Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2014

Key highlights

- Positive trends in the aluminium market observed during the year ended 31 December 2014 with recovering London Metals Exchange ("**LME**") aluminium prices and growing premiums, coupled with weakening local currency had significant positive effect on the profitability and financial results of United Company RUSAL Plc (the "**Company**" or "**UC RUSAL**"). Net Profit for 2014 comprised USD293 million as compare to Net Loss of USD3,322 million for 2013.

- In August 2014 the Company successfully completed refinancing of its' debt portfolio including PXF and bilateral facilities. Terms of the refinancing allow the Company to postpone the scheduled repayments of principal until January 2016. However, in December 2014, the Company made an early repayment of USD300 million of the outstanding debt in addition to USD53 million repaid in 2014 through the cash sweep mechanism. As a result of these efforts supported by the strong financial results, the Company achieved a leverage ratio below 4.5:1 as at 31 December 2014 that will decrease interest rate margin starting from March 2015.

- Focus on strict production discipline, procurement optimization and product mix improvement resulted in Adjusted Net Profit of USD387 million for the fourth quarter of 2014, more than ten-folds higher as compared to USD25 million for the third quarter of the same year. Recurring Net Profit for the year ended 31 December 2014 comprised USD870 million as compared to Recurring Net Loss of USD598 million for the preceding year.

- Primary aluminium production decreased by 6.6% or by 256 thousand tonnes to 3,601 thousand tonnes for the year ended 31 December 2014 as compared to 3,857 thousand tonnes for the preceding year as a result of successful completion of the inefficient capacity curtailment programme.

- Aluminium segment cash cost per tonne reduced to USD1,729 per tonne (by 9.3%) in 2014 as compared to USD1,907 in 2013 resulting from efficiency initiatives supported by depreciation of Russian Ruble and Ukranian Hryvna. Aluminium segment cash cost per tonne in the fourth quarter of 2014 achieved record low of USD1,671 per tonne as compared to USD1,864 for the last quarter of the preceding year.

- Share of value-added products continued to grow and reached a record high 45% of total aluminium production in 2014 in comparison with 42% for the previous year.

- All these factors resulted in the increase of Adjusted EBITDA by USD863 million or by 132.6% to USD1,514 for the year ended 31 December 2014 as compare to USD651 million for the preceding year.

Statement of the CEO

The period under review was mixed for the aluminium sector, in the first quarter the aluminium price fell to its lowest level in almost five years, however positive market price dynamics supported by growing demand and ex-China deficit helped the sector recover in the middle of the year. In the fourth quarter of 2014, the slump in global oil prices coupled with a strengthening US Dollar depressed most commodities' prices, with the LME price for aluminium declining to levels below USD1,900 per tonne.

Against the backdrop of such a volatile environment, UC RUSAL focused on the key elements of its operational strategy in order to return to profitability. These remain: efficiency enhancement, stringent cost control through the whole production chain, and increasing production of highly marginal value-added products. With all these efforts, the Company achieved robust financial results with Adjusted EBITDA improving to USD1,514 million and Recurring net profit of USD870 million as compared to loss of USD598 million in 2013.

With the ramifications of the 2009 industry crisis firmly in our mindset, the Company has no plans to restart any mothballed aluminium capacity, regardless of the LME price. Optimisation of production capacity is a long-term way of ensuring the industry does not face another overproduction crisis, and the Company is committed to maintaining stable aluminium output albeit with marginal increases following the commencement of operations at the Boguchansky smelter.

Looking at the industry as a whole, we believe that global aluminum demand will grow by 6.5% in 2015 to 59 million tonnes, while production growth outside of China will continue to be limited, with 1.1 million tonnes remaining in supply deficit. We have recently witnessed LME stocks decline below a psychologically important mark of 4 million tonnes and based on the current supply and demand balance, we estimate that inventories will return to their historically normal level in 2016.

During the period, UC RUSAL demonstrated its ability to respond to very challenging market conditions and our steadfast adherence to our corporate strategy, led to in a strong set of results. Thanks to this discipline, we are well positioned to continue our growth trajectory into the next reporting period.

Vladislav Soloviev
Chief Executive Officer
24 February 2015

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
	2014	2013				2014	2013	
	unaudited	unaudited		unaudited				
Key operating data								
('000 tonnes)								
Aluminium	915	904	1.2%	903	1.3%	3,601	3,857	(6.6%)
Alumina	1,818	1,870	(2.8%)	1,817	0.1%	7,253	7,310	(0.8%)
Bauxite	2,932	2,698	8.7%	3,291	(10.9%)	12,108	11,770	2.9%
('000 tonnes)								
Sales of primary aluminium and alloys	874	821	6.4%	904	(3.3%)	3,525	3,788	(6.9%)
(USD per tonne)								
Aluminium segment cost per tonne[1]	1,671	1,864	(10.4%)	1,739	(3.9%)	1,729	1,907	(9.3%)
Aluminium price per tonne quoted on the LME[2]	1,968	1,769	11.2%	1,987	(1.0%)	1,866	1,845	1.1%
Average premiums over LME price[3]	429	281	52.7%	397	8.1%	380	267	42.3%
Average sales price	2,419	2,062	17.3%	2,298	5.3%	2,219	2,154	3.0%
Alumina price per tonne[4]	354	322	9.9%	319	11.0%	330	327	0.9%
Key selected data from the consolidated statement of income								
(USD million)								
Revenue	2,496	2,125	17.5%	2,477	0.8%	9,357	9,760	(4.1%)
Adjusted EBITDA	651	101	544.6%	470	38.5%	1,514	651	132.6%
margin (% of revenue)	*26.1%*	*4.8%*	*NA*	*19.0%*	*NA*	*16.2%*	*6.7%*	*NA*
Profit/(Loss) for the period	282	(2,711)	NA	220	28.2%	293	(3,322)	NA
margin (% of revenue)	*11.3%*	*(127.6%)*	*NA*	*8.9%*	*NA*	*3.1%*	*(34.0%)*	*NA*
Adjusted Net Profit/(Loss) for the period	387	(196)	NA	25	1,448.0%	17	(666)	NA
margin (% of revenue)	*15.5%*	*(9.2%)*	*NA*	*1.0%*	*NA*	*0.2%*	*(6.8%)*	*NA*
Recurring Net Profit/(Loss) for the period	660	(310)	NA	250	164.0%	870	(598)	NA
margin (% of revenue)	*26.4%*	*(14.6%)*	*NA*	*10.1%*	*NA*	*9.3%*	*(6.1%)*	*NA*

1. 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.
2. Aluminium price per tonne quoted on the LME representing the average of the daily closing official prices for each period.
3. Average premiums over LME realized by the Company based on management accounts.
4. 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		
	31 December 2014	**31 December 2013**	**Change year-on-year**
(USD million)			
Total assets	14,540	20,480	(29.0%)
Total working capital[5]	1,363	1,593	(14.4%)
Net Debt[6]	8,837	10,109	(12.6%)

Key selected data from consolidated statement of cash flows

	Year ended		
	31 December 2014	**31 December 2013**	**Change year-on-year**
(USD million)			
Net cash flows generated from operating activities	1,398	408	242.6%
Net cash flows generated from investing activities	514	978	(47.4%)
of which dividends from Norilsk Nickel	*884*	*803*	*10.1%*
of which CAPEX[7]	*(479)*	*(553)*	*(13.4%)*
of which proceeds from partial disposal of Norilsk Nickel shares	—	*620*	*(100.0%)*
Interest paid	(677)	(631)	7.3%

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

6 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.

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

Global aluminum market trends in 2015

- The slump in global oil prices and the strengthening of US Dollar may negatively affect commodities in the short-term but in the mid-term, the lower oil price will boost economic growth in oil importing countries including the G7 and China, therefore industrial metals consumption will increase.

- Global aluminum demand is forecast to grow by 6.5% in 2015 to 59 million tonnes.

- The production growth outside of China will continue remaining at 1.1 million supply deficit.

- Aluminum LME stocks are forecast to further decline reaching 2.6 million tonnes by the end of 2015 based on the current supply/demand balance and the new LME warehouse policy. LME stocks are expected to return to a normal historical level in 2016.

- Premiums continue to be supported by the regional market deficits, particularly in North America and Europe.

- The Chinese domestic aluminum market continues to be oversupplied by fast growing capacity, which translates into a low Shanghai Futures Exchange ("**SHFE**") price. The situation should improve in 2015 with a possible 1.5-2 million tonnes of production cuts and slower capacity growth.

Global aluminum demand

Global aluminium demand rose to 55.2 million tonnes, or 7%, during 2014 and over the same period as last year. This is above UC RUSAL's latest forecast of 55 million tonnes, mainly as a result of stronger demand in North America and China in the fourth quarter of 2014. At the same time, demand in emerging markets including Russia, Latin America and India showed lower consumption in the fourth quarter of 2014 as a result missed expectations for the entire 2014 forecast.

UC RUSAL expects another 6.5% global aluminium demand growth in 2015 to 59 million tonnes, including 9.5% growth in China and 3.4% out of China with the possibility of stronger growth in the second half of 2015, particularly due to the EU Quantitative Easing stimulus program to be started in the beginning of the first half of 2015. North American demand will show the strongest growth in 2015 growing 5.4% year-on-year.

UC RUSAL sees aluminium demand from carmakers will be growing by 7% in 2015 as car sales combined with the aluminium content in cars rising significantly.

Automakers consumed a record amount of aluminum last year as plummeting prices and technological breakthroughs made it a viable alternative to steel. Temporal plunge in oil price will create additional demand for cars as US market statistics in January 2015 a nearly 14% January sales increase and over half of sales comprised of high priced pickups and sport-utility vehicles.

China

China's primary aluminum consumption was 28 million tonnes in 2014, increased by 11% year-on-year.

According to data provided by the China Association of Automobile Manufacturing ("**CAAM**"), China produced 21.431 million units of automobile between January and November 2014, a growth of 7.2% from the same period in 2013, and 21.079 million units were sold in the same period in 2014, increased by 6.1% year-on-year.

The performance of the domestic real estate industry was still weak in 2014 under macro-control measures. The real estate industry completed an investment of Renminbi 9.5036 trillion with a year-on-year rise of 10.5% during January to December 2014 and the growth rate was 1.4 percentage points lower than that for the first eleven months of 2014.

In the electric power industry, investments in power grid projects decreased in 2014. The data provided by the National Energy Administration indicate that Renminbi 346.0 billion of fixed-asset investments were completed in power grid projects in China in the first eleven months of 2014, rising 2.6% from a year earlier.

North America

North American demand for aluminium grew by 7.5% (year-on-year) in the fourth quarter of 2014. UC RUSAL estimates that North American aluminium consumption increased roughly 4.8% in 2014 compared to 2013.

The transport sector remained as the main driver of aluminium consumption growth in the region. Light-vehicle sales for 2014 amounted to 16.4 million units, up 5.8% from 2013, making 2014 the year with the highest sales since 2006. North American light vehicle production rose 5.2% in 2014, the highest result since 2000. The drop in gasoline prices is also adding to the already favorable outlook for vehicle sales. The key theme continues to be the increased demand for automotive body sheet.

Recovery in the building and construction sector supported the demand for aluminium in 2014. The US housing statistics increased to 1,089 thousand units in December 2014. In the year of 2014, there were groundbreaking increases of 8.8% to 1.01 million units, it is the highest since 2007.

Excluding can sheet, North American production of aluminium sheet and plate has grown by 6.7% year to year to 1.6 million tonnes during January to November 2014. Extrusion orders in January to November 2014 were up by 8.6%.

Europe

GDP rose by 0.8% in the Eurozone in 2014 compared to 2013 and in December 2014, the Eurozone manufacturing PMI climbed to a 31 month high to 50.6 with both output and new orders for goods producers rising for the sixth successive month.

Aluminium demand in Europe improved throughout 2014 growing by 3.0% year-on-year compared to 2013. The biggest rise came from Turkey (5.8%), Germany (3.4%), Spain (5.4%) and Italy (4.1%).

Construction output slipped in November 2014 month on month, both throughout the EU (down 0.2%) and in the Eurozone (down 0.1%).

The West European car market edged up in December 2014 and posted 4.7% growth for the year. December's market growth was the 16th consecutive month of growth in Western Europe and the 2014 calendar year market was up 4.7% to 12.1 million units.

Asia

Japan moved into recession in the third quarter of 2014 as the impact of the sales tax hike in April 2014 resulted in a sharp decline in household consumption. However, real GDP growth in Japan is expected to be at 0.2% in 2014. PMI in Japan stayed in expansion territory since June 2014 and ended 2014 at 52.0.

Aluminium demand from the transportation and construction sectors is estimated to account for 43% and 15% respectively of total Japanese aluminium demand in 2014. Construction orders rose in October by 15.7% and November by 16.9% suggests industry recovering in the near future. Automotive production in Japan has decreased since July 2014 year-on-year. Despite the decrease, the strong automotive output in the first half of 2014 has brought 1.7% growth for 11 months in comparison to the previous year.

South Korea's economy expanded just 0.4% during the fourth quarter of 2014 on sequential terms, down from 0.9% in the third quarter of 2014, as government spending fell and exports growth lagged. On an annual basis, the economy is expected to have grown 2.8% in 2014. HSBC South Korea manufacturing PMI improved for the third month, which increased from 48.7 in October 2014 to 51.1 in January 2015. South Korea's automotive output during 2014 increased by just 0.1% from the previous year to 4.525 million vehicles. Vehicle exports fell by 0.9% to 3.061 million units whilst domestic sales increased by 6.5% to 1.211 million in 2014. South Korea primary aluminium consumption rose by 2.4% in 2014 compared to 2013.

