
Future pension increases	5.5	0.7
Staff turnover	4.0	4.0
Mortality	USSR population table for 1985, Ukrainian population table for 2000	USSR population table for 1985, Ukrainian population table for 2000
Disability	70% Munich Re for Russia; 40% of death probability for Ukraine	70% Munich Re for Russia; 40% of death probability for Ukraine

The market value of plan assets as at the date of their valuation is as follows:

	31 December 2013	**31 December 2012**
	USD million	**USD million**
Present value of defined benefit obligations	116	314
Fair value of plan assets	-	(161)
Deficit in plan	**116**	**153**

The actuarial valuation shows that the Group's obligations are fully uncovered. As at 31 December 2012 51% of Group's obligations were covered by the plan assets.

The analysis of amounts arising from schemes that are wholly unfunded and schemes that are partly funded are as follows:

	31 December 2013		**31 December 2012**	
	USD million		**USD million**	
	Present value of the DBO	**Net liability**	**Present value of the DBO**	**Net liability**
Wholly unfunded	116	116	128	126
Partially funded	-	-	186	25
Total	**116**	**116**	**314**	**151**

(b) Site restoration

The Group provides for site restoration obligations when there is a specific legal or constructive obligation for mine reclamation, landfill closure (primarily comprising red mud basin disposal sites) or specific lease restoration requirements. The Group does not record any obligations with respect to decommissioning of its refining or smelting facilities and restoration and rehabilitation of the surrounding areas unless there is a specific plan to discontinue operations at a facility. This is because any significant costs in connection with decommissioning of refining or smelting facilities and restoration and rehabilitation of the surrounding areas would be incurred no earlier than when the facility is closed and the facilities are currently expected to operate over a term in excess of 50-100 years due to the perpetual nature of the refineries and smelters and continuous maintenance and upgrade programs resulting in the fair values of any such liabilities being negligible.

The site restoration provision recorded in these consolidated financial statements relates primarily to mine reclamation and red mud basin disposal sites at alumina refineries and is estimated by discounting the risk-adjusted expected expenditure to its present value based on the following key assumptions:

	31 December 2013	**31 December 2012**
Timing of cash outflows	2014: USD18 million	2013: USD8 million
	2015-2019: USD67 million	2014-2018: USD137 million
	2020-2030: USD439 million	2019-2029: USD366 million
	after 2030: USD177 million	after 2029: USD151 million
Risk free discount rate after adjusting for inflation (a)	2.37%	1.96%

(a) the risk free rate for the year 2013 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions were calculated

At each reporting date the Directors have assessed the provisions for site restoration and environmental matters and concluded that the provisions and disclosures are adequate.

(c) Provisions for legal claims

The Group’s subsidiaries are subject to a variety of lawsuits and claims in the ordinary course of its business. As at 31 December 2013, there were several claims filed against the Group’s subsidiaries contesting breaches of contract terms and non-payment of existing obligations. Management has reviewed the circumstances and estimated that the amount of probable outflow related to these claims should not exceed USD12 million (31 December 2012: USD23 million). The amount of claims, where management assesses outflow as possible approximates USD175 million (31 December 2012: USD213 million).

At each reporting date the Directors have assessed the provisions for litigation and claims and concluded that the provisions and disclosures are adequate.

(d) Tax provisions

As at 31 December 2013 management of the Group reassessed certain tax claims and increased the provision by USD65 million relating to excise tax claims at Eurallumina and Aughinish where there is considered a high probability of cash outflow.

At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

(e) Provision for guarantees

In September 2013 the Group entered into an agreement with OJSC RusHydro to provide funds to BoAZ, if the latter is unable to fulfil its obligations under its credit facility with GK Vnesheconombank. This agreement represents a surety for the increased credit limit obtained for the financing of BoAZ. The aggregate exposure under the agreement is limited to RUB16.8 billion (USD513 million) and is split between the Group and OJSC RusHydro in equal proportion.

29 Derivative financial assets/liabilities

	31 December 2013		31 December 2012	
	USD million		USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps	-	198	-	103
Petroleum coke supply contracts and other raw materials	22	22	15	40
Interest rate swaps	-	81	-	76
Aluminium forward contracts	-	9	-	-
Electricity contracts	-	-	-	7
Total	**22**	**310**	**15**	**226**

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 following significant assumptions were used in estimating derivative instruments:

	2014	2015	2016
LME Al Forward, USD per tonne	1,837	1,921	1,992
Platt's FOB Brent, USD per barrel	108	103	98
Forward exchange rate, RUB to USD	33.82	35.77	37.65
Forward 1Y LIBOR, %	0.67	0.80	1.20

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

	31 December	
	2013	2012
	USD million	USD million
Balance at the beginning of the period	(211)	(164)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(105)	25
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	(12)	(107)
Realised portion during the period	40	35
Balance at the end of the period	**(288)**	**(211)**

During the year 2013 there have been no changes in valuation techniques used to calculate the derivative financial instruments compared to prior year.

Sensitivity analysis showed that derivative financial instruments are not particularly sensitive to changes in main inputs in 2013 and 2012.

Cross-currency swaps

During the year ended 31 December 2011, the Group entered into cross-currency swaps to transform the two tranches of its rouble bonds into USD obligations of USD530 million and USD533 million respectively (refer to note 27). The terms of the swaps are 3 and 4 years respectively.

In February 2012 – May 2012 the Group entered into additional cross-currency swaps to convert RUB15.2 billion of 5 year rouble denominated credit facility into a USD denominated liability of USD504 million.

In August 2013 the Group entered into cross-currency swaps to convert the remaining RUB3.1 billion of a 5 year RUB18.3 billion credit facility into a USD denominated liability of USD94 million.

The secured cross-currency swaps are secured by pledges of 11% shares in SUAL and USD288 million of the Group fixed assets.

Petroleum coke supply contracts and other raw materials

In May and September 2011, the Group entered into long-term petroleum coke supply contracts where the price of coke is determined with reference to the LME aluminium price and the Brent oil price. The strike price for aluminium is set at USD2,403.45 per tonne and USD2,497.72 per tonne respectively, while the strike price for oil is set at USD61.10 per barrel and USD111.89 per barrel respectively.

