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UNITED COMPANY RUSAL PLC
(Incorporated under the laws of Jersey with limited liability)
(Stock Code: 486)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED
30 JUNE 2019**

The Board of Directors (the “**Board**”) of United Company RUSAL Plc (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019.

This announcement, containing the full text of the 2019 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

All announcements published by the Company are available on its website under the links <http://www.rusal.ru/en/investors/info.aspx> and <http://rusal.ru/investors/info/moex/>, respectively.



2019 Interim Report

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FINANCIAL AND OPERATING HIGHLIGHTS

<i>USD million (unless otherwise specified)</i>	For the six months ended	
	30 June	
	2019	2018
Revenue	4,736	4,997
Adjusted EBITDA	528	1,124
Adjusted EBITDA margin	11.1%	22.5%
Share of Profits of Associates and joint ventures	767	493
Pre-tax Profit	648	1,017
Net Profit	558	952
Net Profit margin	11.8%	19.1%
Adjusted Net (Loss)/Profit	(98)	535
Adjusted Net (Loss)/Profit margin	(2.1%)	10.7%
Recurring Net Profit	599	971
Recurring Net Profit margin	12.6%	19.4%
Profit per Share (USD)	0.0367	0.0627
	As at	As at
	30 June	31 December
	2019	2018
Total assets	17,319	15,777
Equity attributable to shareholders of the Company	6,236	5,209
Net Debt	7,520	7,442

CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present to you RUSAL's 2019 Interim report.

I am happy to report that following a rather challenging year, RUSAL has managed to move forward, prioritizing innovation and technological development whilst also focusing on the issues of sustainability and environmental protection that come hand in hand.

Developing a low-carbon footprint aluminium has been one of the Company's priorities, as we continue to pioneer new technology, which is focused on eliminating greenhouse gas emissions and will support our target of at least 95% renewable hydropower or other carbon free power generation by 2025.

As the Chairman of a Company with environmental protection driving our strategy, I am pleased to see a growing number of international corporations across a range of industries taking responsibility in the fight against climate change and understanding the impact they can have on the world. We welcome these changing attitudes and with RUSAL's low-carbon next-generation brand ALLOW – a cleaner, greener, sustainable aluminium brand, launched back in 2017, we are also trying to position ourselves at the forefront of industry efforts to move away from generating carbon emissions. The metal produced under the ALLOW brand is certified and independently verified as being within the declared carbon footprint level of 4 tonnes of CO₂ equivalent emissions per tonne of aluminium produced. This is quite an achievement considering the world average level is approximately three times more.

In late 2018, the Company decided to commit to the United Nations Strategic Plan for Forests, which would restore 350 million hectares of forests around the world by 2030 in response to the damaging effects of climate change. As part of this, we have been implementing a large-scale project to restore and protect forests, which aligns with our targets to reduce our carbon footprint. This project, called Green Million, involves planting more than 1 million trees in various parts of Russia, including the Irkutsk and Krasnoyarsk regions in Siberia, and putting measures in place to protect forests from fires and illegal logging.

Our sustainable initiatives were recently recognized by a study by Bloomberg Intelligence, which named RUSAL as the cleanest aluminium producer among the top five global aluminium producers, having reduced our carbon emissions by 53% in the period between 1990-2015. We are always working hard to further improve these statistics, but this is definitely a step in the right direction and is testament to our focus on clean energy.

CHAIRMAN'S LETTER

Achieving ambitious goals in sustainable performance requires a joint effort from the whole industry hence our focus on the multi-stakeholder partnership. I am proud to say that in June 2019, RUSAL's Managing Company and three production sites were successfully certified against the Aluminium Stewardship Initiative (ASI) Performance Standard and ASI Chain of Custody Standard. It is a voluntary initiative aimed at addressing sustainability standards throughout the aluminium value chain. This is an important milestone for RUSAL and further proves that we are committed to being a leading, responsible aluminium producer.

Another business focus for the Company has been its commitment to enforcing financial stability. During the first half of 2019, the Company made big strides towards improving and diversifying its debt structure. In April, RUSAL completed its first public issuance since the sanctions were removed. The high level of interest from investors allowed the Company to increase the size of the placement from RUB10.0 billion to RUB15.0 billion (c. USD230 million). In early July, the Company entered the market for the second time – placing another RUB15.0 billion local bond.

The Company's financial results in the first half of the year were significantly impacted by events over the past year including the OFAC sanctions, which were lifted on 27 January 2019. The short OFAC General License extensions impacted the sales structure: in the first quarter of 2019, sales of value added products ("VAP") decreased by 29%, resulting in reduced revenue and net profit. We will focus our efforts on restoring RUSAL's market position, including its share of VAPs, which are vital in order to mitigate the ongoing price uncertainty in the global aluminium market and continued US-China tensions.

In conclusion, I am pleased to say that in the first six months of 2019, the Company has made progress on its strategy on long-term development projects and innovative technologies, proved its commitment to environmental issues and strengthened relationships with end consumers. This is all thanks to RUSAL's management and employees.

Bernard Zonneveld

Chairman of the Board

9 August 2019

CEO'S LETTER

Despite the recent turbulent times for the Company, I am pleased to report that we are increasingly getting back on track. Faced with the imposition of OFAC sanctions and wider market volatility, this inevitably impacted our overall performance and financial results, however I have confidence in the Company's future, as RUSAL has remained loyal to its commitments and priorities despite all challenges.

Amidst the market volatility, RUSAL remained committed in its ability to fulfil its financial obligations and deliver a robust performance. As such, RUSAL's EBITDA increased by 33.6% in the second quarter of 2019 as compared to the first quarter of the year. This was due to a combination of skillful management and the lifting of sanctions.

Operationally, aluminium production in the second quarter increased marginally by 1%. The alumina production slightly fluctuated within the reporting period. The bauxite production increased by 10.7% in the second quarter of 2019, driven by seasonal accumulation of inventories on the North Urals and Timan mines.

The Company remains focused on increasing the sales of value added products (VAP) as one of its key priorities. Due to the OFAC sanctions, the growth of the VAP's share in the total sales mix has been challenged; however, we are committed to restoring and increasing the pre-sanctioned level, as we look forward to the upcoming "mating" season in the second half of the year. To do this, we are launching new products that can be used in a range of industries following the proven demand for these products on the global market. The automotive industry is the main driver for this growth.

The launch of new capacities announced in the first half of the year will also contribute to increase the VAP share in RUSAL's product line.

In March, RUSAL and RusHydro commissioned the first potline at the Boguchansky aluminium smelter (BoAZ), a part of the Boguchansky Energy and Metals Complex. The total capacity of the smelter achieved almost 300 thousand tonnes, including 120 thousand tonnes of VAP – casting alloys. It is of note that the Boguchansky aluminium smelter is one of the largest and most modern metal production facilities in Russia, which is testament to our investment case.

CEO'S LETTER

Once the first stage is completed, VAP will constitute up to 80% of total output of the Taishet aluminium smelter. During the first six months of the year, the Company continued to finance the construction of the smelter using Company's funds, further proof of the Company's adherence to its obligations and ethos. The first metal is scheduled for the end of 2020.

It is of note that the aluminium produced at the Taishet aluminium smelter is already partly contracted and will be supplied to the Braidy Atlas, a new rolling mill in Ashland, Kentucky. This joint project between RUSAL and Braidy Industries will become the lowest CO₂ emissions facility for end-to-end manufacturing in North America as well as the world's largest low-carbon rolled aluminium producer. This is in addition to the mill being titled as the first new greenfield aluminium mill in 37 years to be constructed in the United States. However most importantly, the project will be the first North American mill for RUSAL's independently certified, low-carbon aluminium brand ALLOW.

One of the Company's ongoing top priorities is the development of a sustainable resource base in order to ensure the self-sufficiency of all raw materials. In March, RUSAL obtained a license to develop the Goryachegorsk nepheline mine, which provides the raw materials for the Achinsk alumina refinery. The new field reserves will ensure uninterrupted operations at the site for dozens of years after mining operations have been completed at the currently exploited field - Kiya-Shaltyrskiy.

With all the uncertainties left behind, RUSAL remains well placed to seize opportunities in the aluminium market over the mid to long term perspective. Such perspective provides us with confidence for the future.

Evgenii Nikitin

Chief Executive Officer

9 August 2019

Overview of Trends in the Aluminium Industry and Business Environment

Aluminium demand

According to the JP Morgan Global Manufacturing PMI, global manufacturing activities experienced a steeper contraction in June, falling from 49.8 in May to an 80-month low of 49.4 in June (readings below 50 points indicate contraction). Conditions deteriorated across the board, with the Eurozone, China, and Japan all posting sharper declines, while the US grew at a 32-month-low rate.

Trade tensions continue to cause uncertainty in the market and suppress economic growth. While 1Q 2019 saw some optimism in the aluminium market, reflected in slight growth, 2Q 2019 was disappointing and harmed aluminium demand. The global primary aluminium demand was up by 1% in the 1H 2019 year-on-year to 33 million tonnes. ExChina demand was almost flat at 15 million tonnes and demand in China amounted to 18 million tonnes, or 1.4% year-on-year growth, same as the previous year.

In Europe, primary aluminium demand ensured there was minor growth to 4.8 million tonnes in 1H 2019. The European manufacturing PMI in June showed another month of contraction registering at 47.6, although the speed of slowdown has evened out compared to previous months in major economies like Germany (from 44.1 in March to 45.0 in June). Meanwhile, the European Central Bank recently announced the need for new measures to boost the economy which should boost demand for end-use aluminium.

In North America, primary aluminium demand slightly contracted by -0.6% to 3.4 million tonnes in 1H 2019. There was also a continued recession on construction volumes. Light vehicle production decreased by 3.6% year-on-year in January-May 2019, but started to show first signs of growth in May (+12% month-on-month, +1% year-on-year). The average age of light vehicles in operation in the United States has risen again to 11.8 years as consumers continue to hold onto cars and light trucks longer resulting in a positive outlook for car manufacturers in the near future. The ongoing light weighting process in car manufacturing keeps ABS shipments in double digit growth, while the extrusions and electrical conductor shipments show a negative trend.

MANAGEMENT DISCUSSION AND ANALYSIS

In South America, primary aluminium demand declined by 3.2% to 0.6 million tonnes mainly driven by the financial crisis in Argentina, which also negatively affected Brazilian automotive exports since Argentina was the largest sales market. Meanwhile, there are optimistic expectations about restoring the Brazilian automotive market (+3.1% month-on-month in May) on the back of growing internal demand together with strong improvements to manufacturing conditions in June which is expected to result in increased aluminium consumption in 2H 2019.

Asian primary aluminium demand grew by 1.2% to 1.1 million tonnes in India and insignificantly declined by 0.3% to 3.2 million tonnes in other parts of Asia ex. China in 1H 2019. Since the start of the year India lost its growth momentum mainly on the back of slower output and employment growth which lowered the manufacturing PMI to 52.1. While temporary factors like stress in the non-banking finance company sector could be the main driver for this slowdown, other structural problems might be taken into consideration by the new government. The Japanese economy continued to show signs of weakness strongly associated with lower exports amid the US-China trade war.

While domestic demand of primary aluminium decreased by 8.8% to 0.4 million tonnes in 1H 2019, we expect the market to recover in the following months. Russian industrial production growth rate decreased further to 2.4% year-on-year during January-May 2019 accompanied by a 3% contraction in housing construction. Automotive production increased at a lower pace of 3.1% year-on-year in the first four months of 2019. However, ongoing discussions between the Central Bank and the Ministry of Economics might result in concrete measures being put in place to support economic development in 2H 2019, for example by using financial resources received from increased VAT rate.

In China, the Caixin China manufacturing PMI declined to 49.4 in June from May's 50.2, falling into contraction, or below 50, for the first time in four months. While the property sector is still supporting economic growth with construction showing a 10.5% year-on-year growth, auto production and sales continued to decline for the eleventh straight month in May with a decline at 21.2% and 16.4% respectively. As a result, aluminum demand in China grew by just 1.4% in 1H 2019 year-on-year to 18 million tonnes. This was also distorted by seasonal factors.

Aluminum supply and inventories

Global aluminium production in 1H 2019 grew by 1% to 31.9 million tonnes including the rest of the world growth at 1.4% year-on-year to 13.9 million tonnes and in China at 0.4% growth year-on-year to 18 million tonnes for the same period. Overall, the global market was in deficit at 1.1 million tonnes during 1H 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

With regard to the cash cost curve, still around 12% of smelters in the rest of the world operate at loss despite a decline in alumina and carbon materials. Approximately 3.4 million tonnes of capacity outside of China operate with costs above current prices including around 1.5 million tonnes of independent non-integrated plants. Operating capacity growth in China during 1H 2019 was insignificant, operating capacity reached 36.6 million tonnes and was at almost the same level at end of 2018. Still, around 1.1 million tonnes of capacity remain closed due to low prices and new capacity ramping up at a slower pace.

In the first half of 2019, aluminum inventories at LME warehouses dropped below 1 million tonnes with overall decline of 284 thousand tonnes, compared to the beginning of this year. LME live warrants remain at the level of 640 thousand tonnes. Chinese regional stocks continued to decline steeply in June 2019 and fell 235 thousand tonnes in total during 1H 2019 to 1.05 million tonnes.

2019 Outlook

The global aluminium demand growth rate was weak in 1H 2019 as a result of economic challenges and uncertainty. We expect that global primary aluminium demand will rise by around 2% year-on-year in 2019 to 67.5 million tonnes, and the overall balance to be in deficit of around 0.7-0.8 million tonnes. But uncertainty in the market due to trade tensions between China and the U.S. coupled with a global contraction of manufacturing activity may negatively affect aluminium demand in 2H 2019.

Our Business

The principal activities of the Group are alumina refining, aluminium smelting and refining, bauxite and nepheline ore mining and processing, as well as sales of bauxite, alumina and various primary aluminium and secondary products. There were no significant changes in the Group's principal activities for the six months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and operating performance

The tables below provide key selected financial, production and other information for the Group.

	Three months ended		Three months ended	Six months ended	
	30 June		31 March	30 June	
	2019	2018	2019	2019	2018
Key operating data¹					
<i>('000 tonnes)</i>					
Primary aluminium	939	939	928	1,867	1,870
Alumina	1,918	1,924	1,932	3,850	3,816
Bauxite (wet)	4,242	3,320	3,831	8,073	6,280
Key pricing and performance data					
<i>('000 tonnes)</i>					
Sales of primary aluminium and alloys	1,082	783	896	1,978	1,748
<i>(USD per tonne)</i>					
Aluminium segment cost per tonne ²	1,674	1,672	1,633	1,655	1,679
Aluminium price per tonne quoted on the LME ³	1,793	2,259	1,859	1,826	2,209
Average premiums over LME price ⁴	146	156	100	125	165
Alumina price per tonne ⁵	362	522	387	374	452

¹ Figures based on total respective attributable output.

² For any period, "Aluminium segment cost per tonne" is calculated as aluminium segment revenue (excluding sales of third parties' metal) less aluminium segment results less amortisation and depreciation (excluding margin on sales of third parties' metal and alumina intersegment margin) divided by sales volume of the aluminium segment (excluding volumes of third parties' aluminium sold).

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Key selected data from the consolidated interim condensed statement of income

	Three months ended		Three months ended	Six months ended	
	30 June		31 March	30 June	
	2019	2018	2019	2019	2018
(USD million)					
Revenue	2,566	2,253	2,170	4,736	4,997
Cost of sales	(2,126)	(1,582)	(1,805)	(3,931)	(3,604)
Gross profit	440	671	365	805	1,393
Adjusted EBITDA	302	552	226	528	1,124
<i>margin (% of revenue)</i>	<i>11.8%</i>	<i>24.5%</i>	<i>10.4%</i>	<i>11.1%</i>	<i>22.5%</i>
Profit for the period	285	408	273	558	952
<i>margin (% of revenue)</i>	<i>11.1%</i>	<i>18.1%</i>	<i>12.6%</i>	<i>11.8%</i>	<i>19.1%</i>
Adjusted Net Profit/(Loss)					
for the period	5	218	(103)	(98)	535
<i>margin (% of revenue)</i>	<i>0.2%</i>	<i>9.7%</i>	<i>(4.7%)</i>	<i>(2.1%)</i>	<i>10.7%</i>
Recurring Net Profit	299	440	300	599	971
<i>margin (% of revenue)</i>	<i>11.7%</i>	<i>19.5%</i>	<i>13.8%</i>	<i>12.6%</i>	<i>19.4%</i>

Aluminium production

UC RUSAL produced 1.867 million tonnes of aluminum in the six months ended 30 June 2019, compared to 1.870 million tonnes in the same period of 2018. The output decreased by 3 thousand tonnes (-0.2%).