India's GDP growth is projected to be 5.5% in 2014. Indian goods producers ended 2014 strongly, with business conditions improving at the quickest pace in two years in December 2014. India's manufacturing PMI for December climbed to 54.5, up from 53.3 in the prior month. Car sales in India got back into positive territory in 2014 with a 2.46% increase on excise duty reductions brought in by the government to propel the struggling industry.

Global aluminum supply

Aluminum production in Ex.China declined by 0.2% in 2014 year-on-year to 25.6 million tonnes, after a 0.3% decline in 2013 year-on-year. More than 1.3 million tonnes of capacity out of China was cut in 2014, but at the same time around 200K tonnes of capacity was restarted. Production outside China in 2015 is expected to increase by 4% due to continued growth in Middle East, other Asian countries and India. Around 320K tonnes of Western smelters may be restarted in 2015. At the same time, around 700K tonnes of capacity may be curtailed due to low LME prices and high power tariffs.

In 2014, the Ex.China aluminum market was in shortfall of 1.2 million tonnes and we expect another 1.1 million tonnes of shortfall in 2015 from Ex.China.

Overcapacity in Chinese aluminium market will persist for the coming months, weighing on local prices and boosting the appeal of shipping aluminium products overseas. Aluminium capacity in China rose by 4.5 million tonnes in 2014 to 35.4 million tonnes. More than 1.45 million tonnes of capacity was restarted for the same period. This created additional supply pressures in domestic markets and the SHFE price has dropped by 16% since mid-September 2014. This contributed around 47% of Chinese aluminium production, or 13.3 million tonnes, loss making at current SHFE prices.

The continuation of aluminium at a low price may encourage around 1.5 to 2 million tonnes of capacity closures in China in 2015. More than 500K tonnes of production is already set to be closed in the first quarter of 2015. There are market rumors of 1.2 million tonnes of stockpiling from the market. At the same time, around 3 million tonnes of new capacity is still in the pipeline for 2015.

Aluminum premiums and stocks

US Midwest premiums steadily rose and achieved 24.0 US cents/lb by the end of December 2014.

European duty-unpaid primary ingots premium grew to 400 to 430 US$/t at the end of December 2014.

Premiums for aluminium in Asia, as reflected by the CIF MJP remained firm in 2014. The quarterly CIF MJP indicator grew steadily from 255 to 256 US$/t in Q1 2014 to 420 US$/t in Q4 2014.

Whilst aluminum premiums continue to be supported by the deficit of metal supply in certain regions including North America and Europe, the premiums in Asia may come under pressure from increasing Chinese aluminum semis exports. Globally, greater volatility in the forward contango may also incentivise some aluminum stocks from LME and off-warrant warehouses into consumption, although in general this is expected to balance out the current aluminum market deficit.

Since the beginning of 2014, LME stocks have dropped by 1.247 million tonnes to 4.15 million tonnes, the lowest level recorded since December 2011. This is in line with the market deficit outside of China in 2014. 60% of total stocks were canceled at the LME, maintaining high physical market demand. Aluminum LME stocks are forecast to decline to 2.6 million tonnes by the end of 2015 based on the current supply and demand balance and the new LME warehouse policy. The LME aluminum stocks are expected to reach historically normalized levels in 2016.

The Chinese market showed a continued decline in aluminum stocks. Chinese visible inventories are currently at a one year low of 415,328 metric tonnes, marking a 803,375 metric tonnes decline over the past 39 weeks (down from a four year high to 1,218,703 metric tonnes). On the first week of 2015, SHFE inventories experienced a 5,100 metric tonnes decline week on week (the sixth consecutive weekly decline), to an 11-month low of 202,328 metric tonnes. SHFE inventories have declined by half since peaking last May at 409,137 metric tonnes. Additionally, the Wuxi and Nanhai spot market inventories fell by 1,000 mertic tonnes to a total of 213,000 metric tonnes (a one year low).

It should be noted that more Chinese smelters have become direct suppliers of liquid metal to semis producers thus the relationship between the aluminum stocks and the domestic demand for aluminum has weakened somewhat.

Business review

Aluminium production

Primary aluminium production for the year ended 31 December 2014 reached 3,601 thousand tonnes demonstrating a decrease of 6.6% or 256 thousand tonnes as compared to 3,857 thousand tonnes in 2013.

Aluminium capacity curtailment program, performed by the Company in 2013 through mothballing such smelters as NkAZ (1st line), BAZ, UAZ, VgAZ, VAZ, Alscon and partially NAZ, allowed the Company to decrease aluminium production volumes in 2014 as compared to 2013 by 256 thousand tonnes (-7% year-on-year). The aluminium production in 2015 is expected to be flat on year-on-year basis at approximately 3.6 million tonnes.

Alumina production

Alumina output for the year ended 31 December 2014 amounted to 7,253 thousand tonnes demonstrating a decrease of 0.8% or 57 thousand tonnes as compared to 7,310 thousand tonnes in 2013.

UC RUSAL demonstrated stable alumina production volumes in 2014. The modernization and organic growth projects on Company's alumina refineries may result in 2015 alumina output growth.

Bauxite production

Bauxite production for the year ended 31 December 2014 was 12,108 thousand tonnes demonstrating an increase of 2.9% or 338 thousand tonnes as compared to 11,770 thousand tonnes in 2013.

Bauxite production growth in 2014 as compared to 2013 was driven by third party sales and replacement of third party volumes with supply from own deposits.

Financial Overview

Revenue

	Year ended 31 December 2014			**Year ended 31 December 2013**		
	USD million	*kt*	*Average sales price (USD/tonne)*	*USD million*	*kt*	*Average sales price (USD/tonne)*
Sales of primary aluminium and alloys	7,823	3,525	2,219	8,159	3,788	2,154
Sales of alumina	569	1,743	326	507	1,595	318
Sales of foil	303	88	3,443	313	86	3,640
Other revenue	662	—	—	781	—	—
Total revenue	**9,357**			**9,760**		

Total revenue decreased by USD403 million or by 4.1% to USD9,357 million in 2014 compared to USD9,760 million in 2013. The decrease in total revenue was primarily due to the lower sales of primary aluminium and alloys, which accounted for 83.6% of UC RUSAL's revenue for the years 2014 and 2013.

	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
	2014	2013		2014	2014	2014	2013	
	unaudited	*unaudited*		*unaudited*				
(USD million)								
Sales of primary aluminium and alloys								
USD million	2,114	1,693	24.9%	2,077	1.8%	7,823	8,159	(4.1%)
kt	874	821	6.4%	904	(3.3%)	3,525	3,788	(6.9%)
Average sales price (USD/t)	2,419	2,062	17.3%	2,298	5.3%	2,219	2,154	3.0%
Sales of alumina								
USD million	149	130	14.6%	157	(5.1%)	569	507	12.2%
kt	434	419	3.6%	489	(11.2%)	1,743	1,595	9.3%
Average sales price (USD/t)	343	310	10.6%	321	6.9%	326	318	2.5%
Sales of foil (USD million)	80	81	(1.2%)	74	8.1%	303	313	(3.2%)
Other revenue (USD million)	153	221	(30.8%)	169	(9.5%)	662	781	(15.2%)
Total revenue (USD million)	**2,496**	**2,125**	**17.5%**	**2,477**	**0.8%**	**9,357**	**9,760**	**(4.1%)**

Revenue from sales of primary aluminium and alloys decreased by USD336 million, or by 4.1%, to USD7,823 million in 2014, as compared to USD8,159 million in 2013, primarily due to 6.9% decrease in volumes of the primary aluminium and alloys sold as a result of completion of the inefficient capacity curtailment programme. The decrease was mostly offset by the growth in weighted-average realised aluminium price by 3.0% in 2014 as compared to 2013, due to the improved LME aluminium price performance, as well as 42.3% growth in premiums above the LME price in the different geographical segments (to an average of USD380 per tonne from USD267 per tonne for the years 2014 and 2013, respectively).

Revenue from sales of alumina increased by USD62 million or by 12.2% to USD569 million for the year ended 31 December 2014 as compared to USD507 million for the previous year. The increase was mostly attributable to 9.3% growth in sales volumes.

Revenue from sales of foil decreased by 3.2% to USD303 million in 2014, as compared to USD313 million in 2013, primarily due to a 5.4% decrease in the weighted average sales price, partially compensated by 2.3% increase in sales volumes.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 15.2% to USD662 million for the year ended 31 December 2014 as compared to USD781 million for the previous year, due to a 26.3% decrease in sales of bauxite and a 12.4% decrease in sales of other materials.

Cost of sales

The following table shows the breakdown of UC RUSAL's cost of sales for the years ended 31 December 2014 and 2013, respectively:

	Year ended 31 December		**Change, year-on-year**	**Share of costs**
	2014	**2013**		
(USD million)				
Cost of alumina	863	1,004	(14.0%)	11.9%
Cost of bauxite	604	592	2.0%	8.4%
Cost of other raw materials and other costs	2,606	2,990	(12.8%)	36.1%
Energy costs	1,929	2,374	(18.7%)	26.7%
Depreciation and amortisation	435	493	(11.8%)	6.0%
Personnel expenses	708	844	(16.1%)	9.8%
Repairs and maintenance	70	94	(25.5%)	1.0%
Net change in provisions for inventories	8	38	(78.9%)	0.1%
Total cost of sales	**7,223**	**8,429**	**(14.3%)**	**100.0%**

Total cost of sales decreased by USD1,206 million, or by 14.3%, to USD7,223 million in 2014, as compared to USD8,429 million in 2013. The decrease was primarily driven by the 6.9% (or 263 thousand tonnes) reduction in the aggregate aluminium sales volumes following the completion of capacity curtailment programme at the least efficient smelters as well as and significant depreciation of the Russian Ruble and Ukrainian Hryvna against the US Dollar.

Cost of alumina decreased in the reporting period (as compared to 2013) by 14.0%, primarily as a result of a decrease in alumina purchase volumes.

Cost of bauxite was almost flat during 2014 (as compared to 2013).

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 12.8% due to the lower raw materials purchase price (such as raw petroleum coke by 10.4%, calcined petroleum coke by 18.1%, raw pitch coke by 34.9%, pitch by 19.3%) and lower purchase volumes in 2014 as compared to 2013.

Energy cost decreased in 2014 by 18.7% to USD1,929 million compared to USD2,374 million in 2013 primarily due to the decrease in aggregate aluminium sales volumes and depreciation of the Russian Ruble against the US Dollar.

Distribution, administrative and other expenses

Distribution expenses decreased by 17.6% to USD402 million in 2014, compared to USD488 million in 2013, primarily due to the decrease in aggregate aluminium sales volumes supported by the depreciation of the Russian Ruble to the US Dollar within the comparable periods.

Administrative expenses decreased by 6.2% to USD605 million in 2014, compared to USD645 million in 2013 primarily resulted from the depreciation of the Russian Ruble to the US Dollar within the comparable periods.

Impairment of non-current assets and restructuring expenses decreased by USD1,816 million in 2014 to USD103 million due to the impairment charges and restructuring expenses recognized by the Company in the aggregate amount of USD1,919 million for the year ended 31 December 2013. For details please refer to the Annual Results Announcement for the year ended 31 December 2013: *http://www.rusal.ru/upload/uf/d8d/E%20RUSAL%20annual%20results%2028Mar2014.pdf*.

Other operating expenses were almost flat in 2014 as compared to 2013.

Gross profit

As a result of the foregoing factors, UC RUSAL reports a gross profit of USD2,134 million for the reporting period as compared with USD1,331 million for 2013, representing gross margins over the periods of 22.8% and 13.6%, respectively.

Adjusted EBITDA and results from operating activities

	Year ended 31 December		Change
	2014	2013	year-on-year
(USD million)			
Reconciliation of Adjusted EBITDA			
Results from operating activities	942	(1,804)	NA
Add:			
Amortisation and depreciation	459	520	(11.7%)
Impairment of non-current assets and restructuring expenses	103	1,919	(94.6%)
Loss on disposal of property, plant and equipment	10	16	(37.5%)
Adjusted EBITDA	**1,514**	**651**	**132.6%**

As a result of the factors discussed above the Company demonstrated a significant increase in the results from operating activities and Adjusted EBITDA for the year ended 31 December 2014 to USD942 million and USD1,514 million, respectively, as compared to the results from operating activities and Adjusted EBITDA of negative USD1,804 million and positive USD651 million, respectively, for the previous year.

Finance income and expenses

	Year ended 31 December 2014	2013	Change year-on-year
(USD million)			
Finance income			
Interest income on loans and deposits	30	17	76.5%
Net foreign exchange gain	—	29	(100.0%)
Interest income on provisions	—	5	(100.0%)
	30	**51**	**(41.2%)**
Finance expenses			
Interest expense on bank loans, bonds and other bank charges, including	(836)	(754)	10.9%
Nominal interest expense	*(724)*	*(652)*	*11.0%*
Bank charges	*(112)*	*(102)*	*9.8%*
Net foreign exchange loss	(27)	—	100.0%
Change in fair value of derivative financial instruments, including	(487)	(12)	3,958.3%
Change in fair value of embedded derivatives	*8*	*(17)*	*NA*
Change in other derivatives instruments	*(495)*	*5*	*NA*
Interest expense on provisions	(11)	(21)	(47.6%)
	(1,361)	**(787)**	**72.9%**

Finance income decreased by USD21 million to USD30 million in 2014 as compared to USD51 million in 2013, due to the net foreign exchange loss for the 2014 as compared to the net foreign exchange gain for the previous year.