Interest rate swap

During the year ended 31 December 2011, the Group entered into an interest rate swap to convert the floating 1Y Libor rate into a fixed rate of 2.4795% on a portion of USD4.58 billion facility with Sberbank of Russia. The notional amount of facility subject to this swap is USD3.3 billion and the swap is effective from 30 September 2012 until the maturity of the underlying loans.

Electricity contracts

In November 2009, the Group entered into long-term electricity contracts for 9 to 11 years for electricity and power supply with related parties controlled by the immediate parent company of the Group. The companies have to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts with the administrator of trading system ("ATS") on a monthly or quarterly basis. The Group believes that at this time these long-term contracts represent an intention to purchase electricity and capacity of up to a stated volume at a pre-agreed price.

In 2013 the Group revalued the embedded derivatives based on the contractually committed volumes of electricity and capacity stated in the notices submitted to the ATS and recognised a loss of USD24 million (2012: USD71 million).

30 Trade and other payables

	31 December 2013 USD million	31 December 2012 USD million
Accounts payable to third parties	**623**	**640**
Accounts payable to related parties, including:	**112**	**153**
Related parties – companies capable of exerting significant influence	*37*	*73*
Related parties – companies under common control	*74*	*80*
Related parties – associates	*1*	*-*
Advances received	**300**	**226**
Advances received from related parties, including:	**164**	**278**
Related parties – companies capable of exerting significant influence	*161*	*255*
Related parties – companies under common control	*2*	*5*
Related parties – associates	*1*	*18*
Other payables and accrued liabilities	**152**	**218**
Other payable and accrued liabilities related parties, including:	**15**	**6**
Related parties – companies capable of exerting significant influence	*9*	*-*
Related parties – associates	*6*	*6*
Other taxes payable	**104**	**133**
Non-trade payables to third parties	**2**	**2**
	1,472	**1,656**

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

Included in trade and other payables are trade payables with the following ageing analysis as at the reporting date.

	31 December 2013 USD million	31 December 2012 USD million
Due within twelve months or on demand	735	793

The Company

	31 December 2013 USD million	31 December 2012 USD million
Trade and other payables	744	822

31 Financial risk management and fair values

(a) Fair values

Management believes that the fair values of financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than bonds issued. Fair value of bonds issued at 31 December 2013 was USD818 million (31 December 2012: USD931 million).

Derivatives: the fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Option-based derivatives are valued using Black-Scholes models and Monte-Carlo simulations. The derivative financial instruments are recorded at their fair value at each reporting date.

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

As at 31 December 2013

The Group

	Level 1	Level 2	Level 3	Total
	USD million	**USD million**	**USD million**	**USD million**
Assets				
Derivative financial assets	-	-	22	22
	-	**-**	**22**	**22**
Liabilities				
Derivative financial liabilities	-	-	310	310
	-	**-**	**310**	**310**

As at 31 December 2012

The Group

	Level 1	Level 2	Level 3	Total
	USD million	**USD million**	**USD million**	**USD million**
Assets				
Derivative financial assets	-	-	15	15
	-	**-**	**15**	**15**
Liabilities				
Derivative financial liabilities	-	-	226	226
	-	**-**	**226**	**226**

(b) Financial risk management objectives and policies

The Group’s principal financial instruments comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board has established a risk management group within its Department of Internal Control, which is responsible for developing and monitoring the Group’s risk management policies. The Department reports regularly to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Internal Audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Commodity price risk

During the years ended 31 December 2013 and 2012, the Group has entered into certain long term electricity contracts and other commodity derivatives contracts in order to manage its exposure of commodity price risks. Details of the contracts are disclosed in note 29.

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (refer to note 26). The Group's policy is to manage its interest costs by monitoring changes in interest rates with respect to its borrowings.

The following table details the interest rate profile of the Group's and the Company's borrowings at the reporting date.

The Group

	31 December 2013		31 December 2012	
	Effective interest rate %	**USD million**	**Effective interest rate %**	**USD million**
Fixed rate loans and borrowings				
Loans and borrowings	5.09%-10.50%	5,081	5.09%-10.13%	4,909
		5,081		**4,909**
Variable rate loans and borrowings				
Loans and borrowings	2.57%-11.03%	5,870	5.15%-9.94%	6,468
		5,870		**6,468**
		10,951		**11,377**

The Group's fixed rate loans and borrowings for the year ended 31 December 2013 include a USD obligation of USD511 million bearing interest at 5.13% per annum and a USD obligation of USD533 million bearing interest at 5.09% per annum. These obligations represent the hedged amount of rouble bonds (for detailed information, refer to note 27). Additionally, it includes a USD3.3 billion credit facility, which is hedged with an interest rate swap and a RUB18.3 billion credit facility, hedged with a cross-currency swap (for detailed information refer to note 29).

The Company

	31 December 2013		31 December 2012	
	Effective interest rate %	**USD million**	**Effective interest rate %**	**USD million**
Fixed rate loans and borrowings				
Loans and borrowings	0%-10.13%	1,261	0%-10.13%	1,382
		1,261		**1,382**
Variable rate loans and borrowings				
Loans and borrowings	5.20%-6.01%	8,056	5.15%-5.96%	8,687
		8,056		**8,687**
		9,317		**10,069**

The following table demonstrates the sensitivity to cash flows from interest rate risk arising from floating rate non-derivative instruments held by the Group at the reporting date in respect of a reasonably possible change in interest rates, with all other variables held constant. The impact on the Group's profit before taxation and equity and retained profits/accumulated losses is estimated as an annualised input on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for all years presented.

The Group

	Increase/ decrease in basis points	**Effect on profit before taxation for the year**	**Effect on equity for the year**
		USD million	**USD million**
As at 31 December 2013			
Basis percentage points	+100	(59)	47
Basis percentage points	-100	59	(47)
As at 31 December 2012			
Basis percentage points	+14	(9)	7
Basis percentage points	-14	9	(7)

(iii) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and EUR.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and EUR. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is set out in the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are ignored.