The value-added product volumes for the six months ended 30 June 2019 declined to 803 thousand tonnes from 869 thousand tonnes in the same period of 2018 in the aftermath of the OFAC Sanctions in 2018.

Alumina production

Alumina production increased by 0.9%, amounting to 3.850 million tonnes in the six months ended 30 June 2019, compared with 3.816 million tonnes for the six months ended 30 June 2018 mainly due to Friguia plant operation since May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Bauxite and nepheline ore productions

Bauxite production increased by 28.6% to 8.073 million tonnes for the six months ended 30 June 2019 from 6.280 million tonnes for the six months ended 30 June 2018 mainly due to: Dian-Dian mine operation since April 2018 and Friguia mine operation since May 2018.

Nepheline production decreased by 5.1% to 2.153 million tonnes for the six months ended 30 June 2019 from 2.269 million tonnes for the six months ended 30 June 2018. The reduction was in line with the AGK plant production output.

Foil and packaging productions

Aluminium foil and packaging material production by the Group's plants totaled 48.76 thousand tonnes for the six months ended 30 June 2019. There was a 0.1% increase from 48.73 thousand tonnes in the six months ended 30 June 2018. The decrease in Ural Foil and Armenal production volume was due to the decrease in thickness of foil.

Foil Mills (thousand tonnes)	Interest	Year ended 30 June		Change year-on-year (six months on six months)	
		1H 2019	1H 2018	dev	(%)
Domestic market (RF • CIS)		23.49	23.94	(0.45)	(2%)
Sayanal	100%	14.19	13.64	0.55	4%
including converted foil		4.61	5.02	(0.41)	(8%)
Ural Foil	100%	7.32	8.47	(1.15)	(14%)
Sayana Foil	100%	1.98	1.83	0.15	8%
Export		25.27	24.79	0.48	2%
Sayanal	100%	5.91	4.62	1.29	28%
Ural Foil	100%	4.02	3.73	0.29	8%
Armenal	100%	15.34	16.44	(1.10)	(7%)
Total production		48.76	48.73	0.03	0.1%

MANAGEMENT DISCUSSION AND ANALYSIS

Other business

UC RUSAL's output from its non-core business recorded the following results for the six months ended 30 June 2019 compared to the respective period in the previous year.

<i>Units – thousand tonnes</i>	Six months ended			Comments
	30 June			
Product	2019	2018	Change	
<i>Silicon</i>	26.6	28.8	(2.2)	The capacity reduction due to decline in market demand
<i>Aluminium Powders</i>	11.28	13.12	(1.84)	Decrease in demand in the Russian Federation due to the slower construction market
<i>Secondary alloys</i>	8.17	8.97	(0.8)	Inefficiency in alloy production and moving gross processing to the third parties

<i>Units – thousand wheels</i>	Six months ended			Comments
	30 June			
Product	2019	2018	Change	
<i>Aluminium wheels</i>	1,628.0	437.5	1,190.5	The Company is gradually increasing its capacity in wheels production. SKAD was acquired in April 2017 and K&K - in December 2018. Out of 1,628 thousand wheels produced during 1H 2019, SKAD contributed 502 thousand wheels and K&K – 1,126 thousand wheels

Coal production results

Coal production attributable to the Group's 50% share in LLP Bogatyr Komir, decreased by 3.9% to 10.513 million tonnes in the first half of 2019, compared with 10.940 million tonnes in the first half of 2018, largely due to a decreased demand in Kazakhstan.

Transportation results

The products transported by LLP Bogatyr Trans, of which the Company has a 50% share, decreased by 22.3% to 2.165 million tonnes in the first half of 2019 from 2.785 million tonnes in the first half of 2018, due to a decrease in demand in the Russian Federation and in Kazakhstan.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue	Six months ended 30 June 2019			Six months ended 30 June 2018		
	USD million	'000 t	Average sales price (USD/t)	USD million	'000 t	Average sales price (USD/t)
Sales of primary aluminium and alloys	3,877	1,978	1,960	4,059	1,748	2,322
Sales of alumina	340	791	430	447	953	469
Sales of foil and other aluminium products	205			170		
Other revenue ⁶	314			321		
Total revenue	4,736			4,997		

Revenue	Three months ended 30 June 2019			Three months ended 31 March 2019		
	USD million	'000 t	Average sales price (USD/t)	USD million	'000 t	Average sales price (USD/t)
Sales of primary aluminium and alloys	2,131	1,082	1,970	1,746	896	1,949
Sales of alumina	168	396	424	172	395	435
Sales of foil and other aluminium products	114			91		
Other revenue	153			161		
Total revenue	2,566			2,170		

Total revenue decreased by USD261 million, or 5.2% to USD4,736 million in the first six months of 2019 from USD4,997 million in the corresponding period of 2018.

Revenue for the second quarter of 2019 increased by 18.2%, to USD2,566 million as compared to USD2,170 million for the first quarter of the year. The key driver for the growth was 20.8% increase in aluminium sales volumes in the second quarter to 1,082 thousand tonnes as compared to 896 thousand tonnes for the previous quarter supported by the improvement in the sales mix with value-added products share in total sales increase to 38% in the reporting period as compared to 29% in first quarter of 2019.

⁶ Including energy and bauxite.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from sales of primary aluminium and alloys for the first six months of 2019 decreased by USD182 million, or by 4.5%, to USD3,877 million, as compared to USD4,059 million for the corresponding period in 2018, primarily due to 15.6% decrease in the weighted-average realized aluminium price per tonne (to an average of USD1,960 per tonne in the first six months of 2019 from USD2,322 per tonne in the first six months of 2018) driven by an decrease in the LME aluminium price (to an average of USD1,826 per tonne in the first six months of 2019 from USD2,209 per tonne in the first six months of 2018), which was partially offset by a 13.2% increase in primary aluminium sales volume.

Revenue from sales of alumina decreased by 23.9% to USD340 million in the first six months of 2019 from USD447 million in the corresponding period of 2018 primarily due a decrease in the sales volumes by 17.0% together with a decrease in the average sales price by 8.3%.

Revenue from sales of foil and other aluminium products increased by USD35 million, or by 20.6%, to USD205 million in the first six months of 2019, as compared to USD170 million for the corresponding period in 2018, primarily due to an increase in sales of aluminium wheels by USD40 million between the comparable periods.

Revenue from other sales, including sales of bauxite and energy services was almost flat between the comparable periods.

The table below shows the breakdown of the Group's revenues by geographic segment for the six months ended 30 June 2019 and 30 June 2018, showing the percentage of revenue attributable to each region:

	Six months ended 30 June			
	2019		2018	
	USD million	% of Revenue	USD million	% of Revenue
Europe	2,210	47%	2,192	44%
CIS	1,262	27%	1,469	29%
America	467	10%	674	14%
Asia	768	16%	651	13%
Other	29	–	11	–
Total	<u>4,736</u>	<u>100%</u>	<u>4,997</u>	<u>100%</u>

Note: Data based on location of customers, which may differ from the location of final consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The following table shows the breakdown of UC RUSAL's cost of sales for the six months ended 30 June 2019 and 30 June 2018 and for the three months ended 30 June 2019 and 31 March 2019:

	Six months ended		Change, year-on-year	Share of	Three months ended		Change, quarter- on- quarter	Share of
	30 June			costs,%	30 June	31 March		costs,%
	2019	2018		(Six months ended 30 June 2019)	2019	2019		(Three months ended 30 June 2019)
<i>(USD million)</i>								
Cost of alumina	352	458	(23.1%)	9.0%	171	181	(5.5%)	8.0%
Cost of bauxite	243	238	2.1%	6.2%	115	128	(10.2%)	5.4%
Cost of other raw materials and other costs	1,294	1,490	(13.2%)	32.9%	612	682	(10.3%)	28.8%
Purchases of primary aluminium from JV	198	129	53.5%	5.0%	122	76	60.5%	5.7%
Energy costs	1,116	1,129	(1.2%)	28.4%	562	554	1.4%	26.4%
Depreciation and amortization	263	237	11.0%	6.7%	142	121	17.4%	6.7%
Personnel expenses	259	300	(13.7%)	6.6%	118	141	(16.3%)	5.6%
Repairs and maintenance	136	35	288.6%	3.4%	89	47	89.4%	4.2%
Net change in provisions for inventories	(6)	(12)	(50.0%)	(0.2%)	(3)	(3)	0.0%	(0.1%)
Change in finished goods	76	(400)	NA	1.9%	198	(122)	NA	8.1%
Total cost of sales	<u>3,931</u>	<u>3,604</u>	<u>9.1%</u>	<u>100.0%</u>	<u>2,126</u>	<u>1,805</u>	<u>17.8%</u>	<u>100.0%</u>

Total cost of sales increased by USD327 million, or 9.1%, to USD3,931 million for the first six months of 2019, as compared to USD3,604 million for the corresponding period of 2018.

The increase was primarily driven by 13.2% increase in primarily aluminium sales volume, which was partially offset by depreciation of Russian Rouble against US dollar between the comparable periods.

Cost of alumina decreased to USD352 million for the first half of 2019 as compared to USD458 million for the same period of 2018 primarily due to the decrease in volumes of alumina purchased by 23.5% between the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 13.2% for the first half of 2019 compared to the same period of 2018, due to a decrease in raw materials purchase price (prices for the calcined petroleum coke by 8.2%, raw pitch coke by 8.7%, anode blocks by 19.5%, caustic soda by 37.6%).

Energy costs were almost flat between the first half of 2019 and 2018 as there was no significant fluctuation in the average electricity tariff (3.34 US cents per kWh for the first six months of 2019 as compared to 3.31 US cents per kWh for the same period of 2018).

The finish goods mainly consist of primary aluminium and alloys (app. 94%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates: 6.9% decrease in the first half of 2019 and 41.1% increase in the same period of 2018.

Distribution, administrative and other expenses

Distribution expenses increased by 16.2% to USD251 million in the six months of 2019 from USD216 million for the same period of 2018 following the growth in primarily aluminium sales volume between the comparable periods.

Administrative expenses, which include personnel costs, decreased by 19.6% to USD230 million in the first six months of 2019 from USD286 million for the corresponding period of 2018 primarily driven by depreciation of the Russian Ruble against the US dollar.

Gross profit

As a result of the foregoing factors, UC RUSAL reported a gross profit of USD805 million for the six months ended 30 June 2019 compared to USD1,393 million for the same period of 2018, representing a decrease in gross profit margin to 17.0% from 27.9% between the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Results from operations and Adjusted EBITDA

<i>(USD million)</i>	Six months ended		Change,
	30 June		year-on-year
	2019	2018	
Reconciliation of Adjusted EBITDA			
Results from operating activities	201	754	(73.3%)
Add:			
Amortization and depreciation	272	244	11.5%
Impairment of non-current assets	49	123	(60.2%)
Loss on disposal of property, plant and equipment	6	3	100.0%
Adjusted EBITDA	<u>528</u>	<u>1,124</u>	<u>(53.0%)</u>

Adjusted EBITDA, defined as results from operating activities adjusted for amortization and depreciation, impairment charges and loss on disposal of property, plant and equipment, decreased to USD528 million during the first six months of 2019, as compared to USD1,124 million for the corresponding period of 2018. The factors that contributed to the decrease in Adjusted EBITDA were the same that influenced the operating results of the Company.

Results from operating activities decreased in the six months of 2019 by 73.3% to USD201 million, as compared to USD754 million for the corresponding period of 2018, representing operating margins of 4.2% and 15.1%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance income and expenses

<i>(USD million)</i>	Six months ended		Change,
	30 June		year-on-year
	2019	2018	
Finance income			
Interest income on third party loans and deposits	17	9	88.9%
Interest income on loans to related party — companies related through parent company	1	1	0.0%
Change in fair value of derivative financial instruments, including:	7	106	(93.4%)
<i>Change in fair value of embedded derivatives</i>	<i>(5)</i>	<i>9</i>	<i>NA</i>
<i>Change in other derivatives instruments</i>	<i>12</i>	<i>97</i>	<i>87.6%</i>
	25	116	(78.4%)
Finance expenses			
Interest expense on bank and company loans, bonds and other bank charges, including:	(290)	(240)	20.8%
<i>Interest expense</i>	<i>(266)</i>	<i>(224)</i>	<i>18.8%</i>
<i>Bank charges</i>	<i>(24)</i>	<i>(16)</i>	<i>50.0%</i>
Interest expense on company loans from related parties — companies exerting significant influence	(2)	(1)	100.0%
Interest expense on provisions	(2)	(1)	100.0%
Net foreign exchange loss	(51)	(104)	(51.0%)
	(345)	(346)	(0.3%)

Finance income decreased by USD91 million, or 78.4% to USD25 million for the first six months 2019 compared to USD116 million for the same period of 2018 primarily due to the decrease in net profit from change in fair value of derivative financial instruments.

Finance expenses were almost flat between the comparable periods, primarily due to 20.8% increase in interest expense and other bank charges, which were offset by a 51.0% decrease in foreign exchange loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of profits of associates and joint ventures

<i>(USD million)</i>	Six months ended		Change, year-on-year
	30 June		
	2019	2018	
Share of profits of Norilsk Nickel, with Effective shareholding of	724 <i>27.82%</i>	458 <i>27.82%</i>	58.1%
Share of profits of associates	724	458	58.1%
Share of profits of joint ventures	43	35	22.9%

Share of profits of associates increased to USD724 million in the first six months of 2019 from USD458 million in the corresponding period of 2018. Share of profits of associates in both periods resulted primarily from the Company's investment in Norilsk Nickel.

The market value of UC RUSAL's stake in Norilsk Nickel was USD9,988 million as at 30 June 2019, as compared to USD8,286 million as at 31 December 2018.

The share of profits of joint ventures was USD43 million in the first six months of 2019 as compared to USD35 million for the same period of 2018. The Company's joint ventures include investments in BEMO, LLP Bogatyr Komir, Mega Business and Alliance (transportation business in Kazakhstan).

Profit before taxation and profit for the period

As a result of the foregoing factors, the Company's profit before taxation was USD648 million for the first six months of 2019, compared to USD1,017 million for the corresponding period of 2018.

Profit for the period comprised of USD558 million for the first half of 2019, compared to USD952 million for the same period of 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted and Recurring Net (Loss)/Profit

<i>(USD million)</i>	Six months ended		Change,
	30 June		year-on-year
	2019	2018	
Reconciliation of Adjusted Net (Loss)/Profit			
Profit for the period	558	952	(41.4%)
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, with	(697)	(436)	59.9%
Change in the fair value of derivative financial liabilities, net of tax (20%)	(8)	(104)	(92.3%)
Impairment of non-current assets, net of tax	49	123	(60.2%)
Adjusted Net (Loss)/Profit	<u>(98)</u>	<u>535</u>	NA
Add back:			
Share of profits of Norilsk Nickel, net of tax	697	436	59.9%
Recurring Net Profit	<u><u>599</u></u>	<u><u>971</u></u>	(38.3%)

Adjusted Net (Loss)/Profit for any period is defined as the Net Profit adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of derivative financial instruments and the net effect of impairment of non-current assets. Recurring Net Profit for any period is defined as Adjusted Net (Loss)/Profit plus the Company's net effective share in Norilsk Nickel's results.

MANAGEMENT DISCUSSION AND ANALYSIS

Segment reporting

The Group has four reportable segments, as described in the Annual Report, which are the Group's strategic business units: Aluminium, Alumina, Energy and 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.

	Six months ended 30 June			
	2019			2018
	Aluminium	Alumina	Aluminium	Alumina
<i>(USD million)</i>				
Segment revenue				
<i>kt</i>	1,941	3,808	1,697	3,714
<i>USD million</i>	3,786	1,297	3,920	1,324
Segment result	397	7	909	129
Segment EBITDA ⁷	573	67	1,070	183
Segment EBITDA margin	15.1%	5.2%	27.3%	13.8%
Capital expenditure	202	116	125	168

In the first half of 2019 and 2018, respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were 10.5% and 23.2% for the aluminium segment, and 0.5% and 9.7% for the alumina segment. Key drivers for the decrease in margin in the aluminium segment are disclosed in "Cost of sales" and "Results from operations and Adjusted EBITDA" above. Detailed segment reporting can be found in the consolidated interim condensed financial information included in this Interim Report.