Financial expenses increased by 72.9% to USD1,361 million in 2014 as compared to USD787 million in 2013 primarily due to the net loss from change in fair value of derivative financial instruments, due to the significant depreciation of the Russian Ruble against the US Dollar resulting in revaluation of certain cross-currency instruments.

Interest expenses on bank loans increased by USD82 million to USD836 million for the reporting period as compared to the USD754 million for the previous year primarily due to the higher interest rate margin and negative effect of interest rate swap.

Share of profits/(losses) of associates and joint ventures

	Year ended 31 December		**Change**
	2014	**2013**	**year-on-year**
(USD million)			
Share of profits of Norilsk Nickel, *with*	899	105	756.2%
Effective shareholding of	*27.82%*	*27.82%*	
Share of losses of other associates	(15)	(21)	(28.6%)
Share of profits of associates	**884**	**84**	**952.4%**
Share of profits/(losses) of joint ventures	**36**	**(551)**	**NA**

The Company's share in profits of associates for the years ended 31 December 2014 and 2013 comprised USD884 million and USD84 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 USD899 million and USD105 million for 2014 and 2013, respectively.

Share of profits of joint ventures was USD36 million for the year ended 31 December 2014 as compared to losses of USD551 million for the same period in 2013. 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.

The Company'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 entities - the Boguchansky Aluminium Smelter ("**BoAZ**') and the Boguchansky Hydro Power Plant ("**BOGES**"). UC RUSAL together with its subsidiaries (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.

Profit/(Loss) before income tax

UC RUSAL incurred a profit before income tax of USD531 million for the year ended 31 December 2014, as compared to a loss before income tax USD3,241 million for the year ended 31 December 2013 for the reasons set out above.

Income tax

Income tax expense increased by USD157 million to USD238 million in 2014, as compared to USD81 million in 2013.

Current tax expenses decreased by USD32 million, or 17.7%, to USD149 million for the year ended 31 December 2014, as compared to USD181 million for the previous year mainly due to the tax paid on cumulative intergroup transfer of Norilsk Nickel dividends in 2013 partially compensated with utilization of tax losses accumulated for prior years.

The same factor drove the increase in deferred tax expense to USD89 million in 2014 as compared to a deferred tax benefit of USD100 million in 2013. The deferred tax expense for the year ended 31 December 2014 was also affected by the increase in deferred tax liability related to property, plant and equipment due to the significant Russian Ruble depreciation against US Dollar.

Profit/(Loss) for the period

As a result of the above, the Company recorded a profit of USD293 million in 2014, as compared to a loss of USD3,322 million in 2013.

Adjusted and Recurring Net Profit/(Loss)

	Year ended 31 December		Change,
	2014	**2013**	**year-on-year**
(USD million)			
Reconciliation of Adjusted Net Profit/(Loss)			
Net Profit/(Loss) for the period	293	(3,322)	NA
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, *with*	(853)	166	NA
Share of profits, net of tax	*(853)*	*(68)*	*1,154.4%*
Loss on disposal of Norilsk Nickel recycled from other comprehensive income	—	*234*	*(100.0%)*
Impairment of joint ventures	—	600	(100.0%)
Change in derivative financial instruments, net of tax (20.0%)	474	(29)	NA
Impairment of non-current assets, net of tax	103	1,919	(94.6%)
Adjusted Net Profit/(Loss)	**17**	**(666)**	**NA**
Add back:			
Share of profits of Norilsk Nickel, net of tax	853	68	1,154.4%
Recurring Net Profit/(Loss)	**870**	**(598)**	**NA**

Adjusted Net Profit/(Loss) for any period is defined as the profit/(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 Net Profit/(Loss) for any period is defined as Adjusted Net Profit/(Loss) plus the Company's net effective share in Norilsk Nickel results. Improvement in Adjusted and Recurring Results in 2014 in comparison with the prior year were primarily driven by stronger results from operating activities.

Assets and liabilities

UC RUSAL's total assets decreased by USD5,940 million, or 29.0% to USD14,540 million as at 31 December 2014 as compared to USD20,480 million as at 31 December 2013. The decrease in total assets mainly resulted from the decrease in the carrying value of the investment in Norilsk Nickel.

Total liabilities decreased by USD1,310 million, or 9.4%, to USD12,620 million as at 31 December 2014 as compared to USD13,930 million as at 31 December 2013. 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 USD1,398 million for the year ended 31 December 2014 as compared to USD408 for the previous year. Net increase in working capital and provisions comprised USD29 million for 2014 as compared to USD173 million for the previous year.

Net cash generated from the investing activities for 2014 decreased to USD514 million as compared to USD978 million for 2013 primarily due to proceeds from the disposal of Norilsk Nickel shares to Crispian Investments Limited in the previous year. The decrease was partially compensated with the 10% or USD81 million increase in dividends received form Norilsk Nickel in amount USD884 million for 2014 as compared to USD803 million for the prior year.

The above mentioned factors allowed the Company to assign USD640 million of its own cash flows for the debt repayment that together with the interest payments of USD677 million represent the main components of the cash used in the financing activities with the total amount of USD1,900 million for 2014.

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			
	2014		2013	
	Aluminium	**Alumina**	**Aluminium**	**Alumina**
(USD million)				
Segment revenue				
kt	*3,638*	*6,077*	*3,869*	*6,049*
USD million	*7,985*	*1,879*	*8,314*	*2,035*
Segment result	1,330	(60)	523	(270)
Segment EBITDA[8]	1,695	25	937	(174)
Segment EBITDA margin	21.2%	1.3%	11.3%	(8.6%)
Total capital expenditure	**257**	**195**	**332**	**197**

For the year ended 31 December 2014 and 2013 respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were 16.7% and 6.3% for the aluminium segment, and negative 3.2% and 13.3% for the alumina segment. Key drivers for the increase 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 2014.

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

Capital expenditure

UC RUSAL recorded a total capital expenditure of USD479 million for the year ended 31 December 2014. UC RUSAL's capital expenditure in 2014 was aimed at maintaining existing production facilities.

	Year ended 31 December	
	2014	**2013**
(USD million)		
Development capex	115	112
Maintenance		
Pot rebuilds costs	143	157
Re-equipment	221	284
Total capital expenditure	**479**	**553**

The BEMO project companies utilise the project financing proceeds to make necessary contributions to the ongoing construction projects and do not require contributions from the joint ventures partners at this time.

Norilsk Nickel investment

The market value of UC RUSAL's stake in Norilsk Nickel was USD6,388 million as at 31 December 2014, as compared to USD7,261 million as at 31 December 2013 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 2014. Consequently, the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the year ended 31 December 2014 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 2014 become 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 foreign currency translation and the carrying value of the investment in Norilsk Nickel which has been previously reported.

The Company noted 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 2014. As it was unable to obtain and audit the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2014, 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 2014 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 2014 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 USD899 million, USD1 million and USD3,945 million, respectively, for the year ended 31 December 2014, and the carrying value of the Group's investment in Norilsk Nickel of USD3,824 million as at 31 December 2014 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 Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows.

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 2014 and of the Group's net profit 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."

Consolidated financial statements

The following section contains the audited consolidated financial statements of UC RUSAL for the year ended 31 December 2014 which were approved by the directors of UC RUSAL (the "**Directors**") on 24 February 2015, 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*.

		Year ended 31 December	
		2014	**2013**
	Note	**USD million**	**USD million**
Revenue	5	9,357	9,760
Cost of sales		(7,223)	(8,429)
Gross profit		**2,134**	**1,331**
Distribution expenses		(402)	(488)
Administrative expenses		(605)	(645)
Loss on disposal of property, plant and equipment		(10)	(16)
Impairment of non-current assets and restructuring expenses	9(b)	(103)	(1,919)
Other operating expenses	6	(72)	(67)
Results from operating activities		**942**	**(1,804)**
Finance income	7	30	51
Finance expenses	7	(1,361)	(787)
Share of profits of associates	18	884	84
Share of profits/(losses) of joint ventures	19	36	(551)
Loss recycled from other comprehensive income	17	-	(234)
Profit/(loss) before taxation		**531**	**(3,241)**
Income tax	8	(238)	(81)
Profit/(loss) for the year		**293**	**(3,322)**
Attributable to:			
Shareholders of the Company		293	(3,322)
Profit/(loss) for the year		**293**	**(3,322)**
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (USD)	14	0.019	(0.219)

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 34 to 128.

	Note	Year ended 31 December	
		2014	**2013**
		USD million	**USD million**
Profit/(loss) for the year		**293**	**(3,322)**
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans	28(a)	12	(2)
		12	**(2)**
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	18	1	(17)
Change in fair value of cash flow hedges		(81)	8
Recycling of losses relating to the Norilsk Nickel shares sold	17	-	234
Foreign currency translation differences for equity-accounted investees		(4,144)	(777)
Foreign currency translation differences for foreign operations		(709)	(305)
		(4,933)	**(857)**
Other comprehensive income for the period, net of tax		**(4,921)**	**(859)**
Total comprehensive income for the year		**(4,628)**	**(4,181)**
Attributable to:			
Shareholders of the Company		(4,628)	(4,181)
Total comprehensive income for the year		**(4,628)**	**(4,181)**

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 34 to 128.

	Note	31 December 2014 USD million	31 December 2013 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	15	3,953	4,167
Intangible assets	16	2,572	3,497
Interests in associates	18	4,153	8,175
Interests in joint ventures	19	409	585
Deferred tax assets	21	57	143
Derivative financial assets	29	30	13
Other non-current assets		80	110
Total non-current assets		**11,254**	**16,690**
Current assets			
Inventories	22	1,998	2,248
Trade and other receivables	23	686	817
Derivative financial assets	29	32	9
Cash and cash equivalents	24	570	716
Total current assets		**3,286**	**3,790**
Total assets		**14,540**	**20,480**

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 34 to 128.

	Note	31 December 2014 USD million	31 December 2013 USD million
EQUITY AND LIABILITIES			
Equity	25		
Share capital		152	152
Shares held for vesting		(1)	(1)
Share premium		15,786	15,786
Other reserves		2,670	2,740
Currency translation reserve		(9,371)	(4,518)
Accumulated losses		(7,316)	(7,609)
Total equity		**1,920**	**6,550**
Non-current liabilities			
Loans and borrowings	26	8,847	8,691
Bonds	27	113	458
Provisions	28	507	677
Deferred tax liabilities	21	515	472
Derivative financial liabilities	29	350	188
Other non-current liabilities		48	49
Total non-current liabilities		**10,380**	**10,535**
Current liabilities			
Loans and borrowings	26	303	1,234
Bonds	27	144	442
Current tax liabilities	21(e)	41	15
Trade and other payables	30	1,321	1,472
Derivative financial liabilities	29	318	122
Provisions	28	113	110
Total current liabilities		**2,240**	**3,395**
Total liabilities		**12,620**	**13,930**
Total equity and liabilities		**14,540**	**20,480**
Net current assets		**1,046**	**395**
Total assets less current liabilities		**12,300**	**17,085**

Approved and authorised for issue by the board of directors on 24 February 2015.

Vladislav A. Soloviev
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 34 to 128.

	Note	31 December 2014 USD million	31 December 2013 USD million
ASSETS			
Non-current assets			
Investments in subsidiaries	20	21,688	15,047
Total non-current assets		**21,688**	**15,047**
Current assets			
Other receivables	23	1,839	15
Cash and cash equivalents	24	13	247
Total current assets		**1,852**	**262**
Total assets		**23,540**	**15,309**
EQUITY AND LIABILITIES			
Equity	25		
Share capital		152	152
Reserves		10,165	3,431
Total equity		**10,317**	**3,583**
Non-current liabilities			
Loans and borrowings	26	7,810	7,795
Total non-current liabilities		**7,810**	**7,795**
Current liabilities			
Loans and borrowings	26	1,146	1,577
Trade and other payables	30	2,638	744
Other current liabilities	34(c)	1,629	1,610
Total current liabilities		**5,413**	**3,931**
Total liabilities		**13,223**	**11,726**
Total equity and liabilities		**23,540**	**15,309**
Net current liabilities		**(3,561)**	**(3,669)**
Total assets less current liabilities		**18,127**	**11,378**

Approved and authorised for issue by the board of directors on 24 February 2015.

Vladislav A. Soloviev
Chief Executive Officer

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 34 to 128.

	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 2014		**152**	**(1)**	**15,786**	**2,740**	**(4,518)**	**(7,609)**	**6,550**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**293**	**293**
Other comprehensive income for the year		**-**	**-**	**-**	**(68)**	**(4,853)**	**-**	**(4,921)**
Total comprehensive income for the year		**-**	**-**	**-**	**(68)**	**(4,853)**	**293**	**(4,628)**
Share-based compensation	25(b)	-	-	-	(2)	-	-	(2)
Balance at 31 December 2014		**152**	**(1)**	**15,786**	**2,670**	**(9,371)**	**(7,316)**	**1,920**
Balance at 1 January 2013 (restated)		**152**	**(1)**	**15,787**	**2,747**	**(3,666)**	**(4,287)**	**10,732**
Loss for the year		**-**	**-**	**-**	**-**	**-**	(3,322)	(3,322)
Other comprehensive income for the year		**-**	**-**	-	(7)	(852)	-	(859)
Total comprehensive income for the year		**-**	-	**-**	**(7)**	**(852)**	**(3,322)**	**(4,181)**
Share-based compensation	25(b)		-	(1)	-	-	-	**(1)**
Balance at 31 December 2013		**152**	**(1)**	**15,786**	**2,740**	**(4,518)**	**(7,609)**	**6,550**

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 34 to 128.