As at 31 December	USD-denominated vs. RUB functional currency		RUB-denominated vs. USD functional currency		EUR-denominated vs. USD functional currency		Denominated in other currencies vs. USD functional currency	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	USD million	**USD million**	**USD Million**	**USD million**	**USD Million**	**USD million**	**USD million**	**USD million**
Non-current assets	-	-	3	2	18	17	46	20
Trade and other receivables	1	1	230	294	49	32	48	69
Cash and cash equivalents	-	106	229	113	29	35	5	11
Derivative financial assets	-	-	22	15	-	-	-	-
Loans and borrowings	(254)	(228)	(493)	(390)	(391)	(184)	-	-
Provisions	-	-	(111)	(127)	(33)	(59)	(37)	(40)
Derivative financial liabilities	-	-	(22)	(47)	-	-	-	-
Income taxation	-	-	(2)	(3)	(1)	(1)	(12)	(10)
Trade and other payables	(1)	-	(399)	(522)	(66)	(71)	(102)	(73)
Net exposure arising from recognised assets and liabilities	**(254)**	**(121)**	**(543)**	**(665)**	**(395)**	**(231)**	**(52)**	**(23)**

Foreign currency sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit before taxation (and accumulated losses) and other comprehensive income that could arise if foreign exchange rates to which the Group has significant exposure at the reporting date had changed at that date, assuming all other risk variables remained constant.

	Year ended 31 December 2013		
		USD million	**USD million**
	Change in exchange rates	**Effect on profit before taxation for the year**	**Effect on equity for the year**
Depreciation of USD vs. RUB	5%	(14)	(19)
Depreciation of USD vs. EUR	5%	(20)	(20)
Depreciation of USD vs. other currencies	5%	(3)	(3)

	Year ended 31 December 2012		
		USD million	USD million
	Change in exchange rates	Effect on profit before taxation for the year	Effect on equity for the year
Depreciation of USD vs. RUB	5%	(27)	(32)
Depreciation of USD vs. EUR	5%	(12)	(12)
Depreciation of USD vs. other currencies	5%	(1)	(1)

Results of the analysis as presented in the above tables represent an aggregation of the instantaneous effects on the Group entities' profit before taxation and other comprehensive income measured in the respective functional currencies, translated into USD at the exchange rates ruling at the reporting date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the reporting date. The analysis excludes differences that would result from the translation of other financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for all years presented.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

Following a continued deterioration in aluminium prices described in note 2(d), the Group has entered into negotiations with its major lenders to restructure its debt repayment and financial covenant terms. Subsequent to the reporting date the Group completed negotiation of its loan facilities with Sberbank and Gazprombank, however, at the date of issuing these financial statements was still in the process of negotiating amendments to its syndicated PXF facilities (refer to note 37(c)). Management have performed a detailed cash flow analysis under various possible scenarios and believes that provided the negotiations are completed and the principal repayments are deferred to future periods and financial covenants are revised to sustainable levels, the Group will have sufficient liquidity to continue its operations and meet its ongoing financial obligations in the foreseeable future. The Group's cash flow forecast is sensitive to changes in aluminium prices and RUB/USD exchange rates, however, management have identified a number of actions including the sale of certain non-core assets if there should be a further deterioration.

The following tables show the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest the Group can be required to pay. Should the Group be unable to obtain a waiver from a syndicate of lenders with respect to covenant compliance before 31 March 2014, debt in the amount of USD10,018 million may become payable on demand at the discretion of the banks (refer note 2(d)).

The Group

	31 December 2013					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**TOTAL**	**Carrying amount**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Trade and other payables to third parties	777	-	-	-	777	777
Trade and other payables to related parties	127	-	-	-	127	127
Bonds, including interest payable	544	546	-	-	1,090	900
Loans and borrowings, including interest payable	1,833	1,717	8,065	-	11,615	9,925
Guarantees	-	58	198	-	256	100
	3,281	**2,321**	**8,263**	**-**	**13,865**	**11,829**

	31 December 2012					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**TOTAL**	**Carrying amount**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Trade and other payables to third parties	860	-	-	-	860	860
Trade and other payables to related parties	159	-	-	-	159	159
Bonds, including interest payable	54	564	546	-	1,164	988
Loans and borrowings, including interest payable	1,575	1,536	8,963	510	12,584	10,346
	2,648	**2,100**	**9,509**	**510**	**14,767**	**12,353**

The Company

	31 December 2013					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**TOTAL**	**Carrying amount**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Trade and other payables to third parties	3	-	-	-	3	3
Trade and other payables to related parties	741	-	-	-	741	741
Loans and borrowings, including interest payable	2,070	1,316	7,353	-	10,739	9,372
Other liabilities	1,630	-	-	-	1,630	1,610
	4,444	**1,316**	**7,353**	**-**	**13,113**	**11,726**

	31 December 2012					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**TOTAL**	**Carrying amount**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Trade and other payables to third parties	3	-	-	-	3	3
Trade and other payables to related parties	819	-	-	-	819	819
Loans and borrowings, including interest payable	1,192	1,660	8,621	510	11,983	10,130
Other liabilities	1,630	-	-	-	1,630	1,452
	3,644	**1,660**	**8,621**	**510**	**14,435**	**12,404**

(e) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The majority of the Group's third party trade receivables represent balances with the world's leading international corporations operating in the metals industry. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Goods are normally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables. The details of impairment of trade and other receivables are disclosed in note 23. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets and financial guarantees given.

At 31 December 2013 and 2012, the Group has certain concentrations of credit risk as 1.1% and 1.4% of the total trade receivables were due from the Group's largest customer and 2.3% and 6.9% of the total trade receivables were due from the Group's five largest customers, respectively (refer to note 5 for the disclosure on revenue from largest customer).

With respect to credit risk arising from guarantees, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries, associates and joint ventures. Management have recognised a provision of USD100 million against the Group's exposure to guarantees (refer to note 28(e)).

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries were subject to externally imposed capital requirements in the both years presented in these consolidated financial statements.

(g) Master netting or similar agreements

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events..