⁷ Segment EBITDA for any period is defined as segment result adjusted for amortisation and depreciation for the segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Working capital

The following table sets forth the Group's current assets, current liabilities and working capital as at the dates indicated:

	As at 30 June 2019	As at 31 December 2018
<i>(USD million)</i>		
<i>Current Assets</i>		
Inventories	2,846	3,006
Trade and other receivables	1,275	1,102
Dividends receivable	532	–
Short-term investments	111	105
Derivative financial assets	20	9
Cash and cash equivalents	969	844
	5,753	5,066
Total current assets	5,753	5,066
<i>Current Liabilities</i>		
Loans and borrowings	987	914
Trade and other payables	1,552	1,274
Derivative financial liabilities	9	7
Provisions	47	59
Total current liabilities	2,595	2,254
Net current assets	3,158	2,812
Working Capital	2,569	2,834

The Group had a working capital of USD2,569 million as at 30 June 2019, down by 9.4% from USD2,834 million as at 31 December 2018. Inventories decreased by USD160 million, or 5.3%, to USD2,846 million as at 30 June 2019 from USD3,006 million as at 31 December 2018. This decrease was primarily due to partial sell down of surplus inventories of primary aluminum that were accumulated by the end of 2018 as a result of OFAC⁸ Sanctions⁹.

⁸ "OFAC" – The Office of Foreign Assets Control of the Department of Treasury of the United States of America.

⁹ "Sanctions" – on 6 April 2018, the OFAC added the Company to its Specially Designated Nationals List.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and other receivables increased by USD173 million, or 15.7%, to USD1,275 million at 30 June 2019 from USD1,102 million at 31 December 2018, due to the growth in trade receivables from third parties following the recovery of normal trading activity of the Company after the OFAC Sanctions lifting in January 2019.

Trade and other payables increased by USD278 million, or 21.8%, to USD1,552 million at 30 June 2019 from USD1,274 million at 31 December 2018 primarily due to the growth in advances received from the Group's main customers and partial restoration of trade finance lines.

Capital expenditure

UC RUSAL recorded capital expenditures (which constitute payments for the acquisition of property, plant and equipment and intangible assets) of USD353 million in the first half of 2019 (including pot rebuilds for USD61 million). UC RUSAL's capital expenditure for the six months ended 30 June 2019 was primarily aimed at maintaining existing production facilities.

The table below shows the breakdown of UC RUSAL's capital expenditure for the six months ended 30 June 2019 and 2018:

(USD million)	Six months ended 30 June	
	2019	2018
Development capital expenditure	148	201
Maintenance, including:		
Pot rebuilds costs	61	51
Re-equipment	144	165
Total capital expenditure	353	417

Loans and borrowings

The nominal value of the Group's loans and borrowings was USD6,532 million as at 30 June 2019, not including bonds, which amounted to an additional USD1,944 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is an overview of certain key terms of the selected facilities in the Group's loan portfolio as at 30 June 2019:

Facility/Lender	Principal amount outstanding as at 30 June 2019	Tenor/Repayment Schedule	Pricing
<i>Syndicated facilities</i>			
PXF facility	USD1.7 billion	Up to USD1.7 billion syndicated aluminium pre-export finance term facility – until 31 May 2022 equal quarterly repayments starting from July 2019	3 month LIBOR plus 2.5% p.a.
<i>Bilateral loans</i>			
Nordea Bank Abp	USD200 million	January 2021, bullet repayment at final maturity date	1 month LIBOR plus 2.4% p.a.
Sberbank loan	USD2.1 billion RUB142.2 billion	December 2024, quarterly repayments starting from March 2021	3 month LIBOR plus 3.75% p.a. 9.15%
<i>Bonds</i>			
Eurobond	USD592 million	February 2022, repayment at final redemption date	5.125% p.a.
Eurobond	USD491 million	May 2023, repayment at final redemption date	5.3% p.a.
Eurobond	USD498 million	February 2023, repayment at final redemption date	4.85% p.a.
RUB Bonds	RUB15 billion (equivalent USD233 million after cross-currency swap)	April 2029, repayment at final redemption date, subject to a bondholders' put option exercisable in April 2022	4.69% p.a. (after cross-currency swap)

The average maturity of the Group's debt as at 30 June 2019 was 3.1 years.

Security

As of the date of this Interim Report, the Group's debt (save for several unsecured loans and bonds) is secured, among others, by assignment of receivables under specified contracts, pledges of shares in certain non-operating companies, designated accounts, shares in Norilsk Nickel (representing a 25% plus 1 share of Norilsk Nickel's total nominal issued share capital).

MANAGEMENT DISCUSSION AND ANALYSIS

Debt Capital Markets

On 20 March 2019 the Group executed the put option under Panda bonds issuance (the first tranche) and redeemed bonds with notional value CNY680 million (USD101 million).

On 29 March 2019, RUSAL Bratsk announced a new coupon rate in respect of the series 08 bonds at the level of 0.01% per annum. On 10 April 2019, the Company exercised a put option on the outstanding RUB-denominated bonds series 08 and redeemed the bonds with notional value of RUB23.8 million.

On 4 April 2019, RUSAL Bratsk announced a new coupon rate in respect of the series BO-01 bonds at the level of 0.01% per annum. On 18 April 2019 the Company exercised a put option on the outstanding RUB-denominated bonds series BO-01 and redeemed the bonds with notional value of RUB3.8 billion.

On 29 April 2019, placement of the exchange-traded Rouble bonds of PJSC RUSAL Bratsk series BO-001P-01 in the amount of RUB15 billion with a coupon rate 9.0% was completed and the exchange-traded Rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years, subject to bondholders' put option exercisable in April 2022. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded Rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.

On 11 July 2019, placement of the exchange-traded Rouble bonds of PJSC RUSAL Bratsk series BO-001P-02 in the amount of RUB15 billion with a coupon rate 8.6% was completed and the exchange-traded Rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years, subject to bondholders' put option exercisable in January 2023. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded Rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3.5 years and the interest rate of 4.45%.

Ratings

On 26 March 2019, Fitch Ratings assigned to the Company a Long-Term Issuer Default Rating (IDR) of 'BB-'. The outlook is Stable.

On 8 April 2019, Moody's Investors Service Ltd assigned to the Company a corporate family rating of Ba3 and probability of default rating of Ba3-PD. The outlook is stable.

On 2 July 2019, China Chengxin Securities Rating Co., Ltd. has upgraded Company's corporate credit rating to AAA from AA+. The outlook is Stable.

Dividends

No dividends were recommended or approved by the Board of Directors during the first six months of 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

Cash flows

In the first half of 2019, the Company used net cash generated from operating activities of USD741 million to service its outstanding debt and capital expenditure requirements.

The following table summarizes the Company's cash flows for the six months ended 30 June 2019 and 2018:

<i>(USD million)</i>	Six months ended 30 June	
	2019	2018
Net cash generated from operating activities	741	400
Net cash used in investing activities	(329)	(469)
Net cash used in financing activities	(309)	(120)
Net increase/(decrease) in cash and cash equivalents	103	(189)
Cash and cash equivalents at beginning of period	801	814
Cash and cash equivalents at end of period	926	625

Net cash generated from operating activities increased to USD741 million in the first six months of 2019 from USD400 million for the corresponding period in 2018.

Net cash used in investing activities for the first six months of 2019 and 2018 totaled USD329 million and USD469 million, respectively, and was primarily represented by acquisition of property, plant and equipment in the amount of USD353 million and USD417 million, respectively.

Net cash used in the financing activities increased by USD189 million to USD309 million in the first half of 2019 from USD120 million in the corresponding period in 2018 due to the net debt repayments for the reporting period as compared to the net debt proceeds in the first half of 2018, as well as the net payments on settlements of derivatives in the first half of 2019 as compared to net proceeds on this item for the same period of the prior year.

Cash and cash equivalents

As at 30 June 2019 and 31 December 2018, cash and cash equivalents excluding restricted cash were USD926 million and USD625 million, respectively. Restricted cash amounted to USD43 million both at 30 June 2019 and 31 December 2018. Restricted cash primarily consists of the short-term bank deposits pledged under the current bank loans.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial ratios

Gearing

The Group's gearing ratio, which is the ratio of Total Debt (including both long-term and short-term borrowings and bonds outstanding) to total assets was 49.0% and 52.5% as at 30 June 2019 and 31 December 2018, respectively.

Return on Equity

The Group's return on equity, which is the amount of Net Profit as a percentage of total equity, was 8.9% and 19.3% as at 30 June 2019 and 30 June 2018, respectively.

Interest Coverage Ratio

The Group's interest coverage ratio, which is the ratio of earnings before interest and taxes to net interest, was 3.6 and 5.7 for the six months ended 30 June 2019 and 30 June 2018, respectively.

Quantitative and Qualitative Disclosures about Market Risk

The Group is exposed in the ordinary course of its business to risks related to changes in interest rates and foreign exchange rates. The Group's policy is to monitor and measure interest rate and foreign currency risks and to undertake steps to limit their influence on the Group's performance.

Interest Rate and Foreign Currency Risk

A description of the Group's interest rate and foreign exchange risks is set out on page 322, 324 of the 2018 Annual Report. The information on interest rate and foreign currency rate risk disclosed in the consolidated financial statements for the year ended 31 December 2018 remains relevant as at 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

The following table sets forth the aggregate average number of people (full time equivalents) employed by each division of the Group during the first half of 2018 and the first half of 2019 respectively.

Division	First half of 2018 ended 30 June 2018	First half of 2019 ended 30 June 2019
Aluminium	18,787	19,085
Alumina	21,259	22,208
Engineering and Construction	14,329	6,017
Energy	28	27
Packaging	2,132	2,125
Management	832	772
Technology and Process Directorate	1,335	1,382
Others	5,371	5,710
Total	64,073	57,326

Remuneration and benefit policies

The remuneration paid by the Group to an employee is based on his/her qualification, experience and performance, as well as the complexity of his or her job. Wages for employees are generally reviewed annually and are revised taking into account the performance assessment and the local labor market conditions. Under the current collective agreement, remuneration of employees of the Company's smelters is subject to an annual increase offsetting inflation, based on the official data on the minimal living wage of working population and the consumer price index published by the State Statistics Committee of the Russian Federation.

MANAGEMENT DISCUSSION AND ANALYSIS

UC RUSAL's Personnel Policy and the Corporate Code of Conduct govern the relationship between the Group and its staff. The Group's Corporate Code of Conduct strictly prohibits discrimination based on gender, race and/or religion and forbids any form of child, forced or indentured labor.

Labor relations

About 60% of the Group's employees are unionized and 95% of employees are covered by collective agreements.

More than ten smelters of the Company took part in the Industrial Competition "The Most Socially Effective Smelter of the Russian Mining and Metallurgical Complex" and ten of them won. RUSAL Krasnoyarsk, Boguchanskiy Aluminum Smelter became the winner in the nomination of "The Most Socially and Economically Effective Collective Agreement", RUSAL Bratsk, RUSAL Kamensk-Uralsky – in the nomination of "Personnel Development", RUSAL Sayanagorsk, RUSAL Sayanal, Shelekhov Branch of RUSAL Bratsk – in the nomination of "Health Protection and Safe Working Conditions" and RUSAL Novokuznetsk, RUSAL Achinsk, Shelekhov branch of Powders metallurgy business SUAL-PM – in the nomination of "Nature Protection Activity and Resource-Saving".

Changes to the organizational structure of the Company

In May 2019, the second stage of production started at Boguchanskiy Aluminum Plant, and it allowed to increase the aluminum production volume from 145,000 tonnes up to 290,000 tonnes per year.

Training Programs

In the first half of 2019, the corporate University held training and staff development programs in the following areas:

- Functional Academies;
- Obligatory and professional training;
- Succession planning;
- BS-250 Program;

MANAGEMENT DISCUSSION AND ANALYSIS

- BS-250 + Program; and
- E-learning.

Functional academies provided programs on major industries for the Group's employees, which include: technology, quality management, laboratory and metrology, energy, repair, health, environment, information technology and project management.

In relation to succession planning, a framework of modular programs is developed to improve employee's management skills, which include: internal and external communications, building strategic teams, corporate entrepreneurship, public appearances in the face of pressure and influence, focus on business results, persuasive communication, inspirational leadership, striving for improvement, and ensuring results.

Obligatory and professional training included:

- New requirements of the Standard ISO/IEC 17025:2017: Risk-based thinking and process approach in a laboratory;
- Development and implementation of the Foods Safety Management System based on the requirements of ISO 22000:2018, HACCP principles and internal auditing;
- Requirements of ISO 14001:2015;
- Application of statistical techniques by using MINITAB program; and
- Capacity market and commercial accounting in the Wholesale Market for Electricity and Power.

At the end of 2018, the BS-250+ Program was launched. BS-250+ is a continuation of the BS-250 Program implementation. It is implemented for the best high-potential Program's graduates, who during the BS-250 Program showed notable results, ready for relocation and further rotation within the Company.

The Program consists of three complex modules: Intermediate/Advanced/Expert. The content includes the theory and the solution of practical challenges.

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An internship program dubbed “New Generation” was launched in 2017 as part of the external talent pool development. The program mainly aims to rejuvenate the Company’s workforce by attracting young specialists with a high potential. During the last 6 months, the program attracted 64 participants.

In 2019, the Company continued the implementation of the “RUSAL Laboratory” project. During May 2019, the Laboratory was opened at the Volgograd State Technical University.

In order to enhance the prestige of the metallurgical and mining professions, RUSAL opened offices at the Siberian Federal University, at the Siberian State Industrial University, at the Volgograd State Technical University, at the Irkutsk National Research Technical University and at the Khakass Technical University during the application period. RUSAL representatives advised pupils and their parents the specialties and training areas in which job opportunities are present in the industry.

In 2019, the Company continued to scale the internship program for professors from the key universities. The Company plans to include more than 50 people in the program.

In summer 2019, 61 Guinean students graduated from Russian universities. They were assigned to RUSAL enterprises in Guinea. In 2018-2019, 98 Guinean students graduated from the preparatory faculty successfully. Now there are entrance examinations both for the bachelor program at universities and for the specialized secondary education program at technical colleges.

Audit Committee

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of UC RUSAL’s financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities assigned to the Audit Committee by the Board.

The Audit Committee consists of independent non-executive Directors. The members are as follows: four independent non-executive Directors, Mr. Maksim Poletaev (chairman), Dr. Elsie Leung Oi-sie, Mr. Kevin Parker and Mr. Dmitry Vasiliev.

The Audit Committee held five meetings in the first half of 2019. At the meeting on 6 March 2019, the Audit Committee reviewed the financial statements for the year ended 31 December 2018. At the meeting on 13 May 2019, the Audit Committee reviewed the financial results of the Company for the three months ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

On 8 August 2019, the Audit Committee held its sixth meeting of the year 2019. The Audit Committee considered matters regarding auditing and financial reporting, including the consolidated interim condensed financial information for the three- and six-month periods ended 30 June 2019. The Audit Committee is of the opinion that the consolidated interim condensed financial information for the three- and six-month periods ended 30 June 2019 complies with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

Contingencies

The Board has reviewed and considered contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 16 to the consolidated interim condensed financial information. For detailed information about contingent liabilities, please refer to note 16 of the consolidated interim condensed financial information. Details of the amounts of provisions are also disclosed in note 14 to the consolidated interim condensed financial information.

Business risks

In the 2018 Annual Report, the Company identified a number of business risks that affect its business. The Company has not identified any additional risks or uncertainties for the first six months or the remaining six months of the year 2019.

It is important to note that the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) lifted sanctions imposed on the Company on 27 January 2019 following an earlier notification submitted to the U.S. Congress on 19 December 2018.

Under the terms of their removal from OFAC's List of Specially Designated Nationals and Blocked Persons ("SDN List"), the Company has reduced Oleg Deripaska's direct and indirect shareholding stake in the Company and severed his control. This action ensures that the majority of Directors on the Company Board will be independent Directors – including U.S. and European citizens – who have no business, professional, or family ties to Deripaska or any other SDN. The Company has also agreed to unprecedented transparency for the Treasury into their operations by undertaking extensive, ongoing auditing, certification, and reporting requirements.

Thus, shareholders and potential investors of the Company are no longer exposed to the risks related to the OFAC sanctions due to the abovementioned OFAC decision dated 27 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Investments in subsidiaries

There were no other material acquisitions and disposals of subsidiaries for the six months ended 30 June 2019.