	Note	Year ended 31 December	
		2014	**2013**
		USD million	**USD million**
OPERATING ACTIVITIES			
Profit/(loss) for the year		**293**	**(3,322)**
Adjustments for:			
Depreciation	9(b)	445	505
Amortisation	9(b)	14	15
Impairment of non-current assets and restructuring expenses	9(b)	103	1,919
Share-based compensation	25(b)	1	4
Impairment of trade and other receivables	6	4	5
Debtors write-off		-	12
Impairment of inventories	22	8	38
Provision/(reversal of provision) for legal claims	6	3	(11)
Tax provision	6	-	65
Pension provision/(reversal of pension provision)		4	(25)
Change in fair value of derivative financial instruments	7	487	12
Foreign exchange loss/(gain)		13	(51)
Loss on disposal of property, plant and equipment		10	16
Interest expense	7	847	775
Interest income	7	(30)	(22)
Income tax expense	8	238	81
Recycle of losses from other comprehensive income	17	-	234
Share of profits of associates	18	(884)	(84)
Share of (profits)/losses of joint ventures	19	(36)	551
Cash from operating activities before changes in working capital and provisions		**1,520**	**717**
Decrease in inventories		261	176
(Increase)/decrease in trade and other receivables		(32)	24
(Increase)/decrease in prepaid expenses and other assets		(2)	1
Decrease in trade and other payables		(236)	(338)
Decrease in provisions		(20)	(36)
Cash generated from operations before income tax paid		**1,491**	**544**
Income taxes paid	21(e)	(93)	(136)
Net cash generated from operating activities		**1,398**	**408**

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 34 to 128.

	Note	Year ended 31 December	
		2014	**2013**
		USD million	**USD million**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		37	30
Interest received		28	15
Acquisition of property, plant and equipment		(465)	(538)
Dividends from associates		884	803
Dividends from joint ventures	19	42	63
Acquisition of intangible assets	16	(14)	(15)
Proceeds from disposal of non-current asset available for sale	17	-	620
Changes in restricted cash	24	2	-
Net cash generated from investing activities		**514**	**978**
FINANCING ACTIVITIES			
Proceeds from borrowings		1,631	1,785
Repayment of borrowings		(2,271)	(2,250)
Refinancing fees and other expenses		(130)	(66)
Interest paid		(677)	(631)
Purchases of shares held for vesting		(1)	(2)
(Payments)/proceeds from settlement of derivative instruments		(452)	5
Net cash used in financing activities		**(1,900)**	**(1,159)**
Net increase in cash and cash equivalents		**12**	**227**
Cash and cash equivalents at beginning of the year	24	701	490
Effect of exchange rate fluctuations on cash and cash equivalents		(156)	(16)
Cash and cash equivalents at the end of the year	24	**557**	**701**

Restricted cash amounted to USD13 million and USD15 million at 31 December 2014 and 31 December 2013, respectively.

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 34 to 128.

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 44 Esplanade, St Helier, Jersey, JE4 9WG.

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 2014 and 31 December 2013 was as follows:

	31 December 2014	**31 December 2013**
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	0.25%	0.26%
Shares held for vesting	0.00%*	0.00%*
Publicly held	10.05%	10.04%
Total	**100%**	**100%**

* As at 31 December 2014 and 2013 the Group held 514,056 and 106,684 ordinary shares for LTIP, respectively (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 recent conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Ruble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

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.

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").

These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with 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 2014. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2014 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) 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.

(e) 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 2013.

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. 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 and other comprehensive 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 2014 and 2013.

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 2014 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,745 million (2013: USD3,227 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 2014

	Aluminium	**Alumina**	**Energy**	**Mining and Metals**	**Total segment result**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**
Revenue from external customers	7,823	612	3	-	8,438
Inter-segment revenue	162	1,267	-	-	1,429
Total segment revenue	**7,985**	**1,879**	**3**	**-**	**9,867**
Segment profit/(loss)	**1,330**	**(60)**	**(20)**	**-**	**1,250**
Impairment of non-current assets and restructuring expenses	(25)	(78)	-	-	**(103)**
Share of (losses)/profits of associates	-	(15)	-	899	**884**
Share of profits of joint ventures	1	-	35	-	**36**
			-	-	
Depreciation/amortisation	(365)	(85)	-	-	**(450)**
Non-cash (expense)/income other than depreciation	(17)	5	-	-	**(12)**
Additions to non-current segment assets during the year	257	195	5	-	**457**
Non-cash additions to non-current segment assets related to site restoration	-	12	-	-	**12**
Segment assets	7,919	1,675	28	-	**9,622**

Interests in associates	-	327	-	3,824	**4,151**
Interests in joint ventures	20	-	389	-	**409**
Total segment assets					**14,182**
Segment liabilities	(1,958)	(847)	(101)	-	**(2,906)**
Total segment liabilities					**(2,906)**

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)	-	105	**84**
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	-	7,801	**8,172**
Interests in joint ventures	18	-	567	-	**585**
Total segment assets					**20,277**
Segment liabilities	(1,744)	(957)	(2)	-	**(2,703)**
Total segment liabilities					**(2,703)**

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

	Year ended 31 December	
	2014	**2013**
	USD million	**USD million**
Revenue		
Reportable segment revenue	9,867	10,353
Elimination of inter-segment revenue	(1,429)	(1,623)
Unallocated revenue	919	1,030
Consolidated revenue	**9,357**	**9,760**

	Year ended 31 December	
	2014	**2013**
	USD million	**USD million**
Profit		
Reportable segment profit	1,250	253
Impairment of non-current assets and restructuring expenses	(103)	(1,919)
Share of profits of associates	884	84
Share of profits/(losses) of joint ventures	36	(551)
Recycle of losses from other comprehensive income	-	(234)
Finance income	30	51
Finance expenses	(1,361)	(787)
Unallocated expenses	(205)	(138)
Consolidated profit/(loss) before taxation	**531**	**(3,241)**

	31 December 2014	**31 December 2013**
	USD million	**USD million**
Assets		
Reportable segment assets	14,182	20,277
Elimination of inter-segment receivables	(165)	(336)
Unallocated assets	523	539
Consolidated total assets	**14,540**	**20,480**

	31 December 2014	**31 December 2013**
	USD million	**USD million**
Liabilities		
Reportable segment liabilities	(2,906)	(2,703)
Elimination of inter-segment payables	165	336
Unallocated liabilities	(9,879)	(11,563)
Consolidated total liabilities	**(12,620)**	**(13,930)**

(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	
	2014	**2013**
	USD million	**USD million**
Russia	1,793	1,926
Netherlands	1,553	2,788
Turkey	977	852
USA	888	611
Japan	871	523
South Korea	530	437
Poland	267	306
Greece	272	171
Norway	226	407
Italy	214	136
Sweden	182	219
France	179	144
Germany	164	110
China	91	203
Other countries	1,150	927
	9,357	**9,760**

	Specified non-current assets	
	31 December 2014	31 December 2013
	USD million	USD million
Russia	3,244	3,461
Ireland	355	339
Ukraine	227	254
Guyana	64	55
Armenia	51	55
Guinea	46	49
Unallocated	7,267	12,477
	11,254	**16,690**

5 Revenue

	Year ended 31 December	
	2014	2013
	USD million	USD million
Sales of primary aluminium and alloys	**7,823**	**8,159**
Third parties	*4,627*	*4,499*
Related parties – companies capable of exerting significant influence	*2,936*	*3,371*
Related parties – companies under common control	*226*	*241*
Related parties – associates	*34*	*48*
Sales of alumina and bauxite	**612**	**567**
Third parties	*377*	*342*
Related parties – companies capable of exerting significant influence	*235*	*225*
Sales of foil	**303**	**313**
Third parties	*291*	*306*
Related parties – companies under common control	*12*	*7*
Other revenue including energy and transportation services	**619**	**721**
Third parties	*530*	*554*
Related parties – companies capable of exerting significant influence	*26*	*23*
Related parties – companies under common control	*26*	*35*
Related parties – associates	*37*	*109*
	9,357	**9,760**

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 2014 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,745 million (2013: USD3,227 million).

6 Other operating expenses

	Year ended 31 December	
	2014	**2013**
	USD million	**USD million**
Impairment loss on trade and other receivables	(4)	(5)
(Provision)/reversal of provision for legal claims	(3)	11
Tax provision	-	(65)
Charitable donations	(13)	(14)
Other operating (expense)/income	(52)	6
	(72)	**(67)**

7 Finance income and expenses

	Year ended 31 December	
	2014	**2013**
	USD million	**USD million**
Finance income		
Interest income on third party loans and deposits	28	14
Interest income on loans to related parties – *companies under common control*	2	3
Net foreign exchange gain	-	29
Interest income on provisions	-	5
	30	**51**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(461)	(754)
Interest expense on bank loans wholly repayable after 5 years	(357)	-
Interest expense on company loans from related parties – *companies exerting significant influence*	(18)	-
Change in fair value of derivative financial instruments (refer to note 29)	(487)	(12)
Net foreign exchange loss	(27)	-
Interest expense on provisions	(11)	(21)
	(1,361)	**(787)**

8 Income tax

	Year ended 31 December	
	2014	2013
	USD million	USD million
Current tax		
Current tax for the year	149	181
Deferred tax		
Origination and reversal of temporary differences	89	(100)
Actual tax expense	**238**	**81**

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 12.5%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18% (for the period ended 31 December 2013 – 19%); Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 22% and Italy of 31.4%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2014 are 9.27% and 14.60% for different subsidiaries (31 December 2013: 9.33% and 14.88%). For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2014 were the same as for the year ended 31 December 2013 except as noted above.

	Year ended 31 December			
	2014		2013	
	USD million	%	USD million	%
Profit/(loss) before taxation	**531**	**100**	**(3,241)**	**100**
Income tax at tax rate applicable to the tax residence of the Company	66	13	(405)	13
Effect of different income tax rates	94	18	(137)	4
Financial expenses non-deductible for tax purposes	66	13	81	(3)
Effect of changes in investment in Norilsk Nickel	(67)	(13)	40	(1)
Effect of impairment of goodwill	-	-	50	(2)
Change in unrecognised deferred tax assets	42	7	338	(10)
Other non-deductible taxable items	37	7	114	(4)
Actual tax expense	**238**	**45**	**81**	**(3)**

9 Profit/(loss) for the year

Profit/(loss) for the year is arrived at after charging:

(a) Personnel costs

	Year ended 31 December	
	2014	**2013**
	USD million	**USD million**
Contributions to defined contribution retirement plans	207	246
Contributions to defined benefit retirement plans	5	9
Total retirement costs	212	255
Wages and salaries	795	869
Share-based compensation (refer to note 25(b))	1	4
	1,008	**1,128**

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	
	2014	**2013**
	USD million	**USD million**
Amortisation of intangible assets	14	15
Depreciation (net of amount included in inventories)	445	505
Impairment losses in respect of:		
- property, plant and equipment	96	1,222
- intangible assets	-	382
Restructuring expenses	-	315
Mineral restoration tax	26	31
Net increase in provisions	31	152
Auditors’ remuneration	7	7
Operating lease charges in respect of property	17	18
Cost of inventories (refer to note 22)	6,826	7,944

There were no restructuring expenses during the year ended 31 December 2014. As at 31 December 2013 restructuring expenses included inventories at closed plants in the amount of USD170 million, accounts receivable in amount of USD56 million, various redundancy payments in the amount of USD47 million, electricity and power costs in the amount USD18 million and USD12 million, respectively, and other expenses in the amount of USD12 million.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Year ended 31 December 2014		
	Directors' fees	**Salaries, allowances, benefits in kind and discretionary bonuses**	**Total**
	USD thousand	**USD thousand**	**USD thousand**
Executive Directors (i)			
Oleg Deripaska	-	1,761	1,761
Vladislav Soloviev	-	4,196	4,196
Vera Kurochkina	-	1,236	1,236
Stalbek Mishakov	-	3,294	3,294
Non-executive Directors			
Maksim Goldman	247	-	247
Dmitry Afanasiev	214	-	214
Len Blavatnik	198	-	198
Ivan Glasenberg	247	-	247
Gulzhan Moldazhanova	222	-	222
Ekaterina Nikitina	230	345	575
Olga Mashkovaskaya	214	-	214
Christophe Charlier (a)	119	-	119
Daniel Lesin Wolfe (b)	128	-	128
Maksim Sokov (c)	75	1,876	1,951
Independent Non-executive Directors			
Matthias Warnig (Chairman)	474	-	474
Nigel Kenny	272	-	272
Philip Lader	331	-	331
Elsie Leung Oi-Sie	255	-	255
Mark Garber	263	-	263
	3,489	**12,708**	**16,197**

a. Christophe Charlier resigned from his position as a member of the Board of Directors in June 2014.
b. Daniel Lesin Wolfe was appointed as a Non-executive Director in June 2014.
c. Maksim Sokov was redesignated from the Executive to a Non-executive Director in August 2014.
d. 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 2014 one-fifth of LTIP in relation to the eligible employees vested as follows:

	Number of shares awarded	**Number of shares vested on 21 November 2014**	**Value of share-based compensation vested USD thousand**
Vladislav Soloviev	1,311,629	262,326	226

Vera Kurochkina	354,346	70,869	61

	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**

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

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

g. 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.

h. Ekaterina Nikitina and Mark Garber were appointed as the members of the Board of Directors in June 2013.
i. Olga Mashkovskaya was appointed as a member of the Board of Directors in October 2013.
j. Barry Cheung Chun-Yuen resigned from his position as a member of the board of Directors in May 2013.
k. 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

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 the year ended 31 December 2013, 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	
	2014	**2013**
	USD thousand	**USD thousand**
Salaries and bonuses(*)	33,790	32,499

(*) Included in salaries and bonuses is remuneration in the form of shares of the Company for the years ended 31 December 2014 and 2013 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	
	2014	2013
	Number of individuals	Number of individuals
HK$34,000,001-HK$34,500,000 (US$4,350,001 – US$4,450,000)	1	-
HK$40,500,001-HK$41,000,000 (US$5,200,001 – US$5,300,000)	-	1
HK$45,500,001-HK$46,000,000 (US$5,900,001 – US$6,000,000)	1	-
HK$51,500,001-HK$52,000,000 (US$6,600,001 – US$6,700,000)	1	1
HK$62,000,001-HK$62,500,000 (US$8,000,001 – US$8,100,000)	-	1
HK$64,000,001-HK$64,500,000 (US$8,250,001 – US$8,350,000)	1	-
HK$65,500,001-HK$66,000,000 (US$8,400,001 – US$8,500,000)	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 2014 and 2013. The Company is subject to external capital requirements (refer to note 31(f)).