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Year ended 31 December 2013	
	USD million	USD million
	Trade receivables	Trade payables
Gross amounts	196	(752)
Amounts offset in accordance with IAS 32 offsetting criteria	(17)	17
Net amounts presented in the statement of financial position	179	(735)
Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria	(3)	3
Net amount	**176**	**(732)**

	Year ended 31 December 2012	
	USD million	USD million
	Trade receivables	Trade payables
Gross amounts	244	(840)
Amounts offset in accordance with IAS 32 offsetting criteria	(47)	47
Net amounts presented in the statement of financial position	197	(793)
Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria	(2)	2
Net amount	**195**	**(791)**

32 Commitments

(a) Capital commitments

In May 2006, the Group signed a Co-operation agreement with OJSC HydroOGK and RAO UES. Under this Co-operation agreement OJSC HydroOGK and the Group have jointly committed to finance the construction and future operating of the BEMO Project including BoGES and an aluminium plant, the planned main customer of the hydropower station. The parties established two joint companies with 50:50 ownership, into which the Group is committed to invest USD2,007 million by the end of 2015 (31 December 2013: USD1,989 million). As at 31 December 2013, the outstanding commitment of the Group for construction of the aluminium plant was approximately USD276 million to be invested by the end of 2015 (31 December 2012: USD510 million).

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 December 2013 and 31 December 2012 approximated USD258 million and USD371 million, respectively. These commitments are due over a number of years.

(b) Purchase commitments

Commitments with third parties for purchases of alumina, bauxite and other raw materials in 2014-2034 under supply agreements are estimated from USD2,460 million to USD2,662 million at 31 December 2013 (31 December 2012: USD2,853 million to USD2,941 million) depending on the actual purchase volumes and applicable prices.

(c) Sale commitments

Commitments with third parties for sales of alumina and other raw materials in 2014 - 2017 are estimated from USD706 million to USD737 million at 31 December 2013 (31 December 2012: from USD799 million to USD965 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina in 2014 approximated from USD1,349 million to USD1,413 million at 31 December 2013 (31 December 2012: USD1,169 million).

Commitments with related parties for sales of primary aluminium and alloys in 2014 - 2017 are estimated to range from USD4,930 million to USD5,566 million at 31 December 2013 (31 December 2012: from USD5,029 million to USD5,715 million). Commitments with third parties for sales of primary aluminium and alloys at 31 December 2013 are estimated to range from USD783 million to USD848 million (31 December 2012: from USD1,244 million to USD1,297 million). These commitments will be settled at market price at the date of delivery. Commitments include sales to Glencore in accordance with a long-term contract for which the sales volumes will depend on the actual production in 2014-2018. The volume of sales commitments to Glencore for 2014 year under the agreement is specified and is estimated to be from USD1,858 to USD1,933 million.

(d) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2013	31 December 2012
	USD million	USD million
Less than one year	5	3
Between one and five years	12	11
	17	**14**

(e) Social commitments

The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services, recreation and other social needs of the regions of the Russian Federation where the Group's production entities are located. The funding of such assistance is periodically determined by management and is appropriately capitalised or expensed as incurred.

33 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.

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 preceding the year 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. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

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 December 2013 is USD345 million (31 December 2012: USD409 million).

The Group's major trading companies are incorporated in low tax jurisdictions outside Russia and a significant portion of the Group's profit is realised by these companies. Management believes that these trading companies are not subject to taxes outside their countries of incorporation and that the commercial terms of transactions between them and other group companies are acceptable to the relevant tax authorities. These consolidated financial statements have been prepared on this basis. However, as these companies are involved in a significant level of cross border activities, there is a risk that Russian or other tax authorities may challenge the treatment of cross-border activities and assess additional tax charges. It is not possible to quantify the financial exposure resulting from this risk.

New 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.

The new transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe new basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level. The new transfer pricing rules eliminated the 20-percent price safe harbour that existed under the previous transfer pricing rules applicable to transactions on or prior to 31 December 2011.

The new transfer pricing rules primarily 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. 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 (RUB3 billion in 2012, RUB2 billion in 2013, and RUB1 billion in 2014 and thereon).

Since there is no practice of applying the new transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect, if any, of the new transfer pricing rules on these consolidated financial statements.

The Company believes it is compliant with the new rules as it has historically applied the OECD - based transfer pricing principles. Estimating additional tax which may become payable is inherently imprecise. It is, therefore, possible that the amount ultimately payable may exceed the

Group's best estimate of the maximum reasonably possible liability; however, the Group considers that the likelihood that this will be the case is remote.

(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 significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 28). As at 31 December 2013 the amount of claims, where management assesses outflow as possible approximates USD175 million (31 December 2012: USD213 million).

On 4 April and 23 July 2012, the Company received separate requests for arbitration made to the London Court of International Arbitration ("LCIA"), pursuant to the LCIA arbitration rules, for the commencement of arbitration by SUAL Partners against Glencore International AG, En+, the Company and Mr. Oleg Deripaska. The two arbitrations were subsequently joined in one arbitration proceeding. The dispute relates to certain shareholder arrangements between the parties in respect of the Company. SUAL Partners alleges, inter alia, that certain contracts between the Company and Glencore International AG and a contract between the Company and a company indirectly controlled by En+ were, or will be, in breach of those shareholder arrangements. SUAL Partners seek injunctive relief preventing the Group from performing the contracts, annulment of the contracts, an account of profits from, and damages against the defendants. Final hearing was scheduled for the first quarter of 2014, but before the hearing commenced the parties reached an amicable settlement according to which the Company was released from the case, all claims connected with the arbitrations were waived, and the Company made no payment.

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion. In January 2014 the court granted the Company's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. The next hearing is currently scheduled for second quarter 2014. 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.

(d) Risks and concentrations

A description of the Group's major products and its principal markets, as well as exposure to foreign currency risks are provided in note 1 "Background" and note 3 "Significant accounting policies". The price at which the Group can sell its products is one of the primary drivers of the Group's revenue. The Group's prices are largely determined by prices set in the international market. The Group's future profitability and overall performance is strongly affected by the price of primary aluminium that is set in the international market.