Details of the principal subsidiaries are set out in the financial statements for the year ended 31 December 2018 included in the Annual Report and save for the foregoing, there were no significant changes in the course of the half year ended 30 June 2019.

Interests in associates and joint ventures

The market value of UC RUSAL's stake in Norilsk Nickel was USD9,988 million as at 30 June 2019 compared to USD7,998 million as at 30 June 2018 and USD8,286 million as at 31 December 2018, due to volatility in market conditions.

For further information on interests in associates and joint ventures, please refer to note 10 to the consolidated interim condensed financial information.

Material events in the first half of 2019 and since the end of that period

28 January 2019	RUSAL announced that OFAC removed RUSAL from the SDN List.
	RUSAL announced resignation of the Chairman of the Board of Directors Jean-Pierre Thomas and independent non-executive Director Philippe Bernard Henri Mailfait.
8 February 2019	RUSAL announced its operating results for the 4Q 2018 and full year 2018.
15 February 2019	RUSAL announced changes in the Board of Directors. Sergei Popov resigned, while Evgeny Kuryanov was appointed executive Director of the Company. Maxim Poletaev, Randolph N. Reynolds, Kevin Parker, Christopher Burnham and Nick Jordan were appointed independent non-executive Directors of the Company.
7 March 2019	RUSAL announced its full results for the 4Q 2018 and full year 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

- 20 March 2019 The Group executed the put option under panda bonds issuance (the first tranche) and redeemed bonds with notional value CNY680 million.
- 26 March 2019 Fitch Ratings assigned to the Company a Long-Term Issuer Default Rating (IDR) of “BB-”. The outlook is Stable.
- 29 March 2019 RUSAL Bratsk announced a new coupon rate in respect of the series 08 bonds at the level of 0.01% per annum. On 10 April 2019, the Company exercised a put option on the outstanding RUB-denominated bonds series 08.
- 1 April 2019 RUSAL will plant over 1 million trees in 2019 as part of Russia’s largest ever reforestation program. The initiative will see 500,000 trees planted over an area of 120 hectares in the Krasnoyarsk region and a forest protection scheme for the Lower Yenisei forestry. An additional 500,000 trees will be planted by RUSAL in other regions later. RUSAL’s forestry program is a part of its climate strategy to reduce carbon footprint and contributes to the United Nations’ target to restore 350 million hectares of forests around the world by 2030 in response to the damaging effects of climate change.
- 8 April 2019 Moody’s Investors Service Ltd assigned to the Company a corporate family rating of Ba3 and probability of default rating of Ba3-PD. The outlook is stable.

MANAGEMENT DISCUSSION AND ANALYSIS

RUSAL Bratsk announced a new coupon rate in respect of the series BO-01 bonds at the level of 0.01% per annum. On 18 April 2019, the Company exercised a put option on the outstanding RUB-denominated bonds series BO-01.

15 April 2019

RUSAL and Braidy Industries announced an intent to construct a green field aluminium rolling mill in Ashland, Kentucky to produce flat rolled aluminium products for the US automotive industry. The design capacity of the rolling mill will amount to 500 thousand tonnes of hot rolled band and 300 thousand tonnes of fully finished cold rolled products on an annual basis. RUSAL will supply aluminium (both in slab alloys and as a primary metal) for the new rolling mill from its new Taishet aluminium smelter that is currently under construction in Siberia. The Braidy Atlas project will be the first North American mill to contract for RUSAL's third-party certified ALLOW-brand of low-carbon aluminium. In exchange for its USD200 million investment RUSAL will earn a 40% share.

29 April 2019

RUSAL announced placement of its 10-year Rouble-denominated bond with a three-year put option on the Moscow Exchange with the nominal value of RUB15 billion. Coupon rate of 9% p.a. was fixed at the lower level of the initial price guidance.

RUSAL published its Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

- 30 April 2019 RUSAL announced the appointment of Charles Brian Hesse as the Head of RUSAL America. Before joining RUSAL America, Brian Hesse was the vice president of sales and marketing for the Americas in Indian company Vedanta Limited, and prior to this – global sales director in one of the leading rolled products manufacturer, Aleris International. RUSAL is currently the second largest supplier of primary aluminium to America.
- RUSAL announced its operating results for the 1Q 2019.
- 14 May 2019 RUSAL announced its full results for the three months ended 31 March 2019.
- 21 May 2019 RUSAL received a license to develop Goryachegorsk nepheline mine in the Krasnoyarsk region, Russia, to provide raw material for the Achinsk alumina refinery. According to the initial analysis, the mine has sufficient reserves to ensure it is in operation for the next 60 years. The start of production is scheduled for 2028-2029. Currently, the Achinsk alumina refinery uses raw materials from the Kiya-Shaltyrskiy nepheline mine and Mazulskiy limestone mine which have enough reserves for 10 years.
- 3 June 2019 RUSAL announced the appointment of George English as the Technical Customer Support and Product Development Director. Prior to his appointment, George worked as a casthouse technical support manager at Pyrotek, a Washington-based engineering company. At RUSAL he will be responsible for leading the technical customer support team and the development of RUSAL's products to best-in-class levels. George will work within the Sales and Marketing department reporting to Roman Andryushin, RUSAL's Sales and Marketing Director.

MANAGEMENT DISCUSSION AND ANALYSIS

- 6 June 2019 At the St. Petersburg Economic Forum, RUSAL, the Federal Forestry Agency and the Government of the Irkutsk region signed an agreement to implement voluntary eco-friendly projects, which include planting at least 500 thousand trees on an area of 125 hectares in the Kirovskoye forestry. Such an initiative contributes to the Company's prior efforts where it has already planted 500 thousand trees in the Krasnoyarsk territory. In addition, as part of the program, RUSAL will be supervising 500 thousand hectares of reserve forests of the Lower Yenisei Forestry in the coming years.
- 20 June 2019 RUSAL held the Annual General Meeting in Hong Kong.
- 21 June 2019 RUSAL announced approval of the construction of the second phase of the Taishet Anode Plant. In 2019 the financing required for the second phase of the plant is expected to be approximately USD90 million.
- 25 June 2019 RUSAL's headquarters and three production sites – JSC "Boksit Timana" (bauxite mining), RUSAL Kamensk-Uralsky (alumina refining) and a branch of PJSC "RUSAL Bratsk" in Shelekhov (aluminium smelting, casthouse and alloys production) – have been successfully certified against the Aluminium Stewardship Initiative (ASI) Performance Standard and ASI Chain of Custody Standard. The Company aims to achieve certification of all its facilities in future. ASI certification aims at fostering better sustainability practices across the whole supply chain. The independent third-party audit of RUSAL was carried out by a Norwegian company, DNV GL.

MANAGEMENT DISCUSSION AND ANALYSIS

2 July 2019

RUSAL was upgraded to an AAA corporate credit rating (from an AA+ rating), with Stable outlook by China Chengxin Securities Rating Co., Ltd. (“CCXR”), China’s leading credit rating agency. The upgrade reflects RUSAL’s improved financial strength and outlook, alongside the Company’s stability in spite of adverse economic conditions. The stable outlook takes into account possible changes in economic or business fundamentals, indicating the medium to long-term trend of the Company’s credit rating.

5 July 2019

RUSAL announced an Extraordinary General Meeting to be held on 1 August 2019 in Hong Kong.

In furtherance of previously announced intent to enter into definitive transaction documents with Braidy Industries following the signing of the letter of intent on 13 April 2019, the Company signed definitive agreements that are in line with previously announced parameters. Within the package of the signed transaction agreements, there is a metal supply agreement for supply of approximately 200 thousand metric tonnes of metal to be delivered annually over 10 years once the rolling mill is constructed and launched into operations.

MANAGEMENT DISCUSSION AND ANALYSIS

- 11 July 2019 RUSAL announced the close of the book building process for the second placement of its 10-year Rouble-denominated bond with a 3.5 year put option on the Moscow Exchange with the nominal value of RUB15 billion. Coupon rate of 8.6% p.a. was fixed at the lower level of the initial price guidance. The coupon rate is record low for the Company. The volume was increased from the initially announced RUB10.0 billion to RUB15.0 billion.
- 26 July 2019 RUSAL announced its operating results for the 2Q 2019.
- 1 August 2019 RUSAL's shareholders approved at the extraordinary general meeting the Company's proposed continuance out of Jersey to the Russian Federation with the status of an International Company in the Russian Federation.

INDEPENDENT AUDITORS' REPORT

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

To the Board of Directors

United Company RUSAL Plc (*Incorporated in Jersey with limited liability*)

INTRODUCTION

We have reviewed the accompanying consolidated interim condensed statement of financial position of United Company RUSAL Plc (the "Company") and its subsidiaries (the "Group") as at 30 June 2019, and the related consolidated interim condensed statements of income and comprehensive income for the three- and six-month periods ended 30 June 2019 and the related consolidated interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2019, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of consolidated interim condensed financial information to be in compliance with the relevant provisions thereof and International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The directors are responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITORS' REPORT

BASIS FOR QUALIFIED CONCLUSION

We were unable to obtain and review consolidated interim condensed financial information of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"), supporting the Group's estimate of the share of profit of USD321 million and USD724 million for the three- and six-month periods ended 30 June 2019, respectively, other comprehensive income of USD nil million for both the three- and six-month periods ended 30 June 2019, the foreign currency translation gain of USD96 million and USD352 million for the three- and six-month periods ended 30 June 2019, respectively, and the carrying value of the Group's investment in the investee stated at USD3,640 million as at 30 June 2019. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2019 and for the three- and six-month periods ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Yerkozha Akylbek

JSC "KPMG"

Moscow, Russia

8 August 2019

CONSOLIDATED INTERIM CONDENSED STATEMENT OF INCOME

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 (unaudited) USD million	2018 (unaudited) USD million	2019 (unaudited) USD million	2018 (unaudited) USD million
Revenue	5	2,566	2,253	4,736	4,997
Cost of sales	6(a)	<u>(2,126)</u>	<u>(1,582)</u>	<u>(3,931)</u>	<u>(3,604)</u>
Gross profit		440	671	805	1,393
Distribution expenses	6(b)	(146)	(101)	(251)	(216)
Administrative expenses	6(b)	(104)	(136)	(230)	(286)
Impairment of non-current assets	6(b)	(24)	(74)	(49)	(123)
Net other operating income/ (expenses)	6(b)	<u>(38)</u>	<u>1</u>	<u>(74)</u>	<u>(14)</u>
Results from operating activities		128	361	201	754
Finance income	7	19	43	25	116
Finance expenses	7	(155)	(217)	(345)	(346)
Share of profits of associates and joint ventures	10	<u>340</u>	<u>255</u>	<u>767</u>	<u>493</u>
Profit before taxation		332	442	648	1,017
Income tax expense	8	<u>(47)</u>	<u>(34)</u>	<u>(90)</u>	<u>(65)</u>
Profit for the period		<u>285</u>	<u>408</u>	<u>558</u>	<u>952</u>
Attributable to Shareholders of the Company		<u>285</u>	<u>408</u>	<u>558</u>	<u>952</u>
Profit for the period		<u>285</u>	<u>408</u>	<u>558</u>	<u>952</u>
Earnings per share					
Basic and diluted earnings per share (USD)	9	<u>0.0188</u>	<u>0.0269</u>	<u>0.0367</u>	<u>0.0627</u>
Adjusted EBITDA	6(c)	<u>302</u>	<u>552</u>	<u>528</u>	<u>1,124</u>

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 (unaudited) USD million	2018 (unaudited) USD million	2019 (unaudited) USD million	2018 (unaudited) USD million
Profit for the period		285	408	558	952
Other comprehensive income					
<i>Items that will never be reclassified subsequently to profit or loss:</i>					
Actuarial (loss)/gain on post retirement benefit plans	14	(1)	3	(1)	3
		(1)	3	(1)	3
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Disposal of subsidiary		–	–	4	–
Change in fair value of cash flow hedges	15	(5)	–	(5)	–
Foreign currency translation differences on foreign operations		27	(56)	67	(67)
Foreign currency translation differences for equity-accounted investees	10	111	(438)	404	(404)
		133	(494)	470	(471)
Other comprehensive income or loss for the period, net of tax		132	(491)	469	(468)
Total comprehensive income or loss for the period		417	(83)	1,027	484
Attributable to:					
Shareholders of the Company		417	(83)	1,027	484

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

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		30 June	31 December
		2019	2018
		(unaudited)	
	Note	USD million	USD million
ASSETS			
Non-current assets			
Property, plant and equipment		4,534	4,421
Intangible assets		2,528	2,409
Interests in associates and joint ventures	10	4,315	3,698
Deferred tax assets		95	93
Derivative financial assets	15	37	33
Other non-current assets		57	57
		<hr/>	<hr/>
Total non-current assets		11,566	10,711
		<hr/>	<hr/>
Current assets			
Inventories		2,846	3,006
Short-term investments		111	105
Trade and other receivables	11(a)	1,275	1,102
Dividends receivable		532	–
Derivative financial assets	15	20	9
Cash and cash equivalents		969	844
		<hr/>	<hr/>
Total current assets		5,753	5,066
		<hr/>	<hr/>
Total assets		17,319	15,777
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		30 June 2019 (unaudited) USD million	31 December 2018 USD million
EQUITY AND LIABILITIES			
Equity	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,861	2,863
Currency translation reserve		(9,279)	(9,750)
Accumulated losses		(3,284)	(3,842)
Total equity		6,236	5,209
Non-current liabilities			
Loans and borrowings	13	7,502	7,372
Provisions	14	383	366
Deferred tax liabilities		498	502
Derivative financial liabilities	15	30	24
Other non-current liabilities		75	50
Total non-current liabilities		8,488	8,314
Current liabilities			
Loans and borrowings	13	987	914
Trade and other payables	11(b)	1,552	1,274
Derivative financial liabilities	15	9	7
Provisions	14	47	59
Total current liabilities		2,595	2,254
Total liabilities		11,083	10,568
Total equity and liabilities		17,319	15,777
Net current assets		3,158	2,812
Total assets less current liabilities		14,724	13,523

Approved and authorised for issue by the board of directors on 8 August 2019.

Evgenii V. Nikitin
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES OF EQUITY

	Share capital USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Accumulated losses USD million	Total equity USD million
Balance at 1 January 2019	<u>152</u>	<u>15,786</u>	<u>2,863</u>	<u>(9,750)</u>	<u>(3,842)</u>	<u>5,209</u>
Profit for the period (unaudited)	-	-	-	-	558	558
Other comprehensive income or loss for the period (unaudited)	-	-	(2)	471	-	469
Total comprehensive income for the period (unaudited)	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>471</u>	<u>558</u>	<u>1,027</u>
Balance at 30 June 2019 (unaudited)	<u><u>152</u></u>	<u><u>15,786</u></u>	<u><u>2,861</u></u>	<u><u>(9,279)</u></u>	<u><u>(3,284)</u></u>	<u><u>6,236</u></u>
Balance at 1 January 2018	152	15,786	2,847	(8,801)	(5,540)	4,444
Profit for the period (unaudited)	-	-	-	-	952	952
Other comprehensive income or loss for the period (unaudited)	-	-	3	(471)	-	(468)
Total comprehensive income for the period (unaudited)	<u>-</u>	<u>-</u>	<u>3</u>	<u>(471)</u>	<u>952</u>	<u>484</u>
Balance at 30 June 2018 (unaudited)	<u><u>152</u></u>	<u><u>15,786</u></u>	<u><u>2,850</u></u>	<u><u>(9,272)</u></u>	<u><u>(4,588)</u></u>	<u><u>4,928</u></u>

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2019	2018
		(unaudited)	(unaudited)
		USD million	USD million
OPERATING ACTIVITIES			
Profit for the period		558	952
<i>Adjustments for:</i>			
Depreciation	6	269	238
Amortisation	6	3	6
Impairment of non-current assets	6(b)	49	123
Impairment of trade and other receivables	6(b)	7	–
Reversal of impairment of inventories		(6)	(12)
Provision for legal claims	6(b)	10	–
(Reversal of)/pension provision		(8)	2
Change in fair value of derivative financial instruments	7	(7)	(106)
Net foreign exchange loss		67	30
Loss on disposal of property, plant and equipment	6(b)	6	3
Interest expense	7	294	242
Interest income	7	(18)	(10)
Income tax expense	8	90	65
Share of profits of associates and joint ventures	10	(767)	(493)
Cash from operating activities before changes in working capital and provisions		547	1,040
Decrease/(increase) in inventories		182	(424)
Increase in trade and other receivables		(187)	(103)
Decrease in prepaid expenses and other assets		–	7
Increase/(decrease) in trade and other payables		393	(77)
Decrease in provisions		(4)	(2)
Cash generated from operations before income tax paid		931	441
Income taxes paid		(190)	(41)
Net cash generated from operating activities		741	400

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	USD million	USD million
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	19	8
Interest received	16	9
Acquisition of property, plant and equipment	(337)	(404)
Acquisition of intangible assets	(16)	(13)
Cash received from/(paid for) other investments	3	(70)
Acquisition of a subsidiary	(25)	–
Dividends from associates and joint ventures	11	4
Changes in restricted cash	–	(3)
	<hr/>	<hr/>
Net cash used in investing activities	(329)	(469)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Proceeds from borrowings	695	1,799
Repayment of borrowings	(721)	(1,772)
Refinancing fees and other expenses	–	(6)
Interest paid	(274)	(237)
Settlement of derivative financial instruments	(9)	96
	<hr/>	<hr/>
Net cash used in financing activities	(309)	(120)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	103	(189)
Cash and cash equivalents at the beginning of the period	801	814
Effect of exchange rate changes on cash and cash equivalents	22	–
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	926	625
	<hr/> <hr/>	<hr/> <hr/>

Restricted cash amounted to USD43 million at 30 June 2019 and 31 December 2018.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

1 Background

(a) Organisation

United Company RUSAL Plc (the “Company” or “UC RUSAL”) was established by the controlling shareholder of RUSAL Limited 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 (“Hong Kong 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.