13 Profit/(loss) attributable to equity shareholders of the Company

The profit attributable to equity shareholders of the Company includes a profit of USD6,734 million for the year ended 31 December 2014 (2013: includes a loss of USD2,629 million) which relates to the financial statements of the Company.

14 Earning/(loss) per share

The calculation of earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2014 and 31 December 2013. Weighted average number of shares:

	Year ended 31 December	
	2014	2013
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(4,330,505)	(2,228,639)
Weighted average number of shares at end of the period	**15,188,684,357**	**15,190,786,223**
Profit/(loss) for the period, USD million	**293**	**(3,322)**
Basic and diluted earnings/(loss) per share, USD	**0.019**	**(0.219)**

There were no outstanding dilutive instruments during the years ended 31 December 2014 and 2013.

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 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**
Balance at 1 January 2014	3,785	6,088	2,121	167	668	1,598	14,427
Additions	1	1	143	2	12	318	477
Acquired through business combination	1	4	-	-	-	1	6
Disposals	(13)	(54)	(111)	(3)	(35)	(15)	(231)
Transfers	26	181	4	1	29	(241)	-
Foreign currency translation	(328)	(288)	(77)	(6)	(217)	(202)	(1,118)
Balance at 31 December 2014	**3,472**	**5,932**	**2,080**	**161**	**457**	**1,459**	**13,561**
Accumulated depreciation and impairment losses							
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**
Balance at 1 January 2014	2,103	4,410	1,719	149	647	1,232	10,260
Depreciation charge	77	221	160	7	3	-	468
Impairment loss	12	32	6	-	34	12	96
Disposals	(7)	(39)	(102)	(3)	(35)	-	(186)
Foreign currency translation	(287)	(208)	(135)	(6)	(215)	(179)	(1,030)
Balance at 31 December 2014	**1,898**	**4,416**	**1,648**	**147**	**434**	**1,065**	**9,608**
Net book value							
At 31 December 2013	**1,682**	**1,678**	**402**	**18**	**21**	**366**	**4,167**
At 31 December 2014	**1,574**	**1,516**	**432**	**14**	**23**	**394**	**3,953**

Depreciation expense of USD421 million (2013: USD478 million) has been charged to cost of goods sold, USD6 million (2013: USD8 million) to distribution expenses and USD18 million (2013: USD19 million) to administrative expenses.

During the years ended 31 December 2014 and 2013, 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 2014 and 2013 are advances to suppliers of property, plant and equipment of USD20 million and USD23 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.

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.

Based on results of impairment testing for the year 2014, management has concluded that no impairment loss relating to property, plant and equipment should be recognised in these financial statements.

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 and applicable discount rates.

Based on results of impairment testing for the year 2013, 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.

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, 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 USD96 million at 31 December 2014 (2013: 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)). 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 loan and swap agreements was USD600 million as at 31 December 2014 (31 December 2013: USD288 million under loan agreements), refer to notes 26 and 29.

(c) Net book value of properties

	31 December 2014	31 December 2013
	USD million	USD million
Owned and leased properties		
In the Russian Federation		
Freehold	1,404	1,505
short-term leases	22	22
medium-term leases	7	7
Outside the Russian Federation		
Freehold	141	148
	1,574	**1,682**
Representing		
Land and buildings	**1,574**	**1,682**

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 2014 and 31 December 2013, 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 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**
Balance at 1 January 2014	3,846	523	4,369
Additions	-	14	14
Disposals	-	(2)	(2)
Foreign currency translation	(916)	(7)	(923)
Balance at 31 December 2014	**2,930**	**528**	**3,458**
Amortisation and impairment losses			
Balance at 1 January 2013	(67)	(408)	(475)
Impairment	(382)	-	(382)
Amortisation charge	-	(15)	(15)
Balance at 31 December 2013	**(449)**	**(423)**	**(872)**
Balance at 1 January 2014	(449)	(423)	(872)
Amortisation charge	-	(14)	(14)
Balance at 31 December 2014	**(449)**	**(437)**	**(886)**
Net book value			
At 31 December 2013	**3,397**	**100**	**3,497**
At 31 December 2014	**2,481**	**91**	**2,572**

(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 2014, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2013 and performed an impairment test for goodwill at 31 December 2014 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.6 million metric tonnes of primary aluminium, of 7.4 million metric tonnes of alumina and of 12.4 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 USD2,010 per tonne for primary aluminium in 2015, USD2,127 in 2016, USD2,203 in 2017, USD2,270 in 2018, USD2,313 in 2019. 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 RUB59.6 for one USD in 2015, RUB55.6 in 2016, RUB53.2 in 2017, RUB51.2 in 2018, RUB49.3 in 2019. Inflation of 4.9% – 11.8% in RUB and 1.5% - 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 16.2%;
- A terminal value was derived following the forecast period assuming a 2.1% 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 a decrease in the recoverable amount by 17% and would not lead to an impairment;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 5% decrease in the recoverable amount and would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 6% decrease in the recoverable amount and would not lead to an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2014.

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 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 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.

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

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

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	
	2014	2013
	USD million	USD million
Balance at the beginning of the year	8,175	9,673
Group's share of profits and other gains and losses attributable to associates	884	84
Dividends	(932)	(845)
Group's share of other comprehensive income	1	(17)
Foreign currency translation	(3,975)	(720)
Balance at the end of the year	**4,153**	**8,175**
Goodwill included in interests in associates	2,863	4,801

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

The summary of the consolidated financial statements of associates for the year ended 31 December 2014 is presented below:

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Non-current assets	5,004	10,154	493	676	2	-
Current assets	1,653	5,941	37	190	-	-
Non-current liabilities	(2,039)	(7,331)	(111)	(269)	-	-
Current liabilities	(794)	(2,850)	(92)	(455)	-	-
Net assets	**3,824**	**5,914**	**327**	**142**	**2**	-

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Revenue	3,403	12,234	153	766	-	-
Profit/(loss) from continuing operations	899	3,240	(14)	4	-	-
Other comprehensive income	(3,945)	(5,150)	(30)	(13)	-	-
Total comprehensive income	**(3,046)**	**(1,910)**	**(44)**	**(9)**	**-**	**-**

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

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Non-current assets	8,707	12,289	563	711	2	-
Current assets	1,806	6,492	37	231	-	-
Non-current liabilities	(1,959)	(6,325)	(124)	(269)	-	-
Current liabilities	(753)	(2,706)	(105)	(521)	-	-
Net assets	**7,801**	**9,750**	**371**	**152**	**2**	-

	OJSC MMC Norilsk Nickel		**Queensland Alumina Limited**		**Other**	
	Group share	**100%**	**Group share**	**100%**	**Group share**	**100%**
Revenue	3,196	11,489	168	838	-	-
Profit/(loss) from continuing operations	105	765	(21)	(26)	-	-
Other comprehensive income	(675)	(958)	(61)	(20)	(1)	-
Total comprehensive income	**(570)**	**(193)**	**(82)**	**(46)**	**(1)**	**-**

(a) OJSC MMC Norilsk Nickel

The carrying value and market value of the Group's investment in Norilsk Nickel as at 31 December 2014 and 31 December 2013 were as follows:

	31 December 2014	**31 December 2013**
	USD million	**USD million**
Carrying value	3,824	7,801
Market value (a)	6,388	7,261

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

The recoverable amount of the investment at 31 December 2014 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**	**2015**	**2016**	**2017**	**2018**	**2019**
Nickel	USD/tonne	19,499	21,067	22,039	22,600	21,753
Copper	USD/tonne	6,749	6,998	7,246	7,335	7,270
Platinum	USD/oz	1,365	1,524	1,626	1,664	1,670
Palladium	USD/oz	853	905	920	901	873

- Total production volume was based on existing production levels for 2013 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 RUB59.6 for one USD in 2015, RUB55.6 in 2016, RUB53.2 in 2017, RUB51.2 in 2018, RUB49.3 in 2019. Inflation of 4.9% – 11.8% in RUB and 1.5% - 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 16.7%.

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 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.

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 2014. 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 2014, as well as estimating the summarised 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	
	2014	**2013**
	USD million	**USD million**
Balance at the beginning of the year	585	1,156
Group's share of profits/(losses)	36	(551)
Adjustment for guarantee	-	100
Dividends	(43)	(63)
Foreign currency translation	(169)	(57)
Balance at the end of the year	**409**	**585**

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
VolkhOR	Incorporated	Cyprus, Russian Federation	1,000 shares, EUR1	50%	50%	Products for automotive market

Summary of the consolidated financial statements of joint venture – Group's effective interest for the year ended 31 December 2014 is presented below (all in USD million):

	LLP Bogatyr Komir and its trading companies	**BEMO project**	**Other**	**Total**
Non-current assets	239	472	43	754
Current assets	48	36	174	258
Non-current liabilities	(57)	(270)	(14)	(341)
Current liabilities	(51)	(565)	(172)	(788)
Net assets	**179**	**(327)**	**31**	**(117)**

	LLP Bogatyr Komir and its trading companies	**BEMO project**	**Other**	**Total**
Revenue	261	88	804	1,153
Profit from continuing operations	27	4	5	36
Other comprehensive income	(33)	(137)	1	(169)
Total comprehensive income	**(6)**	**(133)**	**6**	**(133)**

	LLP Bogatyr Komir and its trading companies	**BEMO project**	**Other**	**Total**
Cash and cash equivalents	8	14	41	63
Current financial liabilities	(19)	(534)	(14)	(567)
Non-current financial liabilities	(15)	(241)	(5)	(261)
Depreciation and amortisation	(20)	(21)	(3)	(44)
Interest income	-	1	-	1
Interest expense	(3)	(6)	(2)	(11)
Income tax expense or income	(10)	(3)	(2)	(15)

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/(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)

BEMO project

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.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium and power generation industries since 31 December 2013 and performed an impairment test for its investment in BEMO project at 31 December 2014.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BOGES were 17.2% and 21.5%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amounts 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.

As a result of impairment testing, no further impairment of investment in BEMO project or reversal of previously recorded impairment was identified by management.

At 31 December 2014, losses of USD375 million related to impairment charges at BoAZ have not been recognised because the Group's investment has already been fully written down to nil.

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.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BOGES were 15.5% and 18%, 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	
	2014	**2013**
	USD million	**USD million**
Unlisted shares, at cost	29,369	27,529
Less: impairment	(7,681)	(12,482)
	21,688	**15,047**

Details of the principal subsidiaries are set out in note 35 to the consolidated financial statements. The decrease in the amount of impairment loss arises due to reversal of impairment of investments in several subsidiaries in the aluminium segment as a result of improvement of market conditions.