(e) Insurance

The insurance industry in the Russian Federation is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption or third party liability in respect of property or environmental damage arising from accidents on Group properties or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

34 Related party transactions

(a) Transactions with management and close family members

Management remuneration

Key management received the following remuneration, which is included in personnel costs (refer to note 9(a)):

	Year ended 31 December	
	2013	2012
	USD million	USD million
Salaries and bonuses	69	91
Share-based compensation	1	3
	70	**94**

(b) Transactions with associates and joint ventures

Sales to associates are disclosed in note 5, accounts receivable from associates are disclosed in note 23 and accounts payable to associates are disclosed in note 30.

(c) Transactions with other related parties

The Group

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

Sales to related parties for the year are disclosed in note 5, accounts receivable from related parties are disclosed in note 23, accounts payable to related parties are disclosed in note 30, commitments

with related parties are disclosed in note 32 and other transactions with shareholders are disclosed in note 25.

Purchases of raw materials and services from related parties and interest income and expense are recurring and for the year were as follows:

	Year ended 31 December	
	2013	**2012**
	USD million	**USD million**
Purchases of raw materials – companies under common control	100	148
Purchases of alumina, bauxite and other raw materials – companies capable of exerting significant influence	335	345
Purchases of raw materials – associates	-	30
Energy costs – companies under common control	641	742
Energy costs – companies capable of exerting significant influence	109	182
Energy costs – associates	4	-
Other costs – companies under common control	20	17
Other costs – associates	165	198
Distribution expenses - companies under common control	1	10
	1,375	**1,672**

Electricity contracts

The Group has indicated the intention to purchase electricity during the years 2014 through 2020 under long-term agreements with related parties. The estimated value of this commitment for each year is presented in the table below, excluding the impact of embedded derivatives recognised in these consolidated financial statements.

Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Volumes, KWh million	46,128	46,384	46,735	46,900	46,952	18,300	18,300
Estimated value, USD million	384	389	395	399	403	93	97

In the beginning of 2011, the rules and regulations of the wholesale electricity and capacity market in the Russian Federation changed. Amongst all the changes, companies are required to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts on a monthly and quarterly basis.

The Company

	31 December	
	2013	**2012**
	USD million	**USD million**
Investments in subsidiaries	15,147	18,578
Loans to related parties (Group companies)	-	9
Trade and other receivables from related parties	15	15
Loans and borrowings from related parties	729	833
Trade and other payables to related parties	741	819
Other liabilities *(i)*	1,610	1,452

(i) Included in other liabilities is a payable for 1,600 ordinary shares issued by one of the Company's subsidiaries on 12 February 2010 and redeemable at the option of that subsidiary. The nominal value of the payable, which is repayable on demand on or after 7 December 2013, is USD1,600 million. The fair value of the payable at initial recognition amounted to USD1,057 million was determined by discounting at applicable current interest rates and the resultant difference between nominal and fair value was recorded directly in equity of the Company. The carrying value of the payable balance as at 31 December 2013 is USD1,581 million (31 December 2012: USD1,425 million).

The remainder of other liabilities represents a promissory note payable issued by the Company to a subsidiary in an amount of USD553 million, bearing zero interest and repayable on demand. Upon initial recognition the fair value of the payable was determined by discounting at applicable interest rates at USD420 million, with the resultant difference between nominal and fair value recorded directly in equity. The carrying value of the payable balance as at 31 December 2013 is USD29 million (31 December 2012: USD27 million).

(d) Related parties balances

At 31 December 2013, included in non-current assets and non-current liabilities are balances of USD34 million and USD106 million, respectively, of companies which are related parties (31 December 2012: USD32 million and nil).

(e) Pricing policies

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

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

(f) Connected transactions

Not all the related party transactions and balances disclosed above meet the definition of connected transactions as per Chapter 14 of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Director's Report section of the Annual Report of the Company for the year ended 31 December 2013.

35 Particulars of subsidiaries

As at 31 December 2013 and 2012, the Company has direct and indirect interests in the following subsidiaries, which principally affected the results, assets and liabilities of the Group:

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
Compagnie Des Bauxites De Kindia S.A.	Guinea	29 November 2000	2,000 shares of GNF 25,000 each	100.0%	Bauxite mining
Friguia	Guinea	9 February 1957	388 649 shares of GNF 1,987,831, 98 each	100.0%	Alumina
OJSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUB1 each	100.0%	Alumina
RUSAL Mykolaev Ltd	Ukraine	16 September 2004	1,332,226 shares of UAH 720 each	100.0%	Alumina
OJSC RUSAL Boxitogorsk Alumina	Russian Federation	27 October 1992	1,012,350 shares of RUB1 each	100.0%	Alumina
Eurallumina SpA	Italy	21 March 2002	10,000,000 shares of EUR1.55 each	100.0%	Alumina
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
OJSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB20 each	100.0%	Smelting
OJSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUB0.1 each	100.0%	Smelting
OJSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	59,902,661,099 shares of RUB0.068 each	100.0%	Smelting
Khakas Aluminium Smelter Ltd	Russian Federation	23 July 2003	charter fund of RUB10,077,594,515.7	100.0%	Smelting
RUSAL Resal Ltd	Russian Federation	15 November 1994	charter fund of RUB27,951,217.29	100.0%	Processing
OJSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUB0.006 each	100.0%	Foil
CJSC RUSAL ARMENAL	Armenia	17 May 2000	3,140,700 shares of AMD 1,000 each	100.0%	Foil
RUS-Engineering Ltd	Russian Federation	18 August 2005	charter fund of RUB2,026,200,136.37	100.0%	Repairs and maintenance
OJSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUB1 each	100.0%	Holding company
Rusal Global Management B.V.	Netherlands	8 March 2001	charter fund of EUR25,000	100.0%	Management company
OJSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB100 each	100.0%	Trading
Rusal America Corp.	USA	29 March 1999	1,000 shares of USD 0.01 each	100.0%	Trading
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF 20,000	100.0%	Trading
Rusal Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading
RTI Limited	Jersey	27 October 2006	2 shares of USD1 each	100.0%	Trading
Alumina & Bauxite Company Limited	British Virgin Islands	3 March 2004	50,000 shares of USD1 each	100.0%	Trading
CJSC Komi Aluminii	Russian Federation	13 February 2003	1,703,000,000 shares of RUB1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	80.0%	Bauxite mining
OJSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	2,386,254 shares of RUB275.85 each	100.0%	Bauxite mining
OJSC SUAL	Russian Federation	26 September 1996	2,542,941,932 shares of RUB1 each	100.0%	Primary aluminum and alumina production