On 23 March 2015, the shares of the Company were admitted to listing on PJSC Moscow Exchange MICEX-RTS (“Moscow Exchange”) in the First Level quotation list. The trading of shares on Moscow Exchange commenced on 30 March 2015. There was no issue of new shares.

The Company has filed the application for the delisting of its global depository receipts (“GDSs”) with the Euronext Paris. The GDSs were delisted on 7 May 2018.

The Company’s registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands.

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

The shareholding structure of the Company as at 30 June 2019 and 31 December 2018 was as follows:

	30 June 2019	31 December 2018
EN+ GROUP IPJSC (“EN+”, formerly En+ Group Plc)	50.10%	48.13%
SUAL Partners Limited (“SUAL Partners”)	22.50%	22.50%
Zonoville Investments Limited (“Zonoville”)	4.00%	4.00%
Amokenga Holdings Limited (“Amokenga Holdings”)	6.78%	8.75%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	16.61%	16.61%
Total	100.00%	100.00%

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

At 30 June 2019 and 31 December 2018 the directors consider the immediate parent of the Group (the “Parent Company”) to be EN+, which was incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands. On 9 July 2019, the Parent Company changed its domicile to the Russian Federation with a registration as EN+ GROUP International public joint-stock company (EN+GROUP IPJSC). As at the date of this consolidated interim condensed financial information, the Parent Company’s registered office is Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

According to the information disclosed at the Stock Exchange of Hong Kong Limited Zonoville Investments Limited and SUAL Partners Limited are associates. Amokenga Holdings is ultimately controlled by Glencore International Plc. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik. As at 31 December 2018 ultimate beneficiary of EN+ was Mr. Oleg Deripaska. Based on publicly available information at the Company’s disposal at the date of these financial statements there is no individual that has an indirect prevailing ownership interest in the Company exceeding 25% or has an opportunity to exercise control over the Company.

Related party transactions are disclosed in note 17.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available at the Company’s website www.rusal.com.

(b) Seasonality

There are no material seasonal events in business activity of the Group.

(c) OFAC Sanctions

On 6 April 2018, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) designated, amongst others, the Company, as a Specially Designated National (“SDN”) (the “OFAC Sanctions”).

As a result, all property or interests in property of the Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, must have been frozen, and could not be transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licenses were issued at the time of the designation and later on authorizing certain transactions with the Company, its majority shareholder EN+, and with their respective debt and equity.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

On 27 January 2019 OFAC announced removal of the Company and EN+ from OFAC's SDN List with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions including, but not limited to, corporate governance changes, including, inter alia, overhauling the composition of the Board to ensure that independent directors constitute the majority of the Board, stepping down of the Chairman of the Board, and ongoing reporting and certifications by the Company to OFAC concerning compliance with the conditions for removal.

2 Basis of preparation

Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

This consolidated interim condensed financial information does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

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

3 Significant accounting policies

Except as described below, the accounting policies applied in these consolidated interim condensed financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The changes in accounting policies described below are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

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

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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

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

(a) Definition of a lease

Previously, the Group determined at contract inception whether the arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

(b) As a lessee

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

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

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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

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

USD Million	Property, plant and equipment		Total
	Land and buildings	Machinery and equipment	
Balance at 1 January 2019	19	19	38
Balance at 30 June 2019	15	17	32

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

Significant accounting policies

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

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

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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

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

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

Transition

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

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

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

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

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

(c) As a lessor

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

(d) Impacts on financial statements

Impacts on transition

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

	1 January 2019
	USD million
Right-of-use assets presented in property, plant and equipment less impairment losses	38
Lease liabilities	<u>38</u>

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 11%.

	1 January 2019
	USD million
Discounted using incremental borrowing rate at 1 January 2019	59
– <i>Recognition exemption for leases with less than 12 month of lease term at transition</i>	<i>(12)</i>
– <i>Termination options reasonably certain to be exercised</i>	<i>(9)</i>
	<hr/>
Lease liabilities recognised at 1 January 2019	38
	<hr/>

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised USD32 million of right-of-use assets and USD38 million of lease liabilities as at 30 June 2019. USD26 million of lease liabilities (including USD5 million of related parties – companies related through parent company) are long-term and included in other non-current liabilities, USD12 million of lease liabilities (including USD4 million of related parties – companies related through parent company) are short-term and included in other payables.

Also in relation to these leases under IFRS 16, the Group has recognised USD5 million of depreciation charges and USD2 million of interest costs for the six months ended 30 June 2019 and USD3 million and USD nil million for three months ended 30 June 2019 respectively. USD5 million of right-of-use assets have been impaired during six months ended 30 June 2019. The Group's total cash outflow for leases was in the amount of USD6 million.

The expense relating to short-term leases in amount of USD8 million is included in cost of sales or administrative expenses depending on type of underlying asset.

Future cash outflows to which the Group is potentially exposed that are not recognised in right-to-use assets and are not reflected in the measurement of lease liabilities and which arise from variable lease payments not linked to index or rate are in the amount of USD41 million.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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 PJSC 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.

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.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(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.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(i) Reportable segments

Three months ended 30 June 2019

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	2,147	247	-	-	2,394
Inter-segment revenue	56	735	-	-	791
Total segment revenue	2,203	982	-	-	3,185
Segment profit	27	171	-	-	198
Reversal/(impairment) of non-current assets	2	(20)	-	-	(18)
Share of profits of associates and joint ventures	-	-	20	321	341
Depreciation/amortisation	(97)	(40)	-	-	(137)
Non-cash income/(expense)	3	(1)	-	-	2
Additions to non-current segment assets during the period	160	67	-	-	227
Non-cash adjustments to non-current segment assets related to site restoration	(1)	(7)	-	-	(8)

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

Three months ended 30 June 2018

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	1,823	292	-	-	2,115
Inter-segment revenue	58	853	-	-	911
Total segment revenue	1,881	1,145	-	-	3,026
Segment profit	162	343	-	-	505
Reversal/(impairment) of non-current assets	1	(38)	-	-	(37)
Share of profits of associates and joint ventures	-	-	11	244	255
Depreciation/amortisation	(79)	(32)	-	-	(111)
Non-cash income	-	14	-	-	14
Additions to non-current segment assets during the period	58	81	-	-	139
Non-cash adjustments to non-current segment assets related to site restoration	(2)	4	-	-	2

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

Six months ended 30 June 2019

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	3,907	504	-	-	4,411
Inter-segment revenue	116	1,530	-	-	1,646
Total segment revenue	4,023	2,034	-	-	6,057
Segment profit	19	364	-	-	383
Reversal/(impairment) of non-current assets	8	(40)	-	-	(32)
Share of profits of associates and joint ventures	-	-	43	724	767
Depreciation/amortisation	(181)	(74)	-	-	(255)
Non-cash income	3	2	-	-	5
Additions to non-current segment assets during the period	202	116	-	-	318
Non-cash adjustments to non-current segment assets related to site restoration	(2)	(9)	-	-	(11)

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

Six months ended 30 June 2018

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	4,079	626	-	-	4,705
Inter-segment revenue	124	1,523	-	-	1,647
Total segment revenue	4,203	2,149	-	-	6,352
Segment profit	562	469	-	-	1,031
Reversal/(impairment) of non-current assets	1	(82)	-	-	(81)
Share of profits of associates and joint ventures	-	-	35	458	493
Depreciation/amortisation	(166)	(65)	-	-	(231)
Non-cash (expense)/income	(1)	13	-	-	12
Additions to non-current segment assets during the period	125	168	-	-	293
Non-cash adjustments in non-current segment assets related to site restoration	(1)	2	-	-	1

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

At 30 June 2019

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Segment assets	7,181	2,605	6	-	9,792
Interests in associates and joint ventures	-	-	671	3,640	4,311
Total segment assets					14,103
Segment liabilities	(997)	(649)	(11)	-	(1,657)
Total segment liabilities					(1,657)

31 December 2018

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Segment assets	6,864	2,656	-	-	9,520
Interests in associates and joint ventures	-	-	594	3,101	3,695
Total segment assets					13,215
Segment liabilities	(634)	(568)	(10)	-	(1,212)
Total segment liabilities					(1,212)

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Revenue				
Reportable segment revenue	3,185	3,026	6,057	6,352
Elimination of inter-segment revenue	(791)	(911)	(1,646)	(1,647)
Unallocated revenue	172	138	325	292
Consolidated revenue	2,566	2,253	4,736	4,997

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Profit				
Reportable segment profit	198	505	383	1,031
Impairment of non-current assets	(24)	(74)	(49)	(123)
Share of profits of associates and joint ventures	340	255	767	493
Finance income	19	43	25	116
Finance expenses	(155)	(217)	(345)	(346)
Unallocated expense	(46)	(70)	(133)	(154)
Consolidated profit before taxation	332	442	648	1,017

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

	30 June 2019 USD million	31 December 2018 USD million
Assets		
Reportable segment assets	14,103	13,215
Unallocated assets	<u>3,216</u>	<u>2,562</u>
Consolidated total assets	<u>17,319</u>	<u>15,777</u>
	30 June 2019 USD million	31 December 2018 USD million
Liabilities		
Reportable segment liabilities	(1,657)	(1,212)
Unallocated liabilities	<u>(9,426)</u>	<u>(9,356)</u>
Consolidated total liabilities	<u>(11,083)</u>	<u>(10,568)</u>

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

5 Revenue

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Revenue from contracts with customers	2,566	2,253	4,736	4,997
Sales of products	2,523	2,207	4,643	4,893
Sales of primary aluminium and alloys	2,131	1,814	3,877	4,059
Sales of alumina and bauxite	169	210	341	452
Sales of foil and other aluminium products	114	80	205	170
Sales of other products	109	103	220	212
Provision of services	43	46	93	104
Supply of energy	29	30	68	73
Provision of transportation services	3	2	4	4
Provision of other services	11	14	21	27
Total revenue by types of customers	2,566	2,253	4,736	4,997
Third parties	1,648	1,443	2,877	3,228
Related parties – companies capable of exerting significant influence	803	696	1,633	1,526
Related parties – companies related through parent company	41	47	76	103
Related parties – associates and joint ventures	74	67	150	140
Total revenue by primary regions	2,566	2,253	4,736	4,997
Europe	1,144	1,062	2,210	2,192
CIS	671	743	1,262	1,469
America	336	219	467	674
Asia	398	225	768	651
Other	17	4	29	11

Revenue from sale of primary aluminium and alloys relates to aluminium segment (Note 4). Revenue from sales of alumina and bauxite relates to alumina segment. Revenue from sale of foil and other aluminium products and other products and services relates mostly to the revenue of non-reportable segments.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

6 Cost of sales and operating expenses

(a) Cost of sales

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Cost of alumina, bauxite and other materials	(818)	(935)	(1,733)	(1,889)
<i>Third parties</i>	<i>(782)</i>	<i>(900)</i>	<i>(1,666)</i>	<i>(1,820)</i>
<i>Related parties – companies capable of exerting significant influence</i>	<i>(22)</i>	<i>(20)</i>	<i>(37)</i>	<i>(38)</i>
<i>Related parties – companies related through parent company</i>	<i>(14)</i>	<i>(15)</i>	<i>(30)</i>	<i>(31)</i>
Purchases of primary aluminium	(130)	(72)	(212)	(265)
<i>Third parties</i>	<i>(6)</i>	<i>(16)</i>	<i>(10)</i>	<i>(129)</i>
<i>Related parties – companies related through parent company</i>	<i>(2)</i>	<i>(4)</i>	<i>(4)</i>	<i>(7)</i>
<i>Related parties – associates and joint ventures</i>	<i>(122)</i>	<i>(52)</i>	<i>(198)</i>	<i>(129)</i>
Energy costs	(562)	(523)	(1,116)	(1,129)
<i>Third parties</i>	<i>(329)</i>	<i>(310)</i>	<i>(649)</i>	<i>(662)</i>
<i>Related parties – companies capable of exerting significant influence</i>	<i>(1)</i>	<i>(1)</i>	<i>(2)</i>	<i>(2)</i>
<i>Related parties – companies related through parent company</i>	<i>(224)</i>	<i>(204)</i>	<i>(448)</i>	<i>(446)</i>
<i>Related parties – associates and joint ventures</i>	<i>(8)</i>	<i>(8)</i>	<i>(17)</i>	<i>(19)</i>
Personnel costs	(118)	(142)	(259)	(300)
Depreciation and amortisation	(142)	(113)	(263)	(237)
Change in finished goods	(198)	289	(76)	400
Other costs	(158)	(86)	(272)	(184)
<i>Third parties</i>	<i>(122)</i>	<i>(40)</i>	<i>(201)</i>	<i>(92)</i>
<i>Related parties – companies related through parent company</i>	<i>(8)</i>	<i>(9)</i>	<i>(14)</i>	<i>(18)</i>
<i>Related parties – associates and joint ventures</i>	<i>(28)</i>	<i>(37)</i>	<i>(57)</i>	<i>(74)</i>
	<u>(2,126)</u>	<u>(1,582)</u>	<u>(3,931)</u>	<u>(3,604)</u>

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(b) Distribution, administrative and other operating expenses, and impairment of non-current assets

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Transportation expenses	(121)	(81)	(203)	(175)
Personnel costs	(44)	(70)	(115)	(146)
Taxes other than on income	(4)	(10)	(12)	(21)
Consulting and legal expenses	(16)	(17)	(30)	(34)
Impairment of non-current assets	(24)	(74)	(49)	(123)
Packaging materials	(10)	(8)	(20)	(17)
Charitable donations	(10)	(2)	(16)	(9)
Security	(7)	(5)	(14)	(12)
Repair and other services	(6)	(5)	(10)	(9)
Depreciation and amortisation	(5)	(3)	(9)	(7)
Short-term lease and variable lease payments	(4)	(6)	(8)	(13)
Loss on disposal of property, plant and equipment	(3)	(1)	(6)	(3)
Impairment of trade and other receivables	(3)	–	(7)	–
Auditors' remuneration	(1)	(1)	(3)	(3)
Provision for legal claims	(10)	–	(10)	–
Other expenses	(44)	(27)	(92)	(67)
	<u>(312)</u>	<u>(310)</u>	<u>(604)</u>	<u>(639)</u>

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(c) EBITDA and operating effectiveness measures

Adjusted EBITDA is the key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness.