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 2014**	**31 December 2013**	**31 December 2014**	**31 December 2013**	**31 December 2014**	**31 December 2013**
Property, plant and equipment	27	31	(569)	(534)	(542)	(503)
Inventories	42	38	(1)	(1)	41	37
Trade and other receivables	6	19	-	(1)	6	18
Derivative financial liabilities	33	4	(9)	(4)	24	-
Tax loss carry-forwards	29	134	-	-	29	134
Others	70	67	(86)	(82)	(16)	(15)
Deferred tax assets/(liabilities)	207	293	(665)	(622)	(458)	(329)
Set off of deferred taxation	(150)	(150)	150	150	-	-
Net deferred tax assets/(liabilities)	**57**	**143**	**(515)**	**(472)**	**(458)**	**(329)**

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

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)**

USD million	**1 January 2014**	**Recognised in profit or loss**	**Foreign currency translation**	**31 December 2014**
Property, plant and equipment	(503)	(39)	-	(542)
Inventories	37	4	-	41
Trade and other receivables	18	(12)	-	6
Derivative financial liabilities	-	24	-	24
Tax loss carry-forwards	134	(65)	(40)	29
Others	(15)	(1)	-	(16)
Total	**(329)**	**(89)**	**(40)**	**(458)**

Recognised tax losses expire in the following years:

	31 December 2014	31 December 2013
Year of expiry	**USD million**	**USD million**
From 6 to 10 years	20	117
From 2 to 5 years	9	17
	29	**134**

(c) Unrecognised deferred tax assets

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

	31 December 2014	31 December 2013
	USD million	**USD million**
Deductible temporary differences	692	665
Tax loss carry-forwards	529	545
	1,221	**1,210**

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 2014	31 December 2013
Year of expiry	**USD million**	**USD million**
Without expiry	440	412
From 6 to 10 years	66	104
From 2 to 5 years	20	27
Up to 1 year	3	2
	529	**545**

(d) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD1,249 million and USD2,127 million as at 31 December 2014 and 31 December 2013, 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 2014 USD million	31 December 2013 USD million
Net income tax payable/(receivable) at the beginning of the year	8	(2)
Income tax for the year	149	181
Income tax paid	(93)	(136)
Dividend withholding tax	(62)	(43)
Translation difference	24	8
	26	**8**
Represented by:		
Income tax payable	41	15
Prepaid income tax (note 23)	(15)	(7)
Net income tax recoverable	**26**	**8**

22 Inventories

	31 December 2014 USD million	31 December 2013 USD million
Raw materials and consumables	986	1,035
Work in progress	625	811
Finished goods and goods held for resale	680	708
	2,291	2,554
Provision for inventory obsolescence	(293)	(306)
	1,998	**2,248**

Inventories at 31 December 2014 and 31 December 2013 are stated at cost.

Inventory with a carrying value of USD3 million is pledged under existing secure bank loans at 31 December 2014 (31 December 2013: USD16 million), refer to note 26.

Inventory with a carrying value of USD123 million is pledged under existing trading contracts at 31 December 2014 (31 December 2013: USD113 million).

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

	Year ended 31 December	
	2014 USD million	2013 USD million
Carrying amount of inventories sold	6,826	7,944
Write-down of inventories	(8)	38
Inventories included in restructuring expenses	-	170
	6,818	**8,152**

23 Trade and other receivables

The Group

	31 December 2014	31 December 2013
	USD million	USD million
Trade receivables from third parties	167	180
Impairment loss on trade receivables	(18)	(45)
Net trade receivables from third parties	**149**	**135**
Trade receivables from related parties, including:	**61**	**44**
Companies capable of exerting significant influence	*43*	*34*
Impairment loss	-	*(8)*
Net trade receivables from companies capable of exerting significant influence	*43*	*26*
Companies under common control	*14*	*5*
Related parties – associates	*4*	*13*
VAT recoverable	219	351
Impairment loss on VAT recoverable	(31)	(35)
Net VAT recoverable	**188**	**316**
Advances paid to third parties	85	134
Impairment loss on advances paid	(4)	(3)
Net advances paid to third parties	**81**	**131**
Advances paid to related parties, including:	**66**	**68**
Related parties – companies capable of exerting significant influence	*2*	-
Related parties – companies under common control	*3*	*2*
Related parties – associates	*61*	*66*
Prepaid expenses	**21**	**20**
Prepaid income tax	**15**	**7**
Prepaid other taxes	**27**	**19**
Other receivables from third parties	73	82
Impairment loss on other receivables	(14)	(25)
Net other receivables from third parties	**59**	**57**
Other receivables from related parties, including:	**19**	**20**
Related parties – companies under common control	*5*	*8*
Related parties – associates	*14*	*12*
	686	**817**

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 2014 amounted

USD4 million and USD29 million, respectively (31 December 2013: USD5 million and USD20 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 2014	31 December 2013
	USD million	USD million
Current	193	135
Past due 0-90 days	11	37
Past due 91-365 days	5	5
Past due over 365 days	1	2
Amounts past due	17	44
	210	**179**

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	
	2014	2013
	USD million	USD million
Balance at the beginning of the year	(53)	(42)
Impairment loss reversal	13	(13)
Uncollectible amounts written off	22	2
Balance at the end of the year	**(18)**	**(53)**

As at 31 December 2014 and 31 December 2013, the Group's trade receivables of USD18 million and USD53 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 2014	31 December 2013
	USD million	USD million
Other receivables	1,839	15

24 Cash and cash equivalents

The Group

	31 December 2014	31 December 2013
	USD million	USD million
Bank balances, USD	184	423
Bank balances, RUB	16	10
Bank balances, other currencies	39	39
Cash in transit	3	1
Short-term bank deposits	315	228
Cash and cash equivalents in the consolidated statement of cash flows	557	701
Restricted cash	13	15
	570	**716**

As at 31 December 2014 and 31 December 2013 included in cash and cash equivalents was restricted cash of USD13 million and USD15 million, respectively, pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A.

The Company

	31 December 2014	31 December 2013
	USD million	USD million
Cash and cash equivalents in the statement of financial position	13	247
	13	**247**

As at 31 December 2014 and 31 December 2013 included in cash and cash equivalents was restricted cash of USD12 million and USD14 million, respectively.

25 Equity

(a) Share capital

	31 December 2014		31 December 2013	
	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

As at 31 December 2014 and 31 December 2013 the Group held 2,700,950 and 4,299,796 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 2014 the trustees acquired on the open market 1,750,886 shares (2013: 7,751,604 shares) and vested to eligible employees 2,006,218 shares in July and 1,343,514 shares in November (in July and November 2013 2,065,261 shares and 2,221,494 shares vested respectively). For the year ended 31 December 2014 and 31 December 2013, the Group recognised an additional employee expense of USD1 million and USD4 million in relation to the share based plans, respectively, with a corresponding change 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 2013	**152**	**6,060**	**6,212**
Net loss for the year	-	(2,629)	(2,629)
Balance at 31 December 2013	**152**	**3,431**	**3,583**
Balance at 1 January 2014	**152**	**3,431**	**3,583**
Net profit for the year	-	6,734	6,734
Balance at 31 December 2014	**152**	**10,165**	**10,317**

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 2014	**31 December 2013**
	USD million	**USD million**
Non-current liabilities		
Secured bank loans	8,651	8,691
Secured loans from related parties	196	-
	8,847	**8,691**
Current liabilities		
Secured bank loans	102	995
Unsecured bank loans	-	183
Secured loans from related parties	153	-
Accrued interest	48	56
	303	**1,234**

Terms and debt repayment schedule as at 31 December 2014

	TOTAL	2015	2016	2017	2018	2019	Later years
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Secured bank loans							
Variable							
USD – 3M Libor + 5.75% *	2,178	-	674	674	830	-	-
USD – 3M Libor + 6.9% *	940	-	-	120	120	370	330
EURO – 3M Euribor + 5.75%*	178	-	55	55	68	-	-
USD – 1Y Libor + 5.45%*	4,167	-	-	-	-	518	3,649
USD – 3M Libor + 4.5%	60	-	60	-	-	-	-
USD – 3M Libor + 6.5%	488	-	185	175	103	25	-
USD – 3M Libor + 4.15%	86	86	-	-	-	-	-
EUR – 3M Libor + 6.5%	128	-	43	38	38	9	-
RUB – Mosprime + 4%	178	13	55	55	55	-	-
USD – 3.35% + cost of funds	3	3	-	-	-	-	-
Fixed							
RUB – 10.9%*	347	-	-	-	-	43	304
	8,753	**102**	**1,072**	**1,117**	**1,214**	**965**	**4,283**
Secured company loans							
Variable							
USD – 3M Libor + 4.95%	349	153	196	-	-	-	-
Total	**9,102**	**255**	**1,268**	**1,117**	**1,214**	**965**	**4,283**
Accrued interest	48	-	-	-	-	-	-
Total	**9,150**	**255**	**1,268**	**1,117**	**1,214**	**965**	**4,283**

*- including PIK margin

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

- 40% + 1 share of RUSAL Novokuznetsk
- 36% + 1 share of SUAL
- 50% + 2 shares of RUSAL Sayanogorsk
- 50% + 2 shares of RUSAL Bratsk
- 65% + 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 agreement with Glencore AG is secured by pledges of shares of the following Group companies

- 100% shares of Limerick Alumina Refining Limited
- 75% shares of Aughunish Alumina Limited.

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:

- property, plant and equipment, inventory, receivables with a carrying amount of USD526 million (31 December 2013: nil);
- inventory with a carrying value of USD3 million (31 December 2013: USD16 million).

As at 31 December 2014 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 USD9,346 million at 31 December 2014 (31 December 2013: USD10,018 million).

On 26 February 2014, the Group and Sberbank of Russia entered into an amendment agreement to the non-revolving credit facility agreement dated 1 December 2011 in order to increase the credit limit by RUB2.4 billion from RUB18.3 billion to RUB20.7 billion to allow the Group to fulfil its obligations under the put option of Ruble bonds issued by OJSC RUSAL Bratsk (series 07), which was due for repayment on 3 March 2014.

In February 2014 the Group entered into a facility agreement with Glencore AG for a prepayment facility of up to USD400 million for the supply of alumina from one of the Group's subsidiaries to Glencore AG for the period 2014-2016. Interest of 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 its 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 on or before 31 December 2016 in accordance with an agreed amortization schedule which commenced on 30 September 2014.

In February 2014 the Group entered into a new credit facility of RUB2 billion (USD56 million) with Moscow Credit Bank with a maturity of 1 year and an interest rate of 10.4% p.a.

In March 2014 the Group refinanced its credit facilities with Gazprombank in the amount of USD242.7 million and EUR74.7 million. The facilities bear interest at 3M LIBOR + 6.5% and with a maturity date of 5 years from drawdown.

In August 2014 the PXF Amendments relating to the refinancing of USD4.75 billion syndicated facility and USD400 million multicurrency credit facility were signed and became effective. Pursuant to the PXF Amendments, the two PXF facilities are now combined into a single facility agreement such facility agreement comprising:

- Tranche A amounting to USD2.56 billion is to be repaid in equal quarterly instalments starting from the 12 January 2016 with a final maturity date in December 2018.

Loans under tranche A bear interest at the rate of 3-month LIBOR plus margin (cash + PIK) based on Total Net Debt/EBIDTA ratio which is revised quarterly. Interest is to be paid quarterly.

Leverage Ratio Cash Margin

Greater than 4.5:1	4.50 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	4.25 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	4.00 per cent. per annum
Greater than 3:1 but less than or equal to 3.5:1	3.60 per cent. per annum
Less than or equal to 3:1	2.80 per cent. per annum

Leverage Ratio PIK Margin

Greater than 5:1	1.25 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.80 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.50 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	0.25 per cent. per annum
Less than or equal to 3.5:1	0 per cent. per annum

- A second tranche which is comprised of the refinanced tranche B under the 2011 PXF Facility Agreement amounting to USD1 billion is to be repaid in quarterly instalments commencing from 30 January 2017 with a final maturity date in December 2020. The first eight instalments will be in the amount of USD31.25 million and the remaining eight instalments will be in the amount of USD93.75 million. Loans under this second tranche will bear interest at a rate of 3-month LIBOR plus 5.65% per annum plus a PIK Margin determined in line with Tranche A and such amounts will be paid quarterly.

The relevant amendments to credit facilities with Sberbank of Russia (“Sberbank”) in line with the PXF Amendments were executed on 25 August 2014 (the “Sberbank Amendment Agreements”). According to Sberbank Amendment Agreements entered into between the Company as borrower and Sberbank, the maturity of the bilateral facility agreements with Sberbank (including: (a) a credit facility agreement dated 30 September 2010 for the amount of USD4,583 million, (b) credit facility agreement dated 30 September 2011 for the amount of USD453 million; (c) a non-revolving credit facility agreement dated 1 December 2011 for the amount of RUB20.7 billion) was extended by no more than 84 months from the date of execution of Sberbank Amendment Agreements. The repayments to be made thereunder will be made quarterly in equal instalments during the sixth and seventh years from the date of the execution of the relevant Sberbank Amendment Agreement.

During 2014 the Group made a scheduled repayment of principal under the USD4.75 billion syndicated facility in the amount of USD203 million. Additional principal repayments in total amount USD332 million, RUB815million (USD15 million) and EUR23 million (USD28 million) were made under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank and Gazprombank as prepayments.

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 inventory with a carrying value of USD16 million.

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 the 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 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 Sberbank financing agreement).

In September 2013 the Group drew down funds in amount of USD150 million under the 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 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 entered into several cross-currency swaps.