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
OJSC Zaporozhye Aluminum Combine ("ZALK")	Ukraine	30 September 1994	622,729,120 shares of RUB0.25 each	98.0%	Primary aluminum and alumina production
SUAL-PM LLC	Russian Federation	20 October 1998	charter fund of RUB56,300,959	100.0%	Aluminum powders production
CJSC Kremniy	Russian Federation	3 August 1998	320,644 shares of RUB1,000 each	100.0%	Silicon production
SUAL-Kremniy-Ural LLC	Russian Federation	1 March 1999	charter fund of RUB8,763,098	100.0%	Silicon production
UC RUSAL Alumina Jamaica Limited (a)	Jamaica	26 April 2001	1,000,000 shares of USD1 each	100.0%	Alumina
UC RUSAL Alumina Jamaica II Limited	Jamaica	16 May 2004	200 shares of USD1 each	100.0%	Alumina
Kubikenborg Aluminium AB	Sweden	26 January 1934	25,000 shares of SEK 1,000 each	100.0%	Smelting
Aughinish Alumina Ltd	Ireland	22 September 1977	1,000 shares of EUR2 each	100.0%	Alumina

Trading entities are engaged in the sale of products to and from the production entities.

(a) owns a 93% interest in the Windalco jointly owned mine and refinery.

36 Immediate and ultimate controlling party

At 31 December 2013 and 2012, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at Ogier House, The Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands. En+ is controlled by Fidelitas Investments Limited (a company incorporated in the British Virgin Islands) through its wholly-owned subsidiary. Mr. Oleg V. Deripaska is the founder, the trustee and a principal beneficiary of a discretionary trust, which controls Fidelitas Investments Limited. None of these entities produce financial statements available for public use.

37 Events subsequent to the reporting date

(a) Bonds

On 25 February 2014 RUSAL Bratsk entered into bonds purchase agreement for the purpose of selling of up to 5 000 000 (five million) bonds series 07 which were expected to be bought back under a put-option on 03 March 2014. Purchase price under the terms of bonds purchase agreement is 998.356 rubles, or 99.8356% of the par value of each bond. Simultaneously United Company RUSAL Aluminium Limited entered into a put-option transaction with the buyer under bonds purchase agreement. Put option may be exercised in regard to up to 5 million bonds series 07 at a strike price which is a function of the announced coupon rate, purchase price, tenor and the expected yield of the transaction, and is scheduled to be exercised on 22 February 2016.

On 26 February 2014, the Company as borrower and Sberbank entered into an agreement in order to open an additional limit of RUB2.4 billion ("Additional Limit") in connection with fulfilment of obligations under the put option of the rouble bonds issued by RUSAL Bratsk (series 07), which is due on 3 March 2014. The Additional Limit was provided on 26 February 2014 under the non-revolving credit facility agreement dated 1 December 2011 at the amount of RUB18.3 billion.

On 28 February 2014 RUSAL Bratsk announced a coupon rate in respect to the bond issue series 07 at level of 12% per annum for the 7-10 semi-annual coupon periods.

On 03 March 2014 RUSAL Bratsk successfully performed its obligations under the terms of bondholders put-option. As result of the put-option being exercised 10,947,149 rouble bonds series 07 (about 73% of the issue) were purchased back by the issuer.

(b) Glencore facility

In February 2014 the Group entered into the facility agreement with Glencore AG for a prepayment of USD400 million in respect of supply of alumina from one of the Group's subsidiaries to Glencore AG in 2014-2016. Amounts of interest at 3M Libor + 4.95% and principal payable under the facility agreement will, to the extent such amounts are due, be offset against amounts due by Glencore AG under the alumina supply contract at USD40 per metric tonne for the first six months and USD286 per metric tonne thereafter. The facility is to be repaid up to 31 December 2016 in accordance with agreed amortization schedule commencing on or about 30 September 2014.

(c) Re-negotiation of loan facilities

Due to the continuing volatility and uncertainty in the international financial and commodities markets, the Group faces numerous challenges which require it to very carefully manage its obligations including those arising under its financing agreements.

Following the expiry of the covenant holiday period negotiated in 2012 and 2013 for certain of the financial covenants set out under the Company's financing agreements, the Company decided to implement further prudential measures in order to ensure compliance with its obligations under its financing agreements. Such measures include a proposed refinancing of its debt portfolio including:

- new credit facility agreements entered into between (i) RUSAL Krasnoyarsk, as borrower, and Gazprombank (with the facility amount of EUR74.7 million and USD142.7 million, respectively); and (ii) RUSAL Sayanogorsk, as borrower, and Gazprombank (with the facility amount of USD100 million) for refinancing of the 2014-2015 amortization under current Gazprombank facilities with a maturity of up to 60 months from signing of the relevant facility agreement (inclusive), but no later than 31 March 2019 (inclusive); In March 2014 the Group drew down funds in amount of USD242.7 million and EUR74.7 million with a maturity of 5 years and an interest rate of 3-months Libor plus 6.5% p.a. and repaid the 2014-2015 amortization under current Gazprombank facilities
- agreements to be entered into between the Company as borrower and Sberbank in order to extend the maturity of the existing bilateral facility agreements (including credit facility agreement dated 30 September 2010 at the amount of USD4,583 million, credit facility agreement dated 30 September 2011 at the amount of USD453 million, non-revolving credit facility agreement dated 1 December 2011 at the amount of RUB20.7 billion) with Sberbank (the "Sberbank Amendment Agreement"). Extension of maturity by no more than 84 months from the date of execution of Sberbank Amendment Agreement, repayment to occur quarterly in equal installments during the 6th-7th years from the date of the execution of the relevant Sberbank Amendment Agreement; and
- a merger of the up to USD4,750 million aluminium pre-export finance facility agreement dated 29 September 2011 (as amended on 26 January 2012 and 9 November 2012) (the "2011 PXF Facility Agreement") with the up to USD400 million multicurrency aluminium pre-export finance facility agreement dated 30 January 2013 (the "2013 PXF Facility Agreement", and together with the 2011 PXF Facility Agreement, the "PXF Facility Agreements"). On 15 November 2013, the Company sent letters setting out the proposed amendments to the PXF Facility Agreements (as updated on 12 February 2014, the "Amendment Request") to the lenders under both PXF Facility Agreements seeking their consent to such amendments. The Company intended for the Amendment Request and the refinancing to be effective by the end of March 2014.