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Results from operating activities	128	361	201	754
<i>Add:</i>				
Amortisation and depreciation	147	116	272	244
Impairment of non-current assets	24	74	49	123
Loss on disposal of property, plant and equipment	3	1	6	3
Adjusted EBITDA	302	552	528	1,124

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

7 Finance income and expenses

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Finance income				
Interest income on third party loans and deposits	8	6	17	9
Interest income on loans to related parties – <i>companies related through parent company</i>	–	–	1	1
Change in fair value of derivative financial instruments (refer to note 15)	11	37	7	106
	<u>19</u>	<u>43</u>	<u>25</u>	<u>116</u>
Finance expenses				
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(51)	(57)	(123)	(114)
Interest expense on bank loans wholly repayable after 5 years	(83)	(63)	(165)	(126)
Interest expense on company loans from related parties – <i>companies exerting significant influence</i>	(1)	–	(2)	(1)
Interest expense on provisions	(1)	–	(2)	(1)
Net foreign exchange loss	(19)	(97)	(51)	(104)
Leases interest costs	–	–	(2)	–
	<u>(155)</u>	<u>(217)</u>	<u>(345)</u>	<u>(346)</u>

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

8 Income tax

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Current tax				
Current tax for the period	56	48	94	85
Deferred tax				
Origination and reversal of temporary differences	(9)	(14)	(4)	(20)
Actual tax expense	47	34	90	65

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%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 21.4% and Italy of 27.9%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates are 9.55% and 14.35% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 30 June 2018 and the year ended 31 December 2018 were the same as for the period ended 30 June 2019 except for tax rates for subsidiaries domiciled in Sweden which amounted to 22% and tax rates for subsidiaries domiciled in Switzerland which amounted to 9.6% and 14.51% accordingly.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the three- and six-months periods ended 30 June 2019 and 30 June 2018.

Weighted average number of shares:

	Three months ended 30 June	
	2019	2018
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	—	—
Weighted average number of shares at end of the period	<u>15,193,014,862</u>	<u>15,193,014,862</u>
Profit for the period, USD million	<u>285</u>	<u>408</u>
Basic and diluted earnings per share, USD	<u>0.0188</u>	<u>0.0269</u>
	Six months ended 30 June	
	2019	2018
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	—	—
Weighted average number of shares at end of the period	<u>15,193,014,862</u>	<u>15,193,014,862</u>
Profit for the period, USD million	<u>558</u>	<u>952</u>
Basic and diluted earnings per share, USD	<u>0.0367</u>	<u>0.0627</u>

There were no outstanding dilutive instruments during the periods ended 30 June 2019 and 30 June 2018. No dividends were declared and paid during the periods presented.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

10 Interests in associates and joint ventures

	Three months ended 30 June	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	4,418	4,720
Group's share of profits	340	255
Dividends	(554)	(425)
Foreign currency translation	111	(438)
	<u> </u>	<u> </u>
Balance at the end of the period	<u>4,315</u>	<u>4,112</u>
Goodwill included in interests in associates	2,382	2,395
	Six months ended 30 June	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	3,698	4,448
Group's share of profits	767	493
Dividends	(554)	(425)
Foreign currency translation	404	(404)
	<u> </u>	<u> </u>
Balance at the end of the period	<u>4,315</u>	<u>4,112</u>
Goodwill included in interests in associates	2,382	2,395

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

Investment in Norilsk Nickel

At the date of this consolidated interim condensed financial information the Group was unable to obtain consolidated interim financial information of Norilsk Nickel as at and for the six-month period ended 30 June 2019. Consequently the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the period ended 30 June 2019 based on publicly available information reported by Norilsk Nickel.

The Group has estimated its share of profit of Norilsk Nickel at the level of USD321 million and USD724 million for the three- and six-month periods ended 30 June 2019, respectively, other comprehensive income at the level of USD nil million for both the three- and six-month periods ended 30 June 2019, the foreign currency translation gain at the level of USD96 million and USD352 million for the three- and six-month periods ended 30 June 2019, respectively. The carrying value of the Group's investment in the investee comprises USD3,640 million as at 30 June 2019.

The information used as a basis for these estimates is incomplete in many aspects. Once the consolidated interim financial information for Norilsk Nickel becomes available, it is compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share in profit, other comprehensive income, foreign currency translation and the carrying value of the investment in Norilsk Nickel which has been previously reported.

The market value of the investment in Norilsk Nickel at 30 June 2019 is USD9,988 million (31 December 2018: USD8,286 million). The market value is determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

11 Non-derivative financial instruments

(a) Trade and other receivables

	30 June 2019 USD million	31 December 2018 USD million
Trade receivables from third parties	439	384
Impairment loss on trade receivables	(23)	(33)
Net trade receivables from third parties	416	351
Trade receivables from related parties, including:	122	87
<i>Related parties – companies capable of exerting significant influence</i>	65	76
<i>Impairment loss on trade receivables from related parties – companies capable of exerting significant influence</i>	(1)	(6)
<i>Net trade receivables from related parties – companies capable of exerting significant influence</i>	64	70
<i>Related parties – companies related through parent company</i>	21	13
<i>Related parties – associates and joint ventures</i>	37	4
VAT recoverable	391	305
Impairment loss on VAT recoverable	(33)	(33)
Net VAT recoverable	358	272
Advances paid to third parties	122	185
Impairment loss on advances paid	(1)	(1)
Net advances paid to third parties	121	184
Advances paid to related parties, including:	57	51
<i>Related parties – companies capable of exerting significant influence</i>	–	1
<i>Related parties – companies related through parent company</i>	1	1
<i>Related parties – associates and joint ventures</i>	56	49
Prepaid expenses	4	4
Prepaid income tax	13	22

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

	30 June 2019 USD million	31 December 2018 USD million
Prepaid other taxes	18	22
Other receivables from third parties	189	112
Impairment loss on other receivables	(34)	(10)
Net other receivables from third parties	155	102
Other receivables from related parties, including:	11	7
<i>Related parties – companies related through parent company</i>	<i>11</i>	<i>10</i>
<i>Impairment loss on other receivables from related parties – companies related through parent company</i>	<i>–</i>	<i>(3)</i>
<i>Net other receivables to related parties – companies related through parent company</i>	<i>11</i>	<i>7</i>
	1,275	1,102

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.

(i) 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:

	30 June 2019 USD million	31 December 2018 USD million
Current (not past due)	434	358
1–30 days past due	73	62
31–60 days past due	21	6
61–90 days past due	2	2
More than 90 days past due	8	10
Amounts past due	104	80
	538	438

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

Aging analysis is performed based on number of days receivable is overdue. 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. The Group does not hold any collateral over these balances.

(ii) 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 period is as follows:

	Three months ended 30 June	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	(39)	(16)
Reversal of impairment	15	1
	<hr/>	<hr/>
Balance at the end of the period	(24)	(15)
	<hr/> <hr/>	<hr/> <hr/>

	Six months ended 30 June	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	(39)	(16)
Reversal of impairment	15	2
Increase in the balance of allowance for doubtful debts	–	(1)
	<hr/>	<hr/>
Balance at the end of the period	(24)	(15)
	<hr/> <hr/>	<hr/> <hr/>

The Group does not hold any collateral over these balances.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(b) Trade and other payables

	30 June 2019 USD million	31 December 2018 USD million
Accounts payable to third parties	<u>523</u>	<u>520</u>
Accounts payable to related parties, including:	92	64
<i>Related parties – companies capable of exerting significant influence</i>	<i>13</i>	<i>5</i>
<i>Related parties – companies related through parent company</i>	<i>39</i>	<i>35</i>
<i>Related parties – associates and joint ventures</i>	<i>40</i>	<i>24</i>
Advances received	273	32
Advances received from related parties, including:	439	259
<i>Related parties – companies capable of exerting significant influence</i>	<i>439</i>	<i>259</i>
Other payables and accrued liabilities to third parties	91	176
Other payables and accrued liabilities to related parties, including:	4	–
<i>Related parties – companies related through parent company</i>	<i>4</i>	<i>–</i>
Current tax liabilities	23	127
Other taxes payable	<u>107</u>	<u>96</u>
	<u>1,552</u>	<u>1,274</u>

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. Ageing analysis is performed based on number of days payable is overdue.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

	30 June 2019 USD million	31 December 2018 USD million
Current	<u>539</u>	<u>502</u>
Past due 0-90 days	61	50
Past due 91-120 days	3	8
Past due over 120 days	<u>12</u>	<u>24</u>
Amounts past due	<u>76</u>	<u>82</u>
	<u>615</u>	<u>584</u>

Lease liabilities that are expected to be settled within one year for the amount of USD12 million are included in other payables and accrued liabilities.

12 Equity

(a) Share capital

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the period, authorised	<u>200 million</u>	<u>20 billion</u>	<u>200 million</u>	<u>20 billion</u>
Ordinary shares at 1 January	<u>151,930,148</u>	<u>15,193,014,862</u>	<u>151,930,148</u>	<u>15,193,014,862</u>
Ordinary shares at the end of the period of USD0.01 each, issued and paid	<u>151,930,148</u>	<u>15,193,014,862</u>	<u>151,930,148</u>	<u>15,193,014,862</u>

(b) Other reserves

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

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(c) 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 facilities.

(d) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations and equity accounted investees.

13 Loans and borrowings

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

	30 June 2019 USD million	31 December 2018 USD million
<i>Non-current liabilities</i>		
Secured bank loans	5,465	5,566
Unsecured bank loans	222	226
Bonds	1,815	1,580
	<u>7,502</u>	<u>7,372</u>
<i>Current liabilities</i>		
Secured bank loans	797	476
Unsecured bank loans	13	12
Bonds	125	377
Accrued interest	52	49
	<u>987</u>	<u>914</u>

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(a) Loans and borrowings

The Group's certain bank loans are secured by pledges of shares of the Group's subsidiaries and by pledges of the shares of an associate, the details of which are disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2018.

The secured bank loans are also secured by the following:

- inventory with a carrying value of USD26 million (31 December 2018: USD nil);
- property, plant and equipment, receivables with a carrying amount of USD nil (31 December 2018: USD3 million).

The nominal value of the Group's loans and borrowings was USD6,532 million at 30 June 2019 (31 December 2018: USD6,332 million).

As at 30 June 2019 and 31 December 2018 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 syndicated Pre-Export Finance Term Facility Agreement (PXF) dated 24 May 2017.

As a result of change in control over the Group disclosed in note 1(a) certain lenders of the Group have obtained the right to require mandatory prepayment of outstanding indebtedness as stipulated in the respective loan agreements. As at 30 June 2019 the lenders waived the right of mandatory prepayment.

As at the date of this report the Group through its subsidiaries has outstanding REPO loans backed by Norilsk Nickel shares in number of 1,306,000, in the amount of USD210 million and maturing in June 2020.

(b) Bonds

As at 30 June 2019 27,751 series 08 bonds and 397,347 series BO-01 bonds and 15,000,000 series BO-001P-01 bonds were outstanding (traded in the market).

The closing market price at 30 June 2019 was RUB 850, RUB 932 and RUB 1,011 per bond for the three tranches, respectively.

On 20 March 2019 the Group executed the put option under Panda bonds issuance (the first tranche) and redeemed bonds with notional value CNY680 million (USD101 million).

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

On 29 March 2019 RUSAL Bratsk announced a new coupon rate in respect to the series 08 bonds at the level of 0.01% per annum. On 10 April 2019 the Company exercised a put option on the outstanding RUB-denominated bonds series 08 and redeemed the bonds with notional value of RUB23.8 million.

On 04 April 2019 RUSAL Bratsk announced a new coupon rate in respect to the series BO-01 bonds at the level of 0.01% per annum. On 18 April 2019 the Company exercised a put option on the outstanding RUB-denominated bonds series BO-01 and redeemed the bonds with notional value of RUB 3.8 billion.

On 29 April 2019 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-01 in the amount of RUB15 billion with a coupon rate 9.0% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in April 2022. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

14 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 April 2018	70	389	3	-	462
Provisions made during the period	3	9	-	-	12
Provisions reversed during the period	-	(10)	-	-	(10)
Actuarial gain	(3)	-	-	-	(3)
Provisions utilised during the period	(1)	-	-	-	(1)
Foreign currency translation	(5)	(23)	-	-	(28)
Balance at 30 June 2018	64	365	3	-	432
<i>Non-current</i>	<i>59</i>	<i>350</i>	-	-	<i>409</i>
<i>Current</i>	<i>5</i>	<i>15</i>	<i>3</i>	-	<i>23</i>
Balance at 1 April 2019	57	351	3	-	411
Provisions made during the period	3	19	10	-	32
Provisions reversed during the period	(10)	(9)	-	-	(19)
Actuarial loss	1	-	-	-	1
Provisions utilised during the period	(1)	-	-	-	(1)
Foreign currency translation	1	5	-	-	6
Balance at 30 June 2019	51	366	13	-	430
<i>Non-current</i>	<i>47</i>	<i>336</i>	-	-	<i>383</i>
<i>Current</i>	<i>4</i>	<i>30</i>	<i>13</i>	-	<i>47</i>
Balance at 1 January 2018	69	382	3	-	454
Provisions made during the period	4	17	-	-	21
Provisions reversed during the period	-	(17)	-	-	(17)
Actuarial gain	(3)	-	-	-	(3)
Provisions utilised during the period	(2)	-	-	-	(2)
Foreign currency translation	(4)	(17)	-	-	(21)
Balance at 30 June 2018	64	365	3	-	432

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
<i>Non-current</i>	59	350	-	-	409
<i>Current</i>	5	15	3	-	23
Balance at 1 January 2019	54	348	3	20	425
Provisions made during the period	4	24	10	-	38
Provisions reversed during the period	(10)	(11)	-	-	(21)
Actuarial loss	1	-	-	-	1
Provisions utilised during the period	(2)	(2)	-	(20)	(24)
Foreign currency translation	4	7	-	-	11
Balance at 30 June 2019	51	366	13	-	430
<i>Non-current</i>	47	336	-	-	383
<i>Current</i>	4	30	13	-	47

15 Derivative financial assets/liabilities

	30 June 2019		31 December 2018	
	USD million		USD million	
	2019	2018	2019	2018
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Petroleum coke supply contracts and other raw materials	44	39	42	31
Forward contracts for aluminium and other instruments	11	-	-	-
Cross currency swap	2	-	-	-
Total	57	39	42	31

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques during three-month and six-month period ended 30 June 2019. The following significant assumptions were used in estimating derivative instruments:

	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,804	1,875	1,965	2,054	2,141	2,213	2,255
Platt's FOB Brent, USD per barrel	65	62	61	60	60	60	-

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

	Three months ended	
	30 June	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	5	19
Unrealised changes in fair value recognised in statement of income (finance (expense)/income) during the period	11	37
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(5)	-
Realised portion of electricity, coke and raw material contracts and cross currency swap	7	(94)
Balance at the end of the period	18	(38)

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

	Six months ended	
	30 June	
	2019	2018
	USD million	USD million
Balance at the beginning of the period	11	(50)
Unrealised changes in fair value recognised in statement of income (finance income/(expense)) during the period	7	106
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(5)	–
Realised portion of electricity, coke and raw material contracts and cross currency swap	5	(94)
Balance at the end of the period	18	(38)

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

16 Commitments and contingencies

(a) Capital commitments

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 30 June 2019 and 31 December 2018 approximated USD315 million and USD255 million, respectively. These commitments are due over a number of years.

(b) 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.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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 30 June 2019 is USD nil million (31 December 2018: USDnil million).

(c) 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.

(d) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated interim condensed financial information (refer to note 14). As at 30 June 2019 the amount of claims, where management assesses outflow as possible approximates USD33 million (31 December 2018: USD31 million).

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

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

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

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

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

17 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:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	USD million	USD million	USD million	USD million
Salaries and bonuses	25	16	45	36
	<u>25</u>	<u>16</u>	<u>45</u>	<u>36</u>

(b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, purchases from associates and joint ventures are disclosed in note 6, accounts receivable from associates and joint ventures as well as accounts payable to associates and joint ventures are disclosed in note 11.

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(c) Transactions with other related parties

The Group transacts with other related parties, the majority of which are companies related through parent company or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc or entities under its control.

Sales to related parties for the period are disclosed in note 5, purchases from related parties are disclosed in note 6, finance income and expenses with related parties are disclosed in note 7, accounts receivable from related parties as well as accounts payable to related parties are disclosed in note 11.

Other purchases of assets and other non-operating expenses from related parties are the following:

	Three months ended 30 June	
	2019	2018
	USD million	USD million
Related parties – companies capable of exerting significant influence	–	1
Related parties – companies related through parent company	–	1
Related parties – associates and joint ventures	1	–
	<u>1</u>	<u>–</u>
	1	2

	Six months ended 30 June	
	2019	2018
	USD million	USD million
Related parties – companies capable of exerting significant influence	1	2
Related parties – companies related through parent company	10	17
Related parties – associates and joint ventures	3	1
	<u>14</u>	<u>20</u>
	14	20

NOTE TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

All financial information as at and for the three-and six-month periods ended 30 June 2019 and 30 June 2018 is unaudited

(d) Related parties balances

At 30 June 2019, included in non-current assets are balances of related parties – companies related through parent company of USD48 million and balances of related parties – associates and joint ventures of USD3 million (31 December 2018: related parties – companies related through parent company of USD46 million and balances of related parties – associates and joint ventures of USD2 million). At 30 June 2019, included in non-current liabilities are balances of related parties – associates and joint ventures of USD11 million (31 December 2018: USD10 million).