The Company

	31 December	
	2014	**2013**
	USD million	**USD million**
Non-current liabilities		
Secured bank loans	7,810	7,795
	7,810	**7,795**
Current liabilities		
Secured bank loans	-	811
Unsecured loans from related parties	1,067	711
Accrued interest	79	55
	1,146	**1,577**

Terms and debt repayment schedule as at 31 December 2014

	TOTAL	**2015**	**2016**	**2017**	**2018**	**2019**	**Later years**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Secured bank loans							
Variable							
USD – 1Y Libor + 5.45%*	4,167	-	-	-	-	518	3,649
USD – 3M Libor + 5.75%*	2,178	-	674	674	830	-	-
USD – 3M Libor + 6.9%*	940	-	-	120	120	370	330
EURO – 3M Euribor + 5.75%*	178	-	55	55	68	-	-
Fixed							
RUB – 10.9%*	347	-	-	-	-	43	304
	7,810	**-**	**729**	**849**	**1,018**	**931**	**4,283**
Unsecured loans from related parties							
Interest free	322	322	-	-	-	-	-
USD – 4.6%	745	745	-	-	-	-	-
	1,067	**1,067**	**-**	**-**	**-**	**-**	**-**
Accrued interest	79	79	-	-	-	-	-
Total	**8,956**	**1,146**	**729**	**849**	**1,018**	**931**	**4,283**

*- including PIK margin

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:

- 26.9% share of Norilsk Nickel.

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.

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.

On 25 February 2014 RUSAL Bratsk entered into a bond sale agreement for the purpose of selling up to 5,000,000 (five million) series 07 bonds which were expected to be bought back under a put-option on 3 March 2014. The selling price under the terms of bonds sale agreement was RUB998.356, or 99.8356% of the par value of each bond. Simultaneously United Company RUSAL Aluminium Limited entered into a put-option transaction which may be exercised for up to 5,000,000 (five million) series 07 bonds at a strike price which will be a function of the announced coupon rate, purchase price, tenor and the expected yield of the transaction, and is exercisable on 22 February 2016.

On 26 February 2014 cross-currency swap in relation to the first tranche expired.

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

On 3 March 2014 RUSAL Bratsk successfully performed its obligations under the terms of bondholders put-option. As result of the put-option being exercised RUB10,947,149 series 07 bonds (about 73% of the issue) were purchased back by the issuer.

As of 31 December 2014 6,462,455 series 07 bonds and 8,120,893 series 08 bonds were outstanding (traded in the market).The closing market price at 31 December 2014 was RUB963.4 and RUB964 per bond for the first and second tranches, respectively.

28 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
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***
Balance at 1 January 2014	116	491	12	68	100	787
Provisions made during the year	12	16	6	-	-	34
Provisions reversed during the year	-	-	(3)	-	-	(3)
Actuarial gain	(12)	-	-	-	-	(12)
Provisions utilised during the year	(10)	(7)	-	(3)	-	(20)
Foreign currency translation	(43)	(123)	-	-	-	(166)
Balance at 31 December 2014	**63**	**377**	**15**	**65**	**100**	**620**
Non-current	***57***	***354***	***-***	***35***	***61***	***507***
Current	***6***	***23***	***15***	***30***	***39***	***113***

(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 pay pension plan was wound up with effective date of 2 October 2013. After this date a liability of almost USD2 million remained, which was settled during 2014. In future the Group's pension plan will be of a Defined Contribution nature.

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 2014 and 2013 was 56,750 and 59,737, respectively. The number of pensioners as at 31 December 2014 and 2013 was 48,414 and 49,355, 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 2014	31 December 2013
	USD million	USD million
Current service cost	5	10
Past service costs recognised during the year	-	(1)
Interest cost	7	14
Actuarial expected return on plan assets	-	(5)
Curtailment/settlement	-	(34)
Net expense/(income) recognised in the statement of income	**12**	**(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 2014	31 December 2013
	USD million	USD million
Present value of defined benefit obligations	63	116
Unrecognised past service cost	-	-
Net liability in the statement of financial position	**63**	**116**

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

	31 December 2014	31 December 2013
	USD million	USD million
Net liability at beginning of the year	116	151
Net expense/(income) recognised in the statement of income	12	(16)
Contributions paid into the plan by the employers	(10)	(15)
Actuarial (gains)/losses charged directly to equity	(12)	2
Foreign currency translation	(43)	(6)
Net liability at end of the year	**63**	**116**

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

	31 December 2014	31 December 2013
	USD million	USD million
Present value of defined benefit obligations at beginning of the year	116	314
Service cost	5	9
Interest cost	7	14
Actuarial gains	(12)	(8)
Currency exchange losses	(43)	-
Contributions by employees	-	2
Benefits paid	(8)	(15)
Settlement and curtailment gain	(2)	(200)
Present value of defined benefit obligations at the end of the year	**63**	**116**

Movement in fair value of plan assets:

	31 December 2014	31 December 2013
	USD million	USD million
Fair value of plan assets at the beginning of the year	-	161
Actuarial expected return on plan assets	-	5
Contributions paid into the plans by the employers	10	15
Contributions paid into the plans by the employees	-	2
Benefits paid by the plan	(8)	(15)
Investment losses	-	(6)
Settlement and curtailment gain	(2)	(166)
Currency exchange gain	-	4
Fair value of plan assets at the end of the year	**-**	**-**

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

	Year ended 31 December	
	2014	**2013**
	USD million	**USD million**
Cumulative amount at beginning of the year	(24)	(26)
Recognised during the year	(12)	2
Cumulative amount at the end of the year	**(36)**	**(24)**

The Group expects to pay the defined benefit retirement plans an amount of USD6 million during the 12 month period beginning on 1 January 2015.

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 2014, 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 2014	**31 December 2013**
	% per annum	% per annum
Discount rate	11.7	7.7
Expected return on plan assets	N/A	N/A
Future salary increases	8.8	9.1
Future pension increases	7.0	5.5
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

As at 31 December 2014 and 31 December 2013 the Group's obligations were fully uncovered.

The Group has wholly unfunded plans.

(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 2014	**31 December 2013**
Timing of inflated cash outflows	2015: USD23 million	2014: USD18 million
	2016-2020: USD223 million	2015-2019: USD67 million
	2021-2031: USD159 million	2020-2030: USD439 million
	after 2031: USD119 million	after 2030: USD177 million
Risk free discount rate after adjusting for inflation (a)	2.63%	2.37%

(a) the risk free rate for the year 2013-2014 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 2014, 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 USD15 million (31 December 2013: USD12 million). The amount of claims, where management assesses outflow as possible approximates USD111 million (31 December 2013: USD175 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

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 (USD296 million) and is split between the Group and OJSC RusHydro in equal proportion.

29 Derivative financial assets/liabilities

	31 December 2014		31 December 2013	
	USD million		USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps	-	446	-	198
Petroleum coke supply contracts and other raw materials	45	-	22	22
Interest rate swaps	-	30	-	81
Cross-currency option on loan	-	166	-	-
Forward contracts for aluminium and other instruments	17	26	-	9
Total	**62**	**668**	**22**	**310**

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:

	2015	2016
LME Al Cash, USD per tonne	1,868	1,910
Platt's FOB Brent, USD per barrel	62	69
Forward exchange rate, RUB to USD	65.7180	74.6930
Forward 1Y LIBOR, %	0.65	0.91

The fair value of VTB Capital loan option is estimated using Black-Scholes model. As at 31 December 2014 the following assumptions were used:

Conversion rate, RUB to USD	32.8
Spot price, RUB to USD	60.74
Volatility, %	41.2
Risk free rate for RUB, %	16.09
Risk free rate for USD, %	0.21

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

	31 December	
	2014	2013
	USD million	USD million
Balance at the beginning of the period	(288)	(211)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(327)	(105)
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	(487)	(12)
Realised portion during the period	496	40
Balance at the end of the period	**(606)**	**(288)**

During the year 2014 there have been no changes in valuation techniques used to calculate the derivative financial instruments compared to prior year.

Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results for cross-currency swaps and cross-currency option on loan are particularly sensitive to changes in RUB/USD exhange rate forward curve. A 22% increase in RUB/USD exchange rate would result in USD139 million of additional loss. The results for other derivative instruments are not particularly sensitive to any factors.

Cross-currency option

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 3M Mosprime + 4.0% and drew down RUB10.1 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 31 December 2014 the Group's exposure under this option was USD166 million.

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 were 3 and 4 years, respectively. In February 2012 – August 2013 the Group entered into cross-currency swaps to convert RUB18.3 billion of 5 year rouble denominated credit facility into a USD denominated liability of USD598 million.

At 31 December 2014 the Group recognised a loss on part of the instruments as they were considered ineffective. The reasons for this were partial buy-back of bonds in relation to the second tranche, and change of maturity date for RUB18.3 facility as a result of refinancing.

The secured cross-currency swaps are secured by pledges of 11% shares in OJSC SUAL, 25.1% shares in Khakas Aluminium Smelter, 25% + 1 share in RUSAL Sayanogorsk, 15% shares in RUSAL Krasnoyarsk and USD246 million of the Group's property, plant and equipment.

Petroleum coke supply contracts and other raw materials

In May 2014, the Group entered into long-term petroleum coke supply contract where the price of coke is determined with reference to the LME aluminium price and average monthly aluminium quotations, namely of Aluminum MW US Transaction premium, MB Aluminium Premium Rotterdam Low - High» and Aluminum CIF Japan premium. The strike price for aluminium is set at USD1,809.65 per tonne while the strike aluminium quotations for US, Europe and Japan are set at USD403.956 per tonne, USD313.3 per tonne and USD366.0 per tonne, respectively.

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.

30 Trade and other payables

	31 December 2014 USD million	31 December 2013 USD million
Accounts payable to third parties	**454**	**623**
Accounts payable to related parties, including:	**51**	**112**
Related parties – companies capable of exerting significant influence	*24*	*37*
Related parties – companies under common control	*25*	*74*
Related parties – associates	*2*	*1*
Advances received	**169**	**300**
Advances received from related parties, including:	**405**	**164**
Related parties – companies capable of exerting significant influence	*404*	*161*
Related parties – companies under common control	-	*2*
Related parties – associates	*1*	*1*
Other payables and accrued liabilities	**138**	**152**
Other payable and accrued liabilities related parties, including:	**10**	**15**
Related parties – companies capable of exerting significant influence	*3*	*9*
Related parties – associates	*7*	*6*
Other taxes payable	**93**	**104**
Non-trade payables to third parties	**1**	**2**
	1,321	**1,472**

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 2014 USD million	31 December 2013 USD million
Due within twelve months or on demand	505	735

The Company

	31 December 2014 USD million	31 December 2013 USD million
Trade and other payables	2,638	744

31 Financial risk management and fair values

(a) Fair values

Management believes that the fair values of short-term 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 2014 was USD258 million (31 December 2013: USD910 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 shows the carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period, including their levels in the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

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.

The Group as at 31 December 2014

		Carrying amount					Fair value			
	Note	Designated at fair value	Fair value - hedging instrument	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	29	45	-	-	-	45	-	-	45	45
Forward contracts for aluminium and other instruments	29	17	-	-	-	17	-	-	17	17
		62	**-**	**-**	**-**	**62**	**-**	**-**	**62**	**62**
Financial assets not measured at fair value*										
Trade and other receivables	23	-	-	476	-	476	-	476	-	**476**
Cash and cash equivalents	24	-	-	570	-	570	-	570	-	**570**
		-	**-**	**1,046**	**-**	**1,046**	**-**	**1,046**	**-**	**1,046**
Financial liabilities measured at fair value										
Cross-currency swaps	29	-	(446)	-	-	(446)	-	-	(446)	(446)
Interest rate swaps	29	-	(30)	-	-	(30)	-	-	(30)	(30)
Cross-currency option	29	-	(166)	-	-	(166)	-	-	(166)	(166)
Forward contracts for aluminium and other instruments	29	(26)	-	-	-	(26)	-	-	(26)	(26)
		(26)	**(642)**	**-**	**-**	**(668)**	**-**	**-**	**(668)**	**(668)**
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	26	-	-	-	(9,150)	(9,150)	-	(8,603)	-	(8,603)
Unsecured bond issue	27	-	-	-	(257)	(257)	-	(258)	-	(258)
Trade and other payables	30	-	-	-	(747)	(747)	-	(747)	-	(747)
		-	**-**	**-**	**(10,154)**	**(10,154)**	**-**	**(9,608)**	**-**	**(9,608)**

* The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Group as at 31 December 2013

	Note	Carrying amount					Fair value			
		Designated at fair value	Fair value - hedging instrument	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	29	22	-	-	-	22	-	-	22	22
		22	**-**	**-**	**-**	**22**	**-**	**-**	**22**	**22**
Financial assets not measured at fair value*										
Trade and other receivables	23	-	-	572	-	572	-	572	-	**572**
Cash and cash equivalents	24	-	-	716	-	716	-	716	-	**716**
		-	**-**	**1,288**	**-**	**1,288**	**-**	**1,288**	**-**	**1,288**
Financial liabilities measured at fair value										
Cross-currency swaps	29	-	(198)	-	-	(198)	-	-	(198)	(198)
Petroleum coke supply contracts and other raw materials	29	(22)	-	-	-	(22)	-	-	(22)	(22)
Interest rate swaps	29	-	(81)	-	-	(81)	-	-	(81)	(81)
Forward contracts for aluminium and other instruments	29	(9)	-	-	-	(9)	-	-	(9)	(9)
		(31)	**(279)**	**-**	**-**	**(310)**	**-**	**-**	**(310)**	**(310)**
Financial liabilities not measured at fair value*										
Secured bank loans	26	-	-	-	(9,742)	(9,742)	-	(9,759)	-	(9,759)
Unsecured bank loans	26	-	-	-	(183)	(183)	-	(183)	-	(183)
Unsecured bond issue	27	-	-	-	(900)	(900)	-	(910)	-	(910)
Trade and other payables	30	-	-	-	(1,008)	(1,008)	-	(1,008)	-	(1,008)
		-	**-**	**-**	**(11,833)**	**(11,833)**	**-**	**(11,860)**	**-**	**(11,860)**