However, given the nature of the amendments for which the Company seeks consent, the Amendment Request requires unanimous consent from the lenders under both PXF Facility Agreements. As of the date hereof, the Company has been unable to obtain unanimous consent from the lenders yet. On 19 March 2014, the Company has requested the lenders under both PXF Facility Agreements to agree to certain forbearances and undertakings not to exercise their rights (the "Forbearance") arising in connection with any potential failure by the Company to comply with its obligations under the PXF Facility Agreements. The Forbearance, when it becomes effective, will provide the Company with additional time to persuade the remaining lenders to approve the Amendment Request.

The Forbearance applies to both PXF Facility Agreements and is effective on the date that a requisite majority of the lenders under the PXF Facility Agreements agree to it and certain thresholds of such consenting lenders confirm that the other conditions set out in the Forbearance request letter are met. It is anticipated that the Forbearance will be effective from such date and until 7 July 2014 unless terminated earlier upon the requested amendments becoming effective or upon the occurrence of certain termination events. The Company has sought the assurance from the lenders under certain of its other financing arrangements (other than the PXF Facility Agreements) that such lenders will not exercise their rights under the relevant bilateral facilities with the Group in the event that the Forbearance agreement is entered into and for the duration of any such arrangement.

38 Accounting estimates and judgements

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Property, plant and equipment – recoverable amount

In accordance with the Group's accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (refer to 'Bauxite reserve estimates' below), operating costs, restoration and rehabilitation costs and future capital expenditure. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged against the statement of income.

Inventories – net realisable value

The Group recognises write-downs of inventories based on an assessment of the net realisable value of the inventories. A write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of the inventories and the write-down of inventories charged to the statement of income in the periods in which such estimate has been changed.

Goodwill – recoverable amount

In accordance with the Group's accounting policies, goodwill is allocated to the Group's Aluminium segment as it represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is tested for impairment annually by preparing a formal estimate of the recoverable amount. The recoverable amount is estimated as the value in use of the Aluminium segment.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to goodwill.

Investments in associates and joint ventures – recoverable amount

In accordance with the Group's accounting policies, each investment in an associate or joint venture is evaluated every reporting period to determine whether there are any indications of impairment after application of the equity method of accounting. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment in an associate or joint venture is measured at the higher of fair value less costs to sell and value in use.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to investments in associates or joint venture. In addition to the considerations described above the Group may also assess the estimated future cash flows expected to arise from dividends to be received from the investment, if such information is available and considered reliable.

Legal proceedings

In the normal course of business the Group may be involved in legal proceedings. Where management considers that it is more likely than not that proceedings will result in the Group compensating third parties a provision is recognised for the best estimate of the amount expected to be paid. Where management considers that it is more likely than not that proceedings will not result in the Group compensating third parties or where, in rare circumstances, it is not considered possible to provide a sufficiently reliable estimate of the amount expected to be paid, no provision is made for any potential liability under the litigation but the circumstances and uncertainties involved are disclosed as contingent liabilities. The assessment of the likely outcome of legal proceedings and the amount of any potential liability involves significant judgement. As law and regulations in many of the countries in which the Group operates are continuing to evolve, particularly in the areas of taxation, sub-soil rights and protection of the environment, uncertainties regarding litigation and regulation are greater than those typically found in countries with more developed legal and regulatory frameworks.

Provision for restoration and rehabilitation

The Group's accounting policies require the recognition of provisions for the restoration and rehabilitation of each site when a legal or constructive obligation exists to dismantle the assets and

restore the site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and interest charges. For closed sites, changes to estimated costs are recognised immediately in the statement of income.

Taxation

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from carried forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and is not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Assumptions are also required about the application of income tax legislation. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of income.

The Group generally provides for current tax based on positions taken (or expected to be taken) in its tax returns. Where it is more likely than not that upon examination by the tax authorities of the positions taken by the Group additional tax will be payable, the Group provides for its best estimate of the amount expected to be paid (including any interest and/or penalties) as part of the tax charge.

Bauxite reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

The Group determines ore reserves under the Australasian Code for Reporting of Mineral Resources and Ore Reserves September 1999, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Since economic assumptions used to estimate reserves change from period to period, and since additional geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depletion charged in the statement of income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of income.

Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the statement of income.

Defined benefit pension and other post retirement schemes

For defined benefit pension schemes, the cost of benefits charged to the statement of income includes current and past service costs, interest costs on defined benefit obligations and the effect of any curtailments or settlements, net of expected returns on plan assets. An asset or liability is consequently recognised in the statement of financial position based on the present value of defined obligations, less any unrecognised past service costs and the fair value of plan assets.

The accounting policy requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For defined benefit pension schemes, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, exchange rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual

experience differs to these estimates, actuarial gains and losses are recognised directly in the statement of comprehensive income.

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year

The IASB has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial years included in these consolidated financial statements, and which have not been adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment entities*	1 January 2014
Amendments to IAS 32, Financial Instruments: *Presentation - Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to IAS 39, Financial Instruments: *Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
Amendments to IFRS 9, Financial Instruments: *Classification and measurement model*	1 January 2015
IFRIC 21, Levies	1 January 2014

Purchase, sale or redemption of UC RUSAL's listed securities

There has been no purchase, sale or redemption of UC RUSAL's listed securities during 2013 by UC RUSAL or any of its subsidiaries.

Code of Corporate Governance Practices

UC RUSAL adopted a Corporate Code of Ethics on 7 February 2005. Based on the recommendations of the European Bank for Reconstruction and Development and the International Finance Corporation, UC RUSAL further amended the Corporate Code of Ethics in July 2007. The Corporate Code of Ethics sets out UC RUSAL's values and principles for many of its areas of operations.