At 1 January 2019 the Group adopted IFRS 16 Leases and made appropriate accruals in the accounting, including lease agreement with company related through parent company. At 30 June 2019, included in non-current liabilities are balances of USD5 million and in current liabilities of USD4 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.

18 Events subsequent to the reporting date

On 11 July 2019 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-001P-02 in the amount of RUB15 billion with a coupon rate 8.6% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in January 2023. In addition to the placement, the Group entered into a cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3.5 years and the interest rate of 4.45%.

The extraordinary general meeting of the Company held on 1 August 2019 approved the application by the Company to the regulatory authorities in the Russian Federation (the “**New Jurisdiction**”) for continuance as a company with the status of an International Company established under the laws of the New Jurisdiction.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Repurchase, sale and redemption by the Group of its securities during the period

For further information on the Company's or any of its subsidiaries' repurchase, sale or redemption of any of its listed securities during the six months ended 30 June 2019, please refer to note 13(b) "Bonds" of the consolidated interim condensed financial information.

Directors' Particulars

Retirement, Re-appointment and Appointment of Directors

In accordance with Article 24.2 of the Articles of Association, each of Mr. Evgenii Nikitin and Mr. Evgenii Vavilov (being executive Directors), Mr. Marco Musetti (being a non-executive Director), Mr. Bernard Zonneveld and Mr. Dmitry Vasiliev (being independent non-executive Directors) retired from directorship by rotation at the annual general meeting held on 20 June 2019 ("**Annual General Meeting**"). Each of Mr. Evgenii Nikitin, Mr. Evgenii Vavilov, Mr. Marco Musetti, Mr. Bernard Zonneveld and Mr. Dmitry Vasiliev being eligible for re-election, offered themselves for re-election at the Annual General Meeting, during which they were each re-appointed.

In addition, each of Mr. Evgeny Kuryanov (being an executive Director), Mr. Vladimir Kolmogorov (being a non-executive Director), and each of Mr. Maxim Poletaev, Mr. Randolph N. Reynolds, Mr. Kevin Parker, Mr. Christopher Burnham and Mr. Nick Jordan (being independent non-executive Directors) who had been appointed by the Board held office until the Annual General Meeting and, being eligible, offered themselves for re-appointment at the Annual General Meeting, during which they were each re-appointed.

Change of Directors and change to the composition of the Board Committees

Each of Mr. Philippe Bernard Henri Mailfait and Mr. Jean-Pierre Thomas tendered his resignation as an independent non-executive Director with effect from 26 January 2019. Mr. Sergei Popov tendered his resignation as an executive Director with effect from 14 February 2019, and Mr. Timur Valiev tendered his resignation as a non-executive Director with effect from 13 May 2019.

Mr. Evgeny Kuryanov was appointed as an executive Director of the Company and Mr. Maxim Poletaev, Mr. Randolph N. Reynolds, Mr. Kevin Parker, Mr. Christopher Burnham and Mr. Nick Jordan were appointed as independent non-executive Directors on 14 February 2019. Mr. Randolph N. Reynolds was appointed as a member of the Corporate Governance & Nomination Committee and Mr. Nick Jordan has been appointed as member of the Remuneration Committee of the Company. Mr. Bernard Zonneveld was appointed as the chairman of the Company with effect from 6 March 2019. Mr. Vladimir Kolmogorov was appointed as a non-executive Director with effect from 18 May 2019.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Mr. Maxim Poletaev was appointed as the chairman of the Audit Committee of the Company with effect from 6 March 2019. Mr. Kevin Parker was appointed as a member of the Audit Committee of the Company with effect from 6 March 2019. Mr. Bernard Zonneveld resigned from the Audit Committee with effect from 6 March 2019.

Mr. Dmitry Vasiliev and Mr. Randolph N. Reynolds were appointed as members of the Remuneration Committee of the Company with effect from 6 March 2019. Mr. Bernard Zonneveld resigned from the Remuneration Committee with effect from 6 March 2019.

Mr. Christopher Burnham was appointed as a member of the Corporate Governance and Nomination Committee of the Company with effect from 6 March 2019.

Each of Mr. Maxim Poletaev, Mr. Bernard Zonneveld, Mr. Timur Valiev and Mr. Marco Musetti was appointed as a member of the Norilsk Nickel Investment Supervisory Committee of the Company with effect from 6 March 2019. Mr. Maxim Poletaev was also appointed as the chairman of the Norilsk Nickel Investment Supervisory Committee of the Company with effect from 6 March 2019.

Mr. Bernard Zonneveld was appointed as the chairman of the Standing Committee of the Company with effect from 6 March 2019.

Each of Mr. Kevin Parker, Mr. Dmitry Vasiliev, Mr. Nick Jordan and Mr. Vyacheslav Solomin was appointed as a member of the Health, Safety and Environmental Committee of the Company with effect from 6 March 2019. Mr. Kevin Parker was also appointed as the chairman of the Health, Safety and Environmental Committee of the Company with effect from 6 March 2019. Mr. Bernard Zonneveld resigned from the Health, Safety and Environmental Committee with effect from 6 March 2019.

Mr. Christopher Burnham was appointed as the chairman of the Compliance Committee of the Company with effect from 6 March 2019, and each of Mr. Nick Jordan, Mr. Bernard Zonneveld and Mr. Kevin Parker was appointed as members of the Compliance Committee of the Company with effect from 6 March 2019.

Change of particulars of Directors

Mr. Maxim Poletaev was appointed as chairman of the board of Fortenova grupa d.d. (Zagreb, Croatia) in April 2019, and was also appointed as a member of the board of Norilsk Nickel in May 2019.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Mr. Marco Musetti ceased to be a member of the board of directors of Schmolz+ Bickenbach AG in April 2019.

Save as disclosed above, there was no change of particulars of the Directors which are required to be disclosed under Rule 13.51 B (1) of the Listing Rules.

Directors' and Chief Executive Officer's and Substantial Shareholders' interests in Shares

Directors' and Chief Executive Officer's interests

As at 30 June 2019, none of the Directors or the Chief Executive Officer had any interest and short position, whether beneficial or non-beneficial, in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was notified to the Company or the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Chief Executive Officer are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified by the Directors to the Company and/or the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules (as incorporated by the Company in its "Codes for Securities Transactions" – for further information, please refer to the section on "Codes for Securities Transactions" below).

Substantial shareholders' interest and short positions in the Shares, underlying Shares and debentures of the Company

As at 30 June 2019, so far as the Directors are aware based on their understanding and based on notifications made to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under Section 336 of the SFO, the following persons had interests or short positions in the Shares or underlying Shares (unless specified otherwise):

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held as at 30 June 2019	Percentage of issued share capital as at 30 June 2019
Oleg Deripaska	Beneficiary of a trust <i>(Note 1)</i>	7,612,299,974 (L)	50.10%
	Beneficial owner	1,669,065 (L)	0.01%
	Total	7,613,969,039 (L)	50.11%
Fidelitas Investments Ltd. <i>(Note 1)</i>	Interest of controlled corporation	7,612,299,974 (L)	50.10%
B-Finance Ltd. <i>(Note 1)</i>	Interest of controlled corporation	7,612,299,974 (L)	50.10%
En+ <i>(Note 1)</i>	Beneficial owner	7,612,299,974 (L)	50.10%
Access Aluminum Holdings Limited <i>(Note 2)</i>	Interest of controlled corporation	5,044,554,678 (L)	33.20%
		1,017,931,998 (S) <i>(Note 2)</i>	6.70%
Access Industries Holdings LLC <i>(Note 2)</i>	Interest of controlled corporation	5,044,554,678 (L)	33.20%
		1,017,931,998 (S) <i>(Note 2)</i>	6.70%
Access Industries, LLC <i>(Note 2)</i>	Interest of controlled corporation	5,044,554,678 (L)	33.20%
		1,017,931,998 (S) <i>(Note 2)</i>	6.70%
GPTC LLC <i>(Note 2)</i>	Interest of controlled corporation	5,044,554,678 (L)	33.20%
		1,017,931,998 (S) <i>(Note 2)</i>	6.70%
Zonoville Investments Limited <i>(Note 2)</i>	Beneficial owner	1,625,652,591 (L) <i>(Note 2)</i>	10.70%

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Name of Shareholder	Capacity	Number of Shares held as at 30 June 2019	Percentage of issued share capital as at 30 June 2019
	Other	5,044,554,678 (L)	33.20%
		1,017,931,998 (S)	6.70%
TCO Holdings Inc. <i>(Note 2)</i>	Interest of controlled corporation	5,044,554,678 (L)	33.20%
		1,017,931,998 (S)	6.70%
		<i>(Note 2)</i>	
SUAL Partners <i>(Note 2)</i>	Beneficial owner	3,418,902,087 (L)	22.50%
		1,017,931,998 (S)	6.70%
		<i>(Note 2)</i>	
	Other	1,625,652,591 (L)	10.70%
		<i>(Note 2)</i>	
	Total	5,044,554,678 (L)	33.20%
		<i>(Note 2)</i>	
Victor Vekselberg <i>(Note 3)</i>	Beneficiary of a trust <i>(Note 3)</i>	5,044,554,678 (L)	33.20%
		<i>(Note 3)</i>	
Glencore <i>(Note 4)</i>	Interest of controlled corporation <i>(Note 4)</i>	1,029,588,048(L)	6.78%
		1,029,588,048(S)	

(L) Long position

(S) Short position

Notes – see notes on pages 98-100.

Other than the interests disclosed above and the notes set out below, so far as the Directors are aware, as at 30 June 2019, the Company has not been notified of any other notifiable interests or short positions in Shares or underlying Shares.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

(Note 1) These interests were directly held by En+ as beneficial owner. Based on the information provided by Mr. Oleg Deripaska, a former non-executive Director, and the records on the electronic filing systems operated by the Hong Kong Stock Exchange, Mr. Oleg Deripaska is the founder, trustee and a beneficiary of a private discretionary trust which, as at 30 June 2019, held 86.33% of the share capital of Fidelitas International Investments Corp. (formerly Fidelitas International Investments), which in turn held 99.99% of the share capital of B-Finance Ltd., which in turn held 44.95% of the share capital of En+. Each of B-Finance Ltd., Fidelitas International Investments Corp. and Mr. Oleg Deripaska was deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO.

Pursuant to the disclosure of interests notices filed on 1 February 2019 by Mr. Oleg Deripaska and En+ respectively in accordance with the requirements of Part XV of the SFO, on 26 January 2019: (i) the interest of Mr. Oleg Deripaska in the Company was increased from 7,313,969,039 Shares to 8,643,557,087 Shares (representing approximately 56.89% of the total issued share capital of the Company); and (ii) the interest of En+ in the Company was increased from 7,312,299,974 Shares to 8,641,888,022 Shares (representing approximately 56.88% of the total issued share capital of the Company). For the avoidance of doubt however, as at the Latest Practicable Date, En+ is the registered shareholder and the legal and beneficial owner of approximately 50.10% of the total issued share capital of the Company only, while the remaining shares mentioned above which it is considered to be interested in pursuant to provisions of Part XV of the SFO will only be transferred 12 months after the first stage of the transfer that was completed following the de-listing of En+ from the SDN List (pursuant to a securities exchange agreement entered into by En+ with certain other related agreements with certain subsidiaries of Glencore). Further details of such transaction is disclosed in the Company's announcement dated 28 January 2019.

(Note 2) These interests and short positions were directly held by SUAL Partners or Zonoville Investments Limited. Based on the records on the electronic filing systems operated by the Hong Kong Stock Exchange, as at 30 June 2019, SUAL Partners is controlled as to 35.84% by Renova Metals & Mining Ltd., which is in turn wholly-owned by Renova Holding Ltd. Renova Holding Ltd. is controlled by TZ Columbus Services Limited as to 100% and TZ Columbus Services Limited is in turn wholly-owned by TCO Holdings Inc. Zonoville Investments Limited is controlled as to 40.32% by Access Aluminum Holdings Limited, which in turn is controlled as to 98.48% by Access Industries Holdings LLC. Access Industries Holdings LLC is wholly-owned by Access Industries Holdings (BVI) L.P. Access Industries Holdings (BVI) L.P. is controlled as to 67.16% by Access Industries, LLC, which is in turn controlled as to 69.70% by GPTC LLC.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Each of Renova Metals & Mining Limited, Renova Holding Limited, TZ Columbus Services Limited, TCO Holdings Inc., Access Aluminum Holdings Limited, Access Industries Holdings LLC, Access Industries, LLC, GPTC LLC is deemed to be interested in the Shares held by SUAL Partners and/or Zonoville Investments Limited by virtue of the SFO.

(Note 3) The Company has been informed by a representative of Mr. Victor Vekselberg (“Mr. Vekselberg”) that he is a beneficiary under a certain irrevocable and fully discretionary trust arrangement pursuant to which the trustee under such trust arrangement holds an indirect interest in approximately 36.39% of the issued shares in SUAL Partners. However, Mr. Vekselberg did not file any disclosure of interests notice on 11 October 2017 or thereafter up to the date of this report, and accordingly, from the records of his disclosure of interests filings made to the Hong Kong Stock Exchange, as at 30 June 2019, the number of Shares which he was interested in remained at 3,710,590,137, representing 24.42% of the issued share capital of the Company, although his deemed interests in the Company should, if he had made disclosure of interests filings in accordance with requirements of the SFO, be the same as TCO Holdings Inc, his controlled corporation.

(Note 4) Based on the previous records on the electronic filing systems operated by the Hong Kong Stock Exchange, the interests of Glencore were held through its controlled corporations, including, Amokenga Holdings, which directly holds the relevant interests in the Company. Amokenga Holdings was wholly-owned by Glencore Finance (Bermuda) Ltd., which is in turn wholly-owned by Glencore Group Funding Limited. Glencore Group Funding Limited is wholly-owned by Glencore International AG, which is in turn wholly-owned by Glencore. In light of the fact that Glencore, Glencore International AG, Glencore Group Funding Limited and Glencore Finance (Bermuda) Ltd. (together, the “Glencore Entities”) directly or indirectly control one-third or more of the voting rights in the Shareholders’ meetings of Amokenga Holdings, in accordance with the SFO, each of the Glencore Entities was deemed to be interested in the Shares held by Amokenga Holdings.

While it was disclosed in its disclosure filing dated 15 September 2017 that Glencore held interests in the Company as a beneficial owner, Glencore also disclosed in the same disclosure filing that the relevant interest in the Company was held through the above controlled corporations.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

As disclosed in the Company's announcement dated 28 January 2019, on 28 January 2019, En+ announced that it had entered into a securities exchange agreement and certain other related agreements with certain subsidiaries of Glencore pursuant to which Glencore shall transfer 8.75% of the Company's shares to En+ (of which approximately 2% was to be transferred on the date upon En+'s removal from the SDN List, and the remaining approximately 6.78% shall be transferred 12 months later) in consideration for En+ issuing new GDRs to Glencore representing approximately 10.55% of the enlarged share capital of En+. Following the completion of the aforementioned share swap (expected to be on or about 31 January 2020), the indirect shareholding of Glencore in the Shares will be reduced to 0%. Pursuant to the disclosure of interests notice filed on 8 February 2019, the interests of Amokenga Holdings decreased from 1,329,588,048 Shares to 1,029,588,048 Shares, representing approximately 6.78% of the total issued share capital of the Company, due to the transfer of approximately 2% Shares pursuant to the aforementioned securities exchange agreement, following the removal of En+ from the SDN List on 27 January 2019. On such basis, the deemed interests of Glencore in the issued share capital of the Company should be correspondingly reduced to 6.78%, and Glencore and its controlled corporations should have a short position in respect of its entire 6.78% shareholding in the Company.