* The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Company as at 31 December 2014

		Carrying amount				Fair value			
	Note	**Fair value - hedging instrument**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Financial assets not measured at fair value*									
Trade and other receivables	23	-	1,839	-	1,839	-	1,839	-	1,839
Cash and cash equivalents	24	-	13	-	13	-	13	-	13
		-	**1,852**	**-**	**1,852**	**-**	**1,852**	**-**	**1,852**
Financial liabilities not measured at fair value*									
Secured bank loans	26	-	-	(7,845)	(7,845)	-	(7,298)	-	(7,298)
Unsecured company loans from related parties	26	-	-	(1,111)	(1,111)	-	(1,111)	-	(1,111)
Trade and other payables	30, 34(e)	-	-	(4,267)	(4,267)	-	(4,267)	-	(4,267)
		-	**-**	**(13,223)**	**(13,223)**	**-**	**(12,676)**	**-**	**(12,676)**

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Company as at 31 December 2013

	Note	Carrying amount				Fair value			
		Fair value - hedging instrument	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Financial assets not measured at fair value*									
Trade and other receivables	23	-	15	-	15	-	15	-	**15**
Cash and cash equivalents	24	-	247	-	247	-	247	-	**247**
		-	**262**	**-**	**262**	**-**	**262**	**-**	**262**
Financial liabilities not measured at fair value*									
Secured bank loans	26	-	-	(8,643)	(8,643)	-	(8,655)	-	(8,655)
Unsecured company loans from related parties	26	-	-	(729)	(729)	-	(729)	-	(729)
Trade and other payables	30, 34(e)	-	-	(2,354)	(2,354)	-	(2,354)	-	(2,354)
		-	-	**(11,726)**	**(11,726)**	**-**	**(11,738)**	**-**	**(11,738)**

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

(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 2014 and 2013, 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 2014		31 December 2013	
	Effective interest rate %	**USD million**	**Effective interest rate %**	**USD million**
Fixed rate loans and borrowings				
Loans and borrowings	8.50%-12.00%	748	5.09%-10.50%	5,081
		748		**5,081**
Variable rate loans and borrowings				
Loans and borrowings	3.27%-24.95%	8,755	2.57%-11.03%	5,870
		8,755		**5,870**
		9,503		**10,951**

The Group's fixed rate loans and borrowings for the year ended 31 December 2014 include a USD obligation of USD107 million bearing interest at 8.50% per annum. This obligation represent the hedged amount of rouble bonds (for detailed information, refer to note 27). Additionally, it includes a RUB18.3 billion credit facility, hedged with a cross-currency swap (for detailed information refer to note 29).

The Company

	31 December 2014		31 December 2013	
	Effective interest rate %	**USD million**	**Effective interest rate %**	**USD million**
Fixed rate loans and borrowings				
Loans and borrowings	0%-11.21%	1,414	0%-10.13%	1,261
		1,414		**1,261**
Variable rate loans and borrowings				
Loans and borrowings	6.24% - 7.70%	7,463	5.20%-6.01%	8,056
		7,463		**8,056**
		8,877		**9,317**

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 2014			
Basis percentage points	+100	(88)	71
Basis percentage points	-100	88	(71)
As at 31 December 2013			
Basis percentage points	+100	(59)	47
Basis percentage points	-100	59	(47)

(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	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Non-current assets	-	-	4	3	-	18	31	46
Trade and other receivables	-	1	202	230	37	49	16	48
Cash and cash equivalents	-	-	306	229	17	29	22	5
Derivative financial assets	-	-	45	22	-	-	-	-
Loans and borrowings	(178)	(254)	(525)	(493)	(306)	(391)	-	-
Provisions	-	-	(75)	(111)	(30)	(33)	(16)	(37)
Derivative financial liabilities	-	-	(1)	(22)	-	-	-	-
Income taxation	-	-	(12)	(2)	(1)	(1)	(7)	(12)
Trade and other payables	(2)	(1)	(314)	(399)	(42)	(66)	(69)	(102)
Net exposure arising from recognised assets and liabilities	**(180)**	**(254)**	**(370)**	**(543)**	**(325)**	**(395)**	**(23)**	**(52)**

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 2014		
		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	15%	(28)	(24)
Depreciation of USD vs. EUR	5%	(16)	(16)
Depreciation of USD vs. other currencies	5%	(1)	(1)

	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)

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.

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.

The Group

	31 December 2014 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	593	-	-	-	593	593
Trade and other payables to related parties	61	-	-	-	61	61
Bonds, including interest payable	164	119	-	-	283	257
Loans and borrowings, including interest payable	788	1,770	4,466	5,039	12,063	9,150
Guarantees	47	102	-	-	149	100
	1,653	**1,991**	**4,466**	**5,039**	**13,149**	**10,161**

	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**

The Company

	31 December 2014					
	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	2,635	-	-	-	2,635	2,635
Loans and borrowings, including interest payable	1,522	1,142	3,894	5,039	11,597	8,956
Other liabilities	1,629	-	-	-	1,629	1,629
	5,789	**1,142**	**3,894**	**5,039**	**15,864**	**13,223**

	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**

(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 2014 and 2013, the Group has certain concentrations of credit risk as 10.2% and 1.1% of the total trade receivables were due from the Group's largest customer and 13.0% and 2.3% 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.

Due to changes in IAS 32 there are no financial instruments that meet the offsetting criteria in the statement of financial position for the year ended 31 December 2014. Amount of USD 35 million related to recognised financial instruments that do not meet some or all of the offsetting criteria is included within financial assets and liabilities of the Group as at 31 December 2014.

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 USD1,215 million by the end of 2015 (31 December 2013: USD1,989 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 2014 and 31 December 2013 approximated USD319 million and USD258 million, respectively. These commitments are due over a number of years.

(b) Purchase commitments

Commitments with third parties for purchases of alumina, bauxite, other raw materials and other purchases in 2015-2034 under supply agreements are estimated from USD3,400 million to USD3,962 million at 31 December 2014 (31 December 2013: USD2,460 million to USD2,662 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties for purchases of alumina, bauxite and other raw materials in 2015-2017 under supply agreements are estimated USD262 million at 31 December 2014.

(c) Sale commitments

Commitments with third parties for sales of alumina and other raw materials in 2015-2020 are estimated from USD958 million to USD1,946 million at 31 December 2014 (31 December 2013: from USD706 million to USD737 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina in 2015-2019 approximated from USD852 million to USD1,324 million at 31 December 2014 (31 December 2013: from USD1,349 million to USD1,413 million).

Commitments with related parties for sales of primary aluminium and alloys in 2015-2021 are estimated to range from USD5,780 million to USD6,690 million at 31 December 2014 (31 December 2013: from USD4,930 million to USD5,566 million). Commitments with third parties for sales of primary aluminium and alloys at 31 December 2014 are estimated to range from USD923 million to USD1,144 million (31 December 2013: from USD783 million to USD848 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 2015-2017. The volume of sales commitments to Glencore for 2015 year under the agreement is specified and is estimated to be from USD1,973 to USD2,053 million.

(d) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2014 USD million	31 December 2013 USD million
Less than one year	5	5
Between one and five years	14	12
	19	**17**

(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 2014 is USD357 million (31 December 2013: USD345 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.

The new controlled foreign company (“CFC”) rules have been introduced in Russia starting from 1 January 2015. The rules apply to undistributed profits of non-Russian CFC controlled by Russian tax-resident shareholders. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 in relation to non-Russian affiliates of the Group where such shareholders directly or indirectly control more than 10% of those affiliates.

(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 2014 the amount of claims, where management assesses outflow as possible approximates USD111 million (31 December 2013: USD175 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion. 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 31 "Financial risk management and fair values". 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	
	2014	**2013**
	USD million	**USD million**
Salaries and bonuses	60	69
Share-based compensation	1	1
	61	**70**

(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, directors remuneration in note 10 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	
	2014	**2013**
	USD million	**USD million**
Purchases of raw materials – companies under common control	90	100
Purchases raw materials – companies capable of exerting significant influence	196	335
Purchases of raw materials – associates	27	-
Energy costs – companies under common control	537	641
Energy costs – companies capable of exerting significant influence	42	109
Energy costs – associates	-	4
Other costs – companies under common control	20	20
Other costs – associates	152	165
Distribution expenses - companies under common control	1	1
	1,065	**1,375**

Electricity contracts

The Group has indicated the intention to purchase electricity during the years 2015 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	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Volumes, KWh million	46,384	46,735	46,900	46,952	18,300	18,300
Estimated value, USD million	226	230	232	235	54	57

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	
	2014	**2013**
	USD million	**USD million**
Investments in subsidiaries	21,688	15,047
Trade and other receivables from related parties	1,839	15
Loans and borrowings from related parties	1,111	729
Trade and other payables to related parties	2,635	741
Other liabilities *(i)*	1,629	1,610

Included in other liabilities is a payable for 1,600 ordinary shares newly issued by one of the Company's subsidiaries - RTI Limited on 12 February 2010 and redeemable at the option of that subsidiary. The nominal value of the payable, which is repayable on demand not later 31 December 2017, is USD1,600 million. Upon initial recognition, the fair value of the payable amounting to USD1,057 million was determined at inception by discounting at applicable market interest rates. The carrying value of the payable balance as at 31 December 2014 is USD1,600 million (as at 31 December 2013: USD1,581 million).

The remainder of other liabilities represents a promissory note payable issued by the Company to its subsidiary - RTI Limited in amount of USD553 million, bearing zero interest and repayable on demand on or after 7 December 2013. 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. During 2012 and 2011 this promissory note was partly repaid in the amount of USD88 million and USD434 million, respectively. During 2013 this promissory note was assigned from RTI Limited to Rusal Limited in the deferred amount of USD29 million. The nominal value of the payable balance as at 31 December 2014 and 2013 is USD30 million.

(d) Related parties balances

At 31 December 2014, included in non-current assets and non-current liabilities are balances of related parties – companies under common control of USD35 million and balances of related parties – associates of USD61 million, respectively (31 December 2013: USD34 million and USD106 million).

(e) Pricing policies

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

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

(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 2014.

35 Particulars of subsidiaries

As at 31 December 2014 and 2013, 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
CJSC Khakas Aluminium Smelter	Russian Federation	23 July 2003	1,007,759,451,507 shares of RUB0.01 each	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	4,303,000,000 shares of RUB1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	100.0%	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	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
RFCL Sarl	Luxembourg	13 March 2013	6 shares of RUB100,000 each	100.0%	Finance services
Aktivium B.V.	Netherlands	28 December 2010	215,458,134,321 shares of RUB1 each	100.0%	Holding and investment company
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.

36 Immediate and ultimate controlling party

At 31 December 2014 and 2013, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. En+ is controlled by Fidelitas International Investments Corp. (a company incorporated in Panama) 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 International Investments Corp. None of these entities produce financial statements available for public use.

37 Events subsequent to the reporting date

There were no significant events subsequent to the reporting date.

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 5, Non-current Assets Held for Sale and Discontinued Operations: *Changes in method of disposal*	1 January 2016
Amendments to IFRS 9, Financial Instruments: *Classification and measurement models*	1 January 2018
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
IFRS 15, Revenue from Contracts with Customers	1 January 2017
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 19, Employee Benefits: *Discount rate: regional market issue*	1 January 2016
Amendments to IAS 27, Separate Financial Statements: *Equity Method in Separate Financial Statements*	1 January 2016

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 2014 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 86 of UC RUSAL's interim report for the six months ended 30 June 2014, 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 2014 to 31 December 2014.

The Board had generally endeavoured throughout the twelve-month period ended 31 December 2014 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 two occurrences (out of the twenty-four 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 both of those 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. On both occurrences, the written resolutions were supplemental to the approval of the matter which had been approved by previous Board meetings that had been held rather than an approval of a new transaction. In each case, the resolution was passed by the requisite majority excluding any of the materially interested Directors.

Of the thirteen Board meetings held in the twelve-month period ended 31 December 2014 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 at nine of the Board meetings held. Four Board meetings were held where one of the five independent non-executive Directors was absent from the meeting. Given the size of the Board and the amount of urgent business transacted by the Company where Directors and substantial shareholders have material interests, it is difficult to rearrange any scheduled Board meeting or postpone the discussion of such business in order to ensure all of the independent non-executive Directors are present. The Board meetings on those occasions were therefore proceeded with despite the fact that certain independent non-executive Directors were not able to attend but on each occasion most of the independent non-executive Directors (none of whom had disclosed material interests on any of those occasions) was 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 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. Daniel Lesin Wolfe (non-executive Director) and Ms. Olga Mashkovskaya (non-executive Director).

Material events since the end of the year

19 January 2015	UC RUSAL announced that construction of the "Centre for epidemic and microbiological research and treatment" in the Kindia administrative region of the Republic of Guinea had completed. The Centre will support Guinea's national health system and help fight the spread of the Ebola virus.
30 January 2015	UC RUSAL announced its operating results for the fourth quarter and full year 2014.

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

24 February 2015

As at the date of this announcement, the executive Directors are Mr. Oleg Deripaska, Ms. Vera Kurochkina, Mr. Vladislav Soloviev and Mr. Stalbek Mishakov, the non-executive Directors are Mr. Maxim Sokov, Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Daniel Lesin Wolfe, 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.