UC RUSAL formally adopted a corporate governance code which is based on the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules") then in force on 11 November 2010. The Directors consider that save for code provisions A.1.7 (physical board meetings at which Directors have material interests), A.4.1 (specific term of non-executive directors) and A.4.2 (specific term of directors) for reasons set out below and also on page 98 of UC RUSAL's interim report for the six months ended 30 June 2013, UC RUSAL has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Hong Kong Listing Rules during the period from 1 January 2013 to 31 December 2013.

The Board had generally endeavoured throughout the twelve-month period ended 31 December 2013 to ensure that it did not deal with business by way of written resolution where a substantial shareholder or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there were only three occurrences (out of the twenty-two written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In all three instances, the interest of the Director was a potential conflict of interest by virtue of a board position held by a director with the entity contracting with the Company. In two of these three occurrences, the written resolutions were supplemental to the approval of the matter which had been approved by previous Board meetings that had been held. In each case, the Director involved did not sign the resolution and the resolution was passed by the requisite majority.

Of the ten Board meetings held in the twelve-month period ended 31 December 2013 where one or more Director(s) had disclosed a material interest, all the independent non-executive Directors (who had not disclosed material interests in the transaction) were present.

Audit Committee

The Board established an audit committee (the "Audit Committee") to assist it in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management systems and to oversee the audit process. The Audit Committee consists of a majority of independent non-executive Directors. The members are (or were, see notes) as follows: Dr. Peter Nigel Kenny (chairman of the committee, independent non-executive Director, with relevant professional qualifications and knowledge related to accounting and financial management); Mr. Philip Lader (independent non-executive Director); Ms. Elsie Leung Oi-sie (independent non-executive Director); Mr. Christophe Charlier (non-executive Director); Ms. Olga Mashkovskaya (non-executive Director, appointed as a member of the committee with effect from 30 September 2013); Ms. Gulzhan Moldazhanova (non-executive Director, appointed as a member of the committee with effect from 16 August 2013 and ceased to be a member of the committee with effect from 30 September 2013); Mr. Dmitry Yudin (former non-executive Director, resigned with effect from 14 June 2013); Mr. Artem Volynets (former non-executive Director, appointed as a member of the committee with effect from 14 June 2013 and resigned with effect from 27 June 2013).

Material events since the end of the year

16 January 2014	UC RUSAL announces that on 15 January 2014, the board of directors of the Company approved terms of settlement in respect of arbitration proceedings before the London Court of International Arbitration brought by SUAL Partners Ltd against Glencore International AG, EN+ Group Limited ("EN+"), the Company and Oleg Deripaska. The claims against the Company in the Arbitrations have been amicably resolved.
20 January 2014	UC RUSAL announces that on 16 January 2014, all the conditions precedent in relation to the Settlement were fulfilled and the Arbitrations as against the Company have accordingly been formally discontinued.

29 January 2014	UC RUSAL announces that the Company's subsidiary, Hamer Investing Ltd. ("Hamer"), obtained an order dated 28 January 2014 from the Eastern Caribbean Supreme Court in the High Court of Justice of the British Virgin Islands entering judgment on an arbitration award issued for approx. USD276 million against Tajik Aluminium Company SUE ("Talco"). The arbitration award relates to two barter agreements for the supply of alumina and other materials to Talco, the aluminium smelter located in Tajikistan formerly known as "TadAZ."
18 February 2014	UC RUSAL announces its key production data for the year ended 31 December 2013.
21 February 2014	UC RUSAL announces that, on 20 February 2014, the Issuer has approved the coupon rate under the Issue (first tranche series 07) at the level of 12% p.a. for a two-year period after which the bonds will be subject to a put option and coupon rate revision.
27 February 2014	UC RUSAL announces that, on 26 February 2014, the Company as borrower and Sberbank of Russia entered into an agreement in order to open an additional limit of RUB2.4 billion in connection with fulfillment of obligations under the put option of the Rouble bonds issued by OJSC "Rusal Bratsk" (series 07), which is due on 3 March 2014. The Additional Limit is provided under the non-revolving credit facility agreement dated 1 December 2011 at the amount of RUB18.3 billion.
14 March 2014	UC RUSAL announces the current status of EcoSoederberg technology introduction programme. The modernization programme is being implemented at the Krasnoyarsk (KrAZ) and Bratsk (BrAZ) aluminium smelters, the Company's two largest production facilities. Until 2020, RUSAL plans to switch nearly 2.1 million tonnes of its aluminium production capacities to EcoSoederberg technology.

17 March 2014	UC RUSAL and Israeli company Omen High Pressure Die Casting ("Omen"), a specialist producer of automotive components from non-ferrous metals, announce the signing of a shareholder agreement to create a joint venture to produce automotive components.

Forward-looking statements

This announcement contains statements about future events, projections, forecasts and expectations that are forward-looking statements. Any statement in this announcement that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risk and uncertainties include those discussed or identified in the prospectus for UC RUSAL. In addition, past performance of UC RUSAL cannot be relied on as a guide to future performance. UC RUSAL makes no representation on the accuracy and completeness of any of the forward-looking statements, and, except as may be required by applicable law, assumes no obligations to supplement, amend, update or revise any such statements or any opinion expressed to reflect actual results, changes in assumptions or in UC RUSAL's expectations or changes in factors affecting these statements. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk.

By Order of the board of directors of
United Company RUSAL Plc
Vladislav Soloviev
Director

28 March 2014

As at the date of this announcement, the executive Directors are Mr. Oleg Deripaska, Ms. Vera Kurochkina, Mr. Maxim Sokov, Mr. Vladislav Soloviev and Mr. Stalbek Mishakov, the non-executive Directors are Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Christophe Charlier, Ms. Olga Mashkovskaya and Ms. Ekaterina Nikitina, and the independent non-executive Directors are Mr. Matthias Warnig (Chairman), Dr. Peter Nigel Kenny, Mr. Philip Lader, Ms. Elsie Leung Oi-sie and Mr. Mark Garber.

All announcements and press releases published by the Company are available on its website under the links http://www.rusal.ru/en/investors/info.aspx and http://www.rusal.ru/en/press-center/press-releases.aspx, respectively.