Agreements subject to change of control provisions

The following agreements with the Company contain change of control provisions allowing the other parties under such agreements to cancel their commitments in full and declare (or which action would result in) all outstanding loans immediately due and payable in the relevant event:

- (a) The PXF Facility – as at 30 June 2019, the outstanding nominal value of debt was USD1.7 billion and the final maturity date of the debt was 31 May 2022.
- (b) Credit facility agreement dated 31 August 2017 between, Sberbank as lender and the Company as borrower – as at 30 June 2019, the outstanding nominal value of debt was USD4.4 billion and the final maturity date of the debt was 24 December 2024.
- (c) A term facility agreement dated 29 January 2018 between RUSAL as borrower and Nordea Bank Abp as lender with a limit up to USD200 million, and as at 30 June 2019, the outstanding nominal value of the debt was USD200 million and the final maturity of the debt was 30 January 2021.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Corporate Governance Practices

The Company adopts international standards of corporate governance. The Directors believe that high quality corporate governance leads to successful business development and increases the investment potential of the Company, providing more security for Shareholders, partners and customers, as well as reinforcing the Company's internal control systems.

By working with international institutions such as the European Bank for Reconstruction and Development and the International Finance Corporation, the Company developed and implemented its corporate governance standards based on the principles of transparent and responsible business operations.

The Company adopted a corporate code of ethics that sets out the Company's values and principles for many of its areas of operations.

The Directors adopted a corporate governance code which is based on the CG Code in a Board meeting on 11 November 2010. The Directors believe that the Company has complied with the code provisions in the CG Code for the first six months of 2019, other than as described below.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of Shareholders.

Term of appointment of Directors

Paragraph A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. Paragraph A.4.2 of the CG Code provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least every three years. Each of the non-executive Directors signed an appointment letter with the Company providing for the same three years term. Article 24.2 of the Articles of Association provides that if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at the annual general meeting. As such, it is possible that a director may be in office for more than three years depending upon the timing for calling the annual general meeting.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Board meetings at which Directors have material interests

A.1.7 of the CG Code states that “If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.”

Throughout the six month period ended 30 June 2019, there were no instances when business was dealt with by the Board by way of written resolution where a Director had a material conflict of interest in such business or where a material interest of a Director was stated to have been disclosed.

Of the six Board meetings held during the six-month period ended 30 June 2019, there were five Board meetings at which one or more Director(s) had disclosed a material interest in the transactions being considered. On each such occurrence, those interested Directors abstained from voting and the resolutions approving the entering into such transactions were passed by the requisite majority excluding the materially interested Directors. Also, all the independent non-executive Directors were present at such five Board meetings where one or more Director(s) had disclosed a material interest.

Attendance of Directors at the AGM

A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings. The annual general meeting of the Company was held on 20 June 2019 (the “AGM”). Certain executive directors and non-executive directors were unable to attend the AGM due to conflicting business schedules.

Codes for Securities Transactions

The Company has adopted a Code for Securities Transactions by Directors of the Company. The Code for Securities Transactions was based on the Model Code as set out in Appendix 10 to the Listing Rules but it was made more exacting than the required standard set out in Appendix 10. Having made specific enquiry of all Directors, all Directors confirmed that they had fully complied with the required standard set out in the Model Code and Code for Securities Transactions throughout the accounting period covered by the Interim Report.

The Company has not been notified of any other transaction by the Directors in application of the aforementioned provisions.

Related party transactions

For further information on related party transactions, please refer to note 17 “Related party transactions” of the consolidated interim condensed financial information.

STATEMENT OF RESPONSIBILITY FOR THIS INTERIM REPORT

I, Evgenii Nikitin, declare, to the best of my knowledge, that the consolidated interim condensed financial information contained in this Interim Report has been prepared in accordance with applicable accounting principles and gives a true and fair view of the assets, financial condition and results of operations of UC RUSAL and the other entities included in the consolidation perimeter, and that the “Management Discussion and Analysis” and “Information Provided in accordance with the Listing Rules” sections of this Interim Report include a fair review of the material events that occurred in the first six months of this financial year, their impact on the consolidated interim condensed financial information, the principal related party transactions as well as a description of the principal risks and uncertainties for the remaining six months of this year.

Evgenii Nikitin

Chief Executive Officer

9 August 2019

FORWARD-LOOKING STATEMENTS

This Interim Report contains statements about future events, projections, forecasts and expectations that are forward-looking statements. Any statement in this Interim Report 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 risks and uncertainties include those discussed or identified herein and in the Annual Report. 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.

GLOSSARY

“Adjusted EBITDA” for any period means the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment.

“Adjusted Net Profit” for any period is defined as the net profit adjusted for the net effect from share in the results of Norilsk Nickel, the net effect of embedded derivative financial instruments, the difference between effective and nominal interest rate charge on restructured debt and net effect of non-current assets impairment.

“Alumina price per tonne” represents the average alumina price per tonne which is based on the daily closing spot prices of alumina according to Non-ferrous Metal Alumina Index FOB Australia USD per tonne.

“Aluminium price per tonne quoted on the LME” or **“LME aluminium price”** represents the average daily closing official LME spot prices for each period.

“Aluminium segment cost per tonne” means aluminium segment revenue, less aluminium segment results, less amortisation and depreciation, divided by sales volume of aluminium segment.

“Amokenga Holdings” means Amokenga Holdings Limited, a company incorporated in Bermuda, which is a wholly owned subsidiary of Glencore.

“Annual Report” means the report dated 29 April 2019 for the year ended 31 December 2018 published by the Company.

“Articles of Association” means the articles of association of the Company, conditionally adopted on 24 November 2009, and effective on the Listing Date, and subsequently amended on 22 November 2017.

“Audit Committee” means the audit committee established by the Board in accordance with the requirements of the CG Code.

“BEMO” means the companies comprising the Boguchanskoye Energy and Metals Complex.

“BEMO HPP” or **“BOGES”** means the Boguchanskaya hydro power plant.

GLOSSARY

“Board” means the board of Directors of the Company.

“Boguchansky aluminium smelter” or **“BEMO aluminium smelter”** or **“BoAZ”** means the aluminium smelter project involving the construction of a 600 thousand tpa greenfield aluminium smelter on a 230 hectare site, located approximately 8 km to the south-east of the settlement of Tayozhny in the Krasnoyarsk region, and approximately 160 km (212 km by road) from the BEMO HPP.

“Bratsk aluminium smelter” or **“RUSAL Bratsk”** or **“BrAZ”** means PJSC **“RUSAL Bratsk”**, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

“CG Code” means the Code setting out, among others, the principles of good corporate governance practices as set out in Appendix 14 to the Listing Rules (as amended from time to time).

“CEO” or **“Chief Executive Officer”** means the chief executive officer of the Company.

“Chairman” or **“Chairman of the Board”** means the chairman of the Board.

“Chief Financial Officer” or **“CFO”** means the chief financial officer of the Company.

“CIS” means the Commonwealth of Independent States.

“Company” or **“UC RUSAL”** or **“RUSAL”** means United Company RUSAL Plc. 俄鋁, a company incorporated under the laws of Jersey with limited liability.

“Corporate Governance and Nomination Committee” means the corporate governance and nomination committee established by the Board in accordance with the requirements of the CG Code.

“Director(s)” means the director(s) of the Company.

“En+” means EN+ GROUP Interational public joint-stock company (formerly En+ Group Plc) a company registered in accordance with the procedure established by the laws of the Russian Federation, in accordance with the Federal Law of the Russian Federation “On International Companies”, and which is a shareholder of the Company.

GLOSSARY

“Glencore” means Glencore Plc, a public company incorporated in Jersey and listed on the London Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange, which is an indirect shareholder of the Company. Pursuant to the press release issued by En+ on 28 January 2019, En+ announced that it had entered into a securities exchange agreement and certain other related agreements with certain subsidiaries of Glencore, pursuant to which Glencore shall transfer the 8.75% of the Company’s shares to En+ in consideration for En+ issuing new GDRs to Glencore representing approximately 10.55% of the enlarged share capital of En+.

“Group” or **“UC RUSAL Group”** means UC RUSAL and its subsidiaries from time to time, including a number of production, trading and other entities controlled by the Company directly or through its wholly owned subsidiaries.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited.

“Interim Report” means this interim report dated 9 August 2019.

JSC “RUSAL SAYANAL” or **“SAYANAL”** or **“Sayanal”** means Joint-Stock Company RUSAL SAYANAL, an indirect wholly-owned subsidiary of the Company.

JSC “Ural Foil” or **“Ural Foil”** means Joint Stock Company “Ural Foil”, an indirect non wholly-owned subsidiary of the Company.

“Latest Practicable Date” means 30 July 2019, being the latest practicable date prior to the printing of this Interim Report for ascertaining certain information in this Interim Report.

GLOSSARY

“LIBOR” means in relation to any loan:

- (a) the applicable screen rate (being the British Bankers’ Association Interest Settlement Rate for dollars for the relevant period, displayed on the appropriate page of the Reuters screen); or
- (b) (if no screen rate is available for dollars for the interest period of a particular loan), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the agent at its request quoted by the reference banks to leading banks in the London interbank market, as of the specified time (11:00 a.m. in most cases) on the quotation day (generally two business days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the quotation day will be determined by the agent in accordance with market practice in the Relevant Interbank Market) for the offering of deposits in dollars and for a period comparable to the interest period for that loan.

“Listing” means the listing of the Shares on the Hong Kong Stock Exchange.

“Listing Date” means the date on which the Shares were listed on the Hong Kong Stock Exchange, being 27 January 2010.

“Listing Rules” means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

“LLC SUAL-PM”, “SUAL-PM” means LLC SUAL-PM, an indirect wholly-owned subsidiary of the Company.

“LLP Bogatyr Komir” or “Bogatyr Coal” Limited Liability Partnership means the joint venture described at page 22 of the Annual Report.

“LME” means the London Metal Exchange.

“Model Code” means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

“Moscow Exchange” means Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (short name “Moscow Exchange”).

GLOSSARY

“Net Debt” is calculated as Total Debt less cash and cash equivalents as at the end of the period.

“Norilsk Nickel” means PJSC “MMC ‘NORILSK NICKEL’”, a company incorporated under the laws of the Russian Federation.

“Novokuznetsk aluminium smelter” or **“NkAZ”** or **“RUSAL Novokuznetsk”** means Joint-Stock Company “RUSAL Novokuznetsk”, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

“OFAC” means the Office of Foreign Assets Control of the Department of the U.S. Treasury.

“OFAC Sanctions” means the designation by OFAC of certain persons and certain companies into the SDN List.

“PRC” means The People’s Republic of China.

“PXF Facility” means up to USD2,000,000,000 Aluminium Pre-Export Finance Term Facility Agreement (dated 24 May 2017), as amended and restated from time to time, among inter alia, UC RUSAL as Borrower and ING Bank N.V. as Facility Agent and Security Agents and Natixis as Offtake Agent.

“Recurring Net Profit” for any period means Adjusted Net Profit plus the Company’s effective share of Norilsk Nickel’s profits, net of tax.

“Related party” of an entity means a party who is:

- (a) directly, or indirectly through one or more intermediates, a party which:
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) an associate of the entity;

GLOSSARY

- (c) a joint venture in which the entity is a venturer;
- (d) a member of the key management personnel of the entity or its parent;
- (e) a close member of the family of any individual referred to in (a) or (b) above;
- (f) an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above;
- (g) under a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

“Related party transaction” means a transfer of resources, services or obligations between related parties, regardless of whether the price is charged.

“RUB” or **“Rouble”** means Roubles, the lawful currency of the Russian Federation.

“RUSAL ARMENAL” CJSC or **“RUSAL ARMENAL”** or **“ARMENAL”** means Closed Joint Stock Company “RUSAL ARMENAL”, an indirect wholly-owned subsidiary of the Company.

“Sberbank” means Sberbank of Russia.

“SDN List” means the Specially Designated Nationals List published by OFAC. U.S. persons are generally prohibited from dealing with assets of persons designated in the SDN List which are subject to the U.S. jurisdiction, subject to certain exemptions and exclusions set out in licenses issued by OFAC.

“SFO” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

“Share(s)” means ordinary share(s) with nominal value of USD0.01 each in the share capital of the Company.

“Shareholder(s)” means holder(s) of Shares.

GLOSSARY

“**SKAD**” means Limited Liability Company “Casting and mechanical plant ‘SKAD’” (the short official name is “Casting and mechanical plant ‘SKAD’ Ltd.”), a company incorporated under the laws of the Russian Federation.

“**SUAL Partners**” means SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a shareholder of the Company.

“**Substantial shareholder(s)**” has the meaning ascribed to such expression under the Listing Rules.

“**Total Debt**” means the Company’s loans and borrowing at the end of the period.

“**US**” means the United States of America.

“**USD**”, “**US\$**” or “**US dollar**” means United States dollars, the lawful currency of the United States of America.

“**VAT**” means value added tax.

“**Working Capital**” means trade and other receivables and inventories less trade and other payables.

“**%**” means per cent.

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Certain amounts and percentage figures included in this Interim Report have been subject to rounding adjustments or have been rounded to one decimal place. Accordingly, figures shown as totals in certain tables in this Interim Report may not be an arithmetic aggregation of the figures that preceded them.

CORPORATE INFORMATION

UNITED COMPANY RUSAL PLC

俄鋁(Incorporated under the laws of Jersey with limited liability)

Hong Kong Stock Exchange stock code: 486

Moscow Exchange symbol: RUAL

REGISTERED OFFICE IN JERSEY

44 Esplanade,
St Helier,
Jersey,
JE4 9WG

BOARD OF DIRECTORS

Executive Directors

Mr. Evgenii Nikitin
(Chief Executive Officer)

Mr. Evgenii Vavilov
Mr. Evgeny Kuryanov

Non-executive Directors

Mr. Marco Musetti
Mr. Vyacheslav Solomin
Mr. Vladimir Kolmogorov

Independent non-executive Directors

Dr. Elsie Leung Oi-sie
Mr. Dmitry Vasiliev
Mr. Bernard Zonneveld *(Chairman)*
Mr. Maxim Poletaev
Mr. Randolph N. Reynolds
Mr. Kevin Parker
Mr. Christopher Burnham
Mr. Nick Jordan

PRINCIPAL PLACE OF BUSINESS

28th Oktovriou, 249
LOPHITIS BUSINESS CENTRE, 7th floor
3035 Limassol
Cyprus

PLACE OF BUSINESS IN HONG KONG

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18 Harbour Road
Wanchai Hong Kong

JERSEY COMPANY SECRETARY

Intertrust Corporate Services (Jersey) Limited
44 Esplanade,
St Helier,
Jersey,
JE4 9WG

HONG KONG COMPANY SECRETARY

Ms. Aby Wong Po Ying
Intertrust Resources Management Limited
3806 Central Plaza
18 Harbour Road
Wanchai Hong Kong

CORPORATE INFORMATION

AUDITORS

JSC KPMG

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10 Presnenskaya Naberezhnaya
Moscow, 123112
Russia

AUTHORISED REPRESENTATIVES

Mr. Evgenii Nikitin
Ms. Aby Wong Po Ying
Mr. Eugene Choi

PRINCIPAL SHARE REGISTRAR

Computershare Investor Services (Jersey)
Limited
Queensway House
Hilgrove Street, St Helier
Jersey,
JE1 1ES

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor, Hopewell
Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDIT COMMITTEE MEMBERS

Mr. Maxim Poletaev (chairman)
Dr. Elsie Leung Oi-sie
Mr. Dmitry Vasiliev
Mr. Kevin Parker

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE MEMBERS

Mr. Dmitry Vasiliev (chairman)
Mr. Bernard Zonneveld
Mr. Randolph N. Reynolds
Mr. Christopher Burnham

REMUNERATION COMMITTEE MEMBERS

Dr. Elsie Leung Oi-sie (chairman)
Mr. Dmitry Vasiliev
Mr. Randolph N. Reynolds
Mr. Nick Jordan

PRINCIPAL BANKERS

Sberbank
VTB Bank
ING N.V.

INVESTOR RELATIONS CONTACT

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COMPANY WEBSITE

www.rusal.com

By Order of the Board of Directors of
United Company RUSAL Plc
Aby Wong Po Ying
Company Secretary

9 August 2019

As at the date of this announcement, the executive Directors are Mr. Evgenii Nikitin, Mr. Evgeny Kuryanov and Mr. Evgenii Vavilov, the non-executive Directors are Mr. Marco Musetti, Mr. Vyacheslav Solomin and Mr. Vladimir Kolmogorov and the independent non-executive Directors are Dr. Elsie Leung Oi-sie, Mr. Dmitry Vasiliev, Mr. Bernard Zonneveld (Chairman), Mr. Maxim Poletaev, Mr. Randolph N. Reynolds, Mr. Kevin Parker, Mr. Christopher Burnham and Mr. Nick Jordan.

All announcements published by the Company are available on its website under the links <http://www.rusal.ru/en/investors/info.aspx> and <http://rusal.ru/investors/info/moex/> respectively.