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

**AMENDMENT TO INTERIM REPORT 2010 AND
INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

Reference is made to the interim results announcement for the six months ended 30 June 2010 (“**Interim Results Announcement**”) and the interim report 2010 dated 31 August 2010 (“**Interim Report**”) of United Company RUSAL Plc (“**UC RUSAL**” or the “**Company**”).

Unless otherwise specified, capitalised terms in this announcement shall have the same meanings as the defined terms in the Interim Report.

BACKGROUND

In the Interim Results Announcement and the Interim Report, the Group estimated its share of profits and comprehensive income of OJSC MMC Norilsk Nickel (“**Norilsk Nickel**”) for the three-month and six-month periods ended 30 June 2010 based on publicly available information. The Company’s auditor, ZAO KPMG, provided a qualified conclusion as a result of its review of the unaudited consolidated interim condensed financial information of the Company because it was unable to obtain and review Norilsk Nickel’s consolidated interim financial information by the publication date of the Interim Results Announcement and the Interim Report. It was contemplated in the Interim Results Announcement and the Interim Report that the Company might make a further announcement when Norilsk Nickel published its consolidated interim financial information.

On 7 October 2010, Norilsk Nickel published its interim IFRS consolidated financial information. Accordingly, the management of the Company has reassessed the Group's share of Norilsk Nickel's profits and comprehensive income and concluded that in the consolidated interim condensed financial information of the Company for the three and six months ended 30 June 2010 (which are set out in the Interim Results Announcement and the Interim Report),

- the share of profits and reversal of impairment of associates, foreign currency translation differences for foreign operations and interests in associates were understated by USD 97 million, USD 1 million and USD 73 million respectively; and
- the share of other comprehensive income of associates was overstated by USD 25 million.

As a result the Company has adjusted the unaudited consolidated interim condensed financial information of the Company for the three and six months ended 30 June 2010 to reflect the results of the reassessment by the Company's management.

ADJUSTED FINANCIAL INFORMATION AND REVIEW REPORT

The adjusted consolidated interim condensed financial information of the Company for the three and six months ended 30 June 2010 (the "**Adjusted Financial Information**") are attached to this announcement. The Adjusted Financial Information has not been audited, but has been reviewed by the Company's Audit Committee and the Company's external auditors.

The Company's auditor, ZAO KPMG, has provided a review report dated 26 October 2010 on the Adjusted Financial Information. The Company has noted that this review report does not contain any qualifications to its conclusion. A copy of the review report is attached to the Adjusted Financial Information.

AMENDMENTS TO INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

As a result of the adjustment to the consolidated interim condensed financial information of the Company for the three and six months ended 30 June 2010 discussed above, corresponding amendments are made to the content of the Interim Results Announcement and Interim Results (in addition to the consolidated interim condensed financial information). These amendments are set out below.

Net profit, net profit margin, profit before income tax, income from associates, share of profits of associate and net income for the period

Net profit, net profit margin, profit before tax, income from associates, share of profits of associate and net income for the period for the first half of 2010 are each understated by USD97 million:

- Net profit should be **USD1,365 million**, rather than USD1,268 million as set out on pages 2, 3, 5 and 18 of the Interim Report and pages 2 and 18 of the Interim Results Announcement.
- Net profit margin should be **25.7%**, rather than 23.8% as set out on page 3 of the Interim Report.
- Profit before tax should be **USD1,551 million**, rather than USD 1,454 million as set out on pages 3 and 18 of the Interim Report and page 18 of the Interim Results Announcement.
- Income from associates should be **USD555 million**, rather than USD 458 million as set out on page 3 of the Interim Report.
- Share of profits of associates should be **USD555 million**, rather than USD458 million as set out on page 18 of the Interim Report and pages 5 and 17 of the Interim Results Announcement. The increase of share of profits of associates for the six months ended 30 June 2010 as compared to the share of profits of associates for the six months ended 30 June 2009 should be **USD207 million**, rather than USD110 million as set out on page 18 of the Interim Report and on page 18 of the Interim Results Announcement. The change half year-on-half year should be **59.5%**, rather than 31.6% as set out on page 5 of the Interim Results Announcement.
- The net income for the period should be **USD1,365 million**, rather than USD1,268 million as set out on page 5 of the Interim Results Announcement.

Earnings per share

Earnings per share for the first half of 2010 should be **USD0.09**, rather than USD0.08 as set out on page 3 of the Interim Report.

Total assets

Total assets for the first half of 2010 are understated by USD73 million. Total assets are **USD24,478 million**, rather than USD24,405 million as set out on pages 3 and 19 of the Interim Report and pages 5 and 20 of the Interim Results Announcement. The increase of total assets as at 30 June 2010 as compared to total assets as at 31 December 2009 should be **USD592 million** or 2.5%, rather than USD519 million or 2.2% as set out on page 19 of the Interim Report and page 20 of the Interim Results Announcement.

Equity attributable to shareholders

Equity attributable to shareholders for the first half of 2010 is understated by USD73 million. It should be **USD9,530 million**, rather than USD9,457 million as set out on page 3 of the Interim Report.

Gearing Ratio

The Group's gearing ratio, which is the ratio of Total Debt (including both long-term and short-term borrowings) to the total assets, as at 30 June 2010, should be **50.9%**, rather than 51.1% as set out on page 22 of the Interim Report.

Return on equity

The Group's return on equity, which is the amount of net profit as a percentage of total equity, as at 30 June 2010, should be **14.3%**, rather than 13.4% as set out on page 22 of the Interim Report.

Total Net Debt to Covenant EBITDA ratio (Leverage Ratio)

Total Net Debt to Covenant EBITDA ratio (Leverage Ratio) for the first half of 2010 should be **4.8:1**, rather than 5.0:1 as set out on pages 9 and 21 of the Interim Report and page 5 of the Interim Results Announcement.

Covenant EBITDA

Covenant EBITDA for the 6 months ended 30 June 2010 and Covenant EBITDA for the twelve months ended 30 June 2010 are each understated by USD97 million:

- Covenant EBITDA for the six months ended 30 June 2010 should be **USD1,630 million**, rather than USD1,533 million as set out on page 21 of the Interim Report.
- Covenant EBITDA for the twelve months ended 30 June 2010 should be **USD2,699 million**, rather than USD2,602 million as set out on page 21 of the Interim Report.

Interest coverage ratio - Recalculation and addressing of an inadvertent error in the Interim Report

The Group's interest coverage ratio for the first half of 2010, which is the ratio of the Group's earnings before interest and taxes to net interest, was incorrectly reflected on page 23 of the Interim Report to be 133.2 due to an inadvertent error. Had this error not been made, it should have been 3.3. Taking into account the interim IFRS consolidated financial information of Norilsk Nickel, the correct interest coverage ratio should now be **3.4**.

The Adjusted Financial Information and the corresponding auditors' review report, have been filed with the AMF and are accessible on the Company's website at the following address: http://rusal.ru/en/stock_fillings.aspx.

By Order of the board of directors of
United Company RUSAL Plc
Tatiana Soina
Director

27 October 2010

As at the date of this announcement, our executive directors are Mr. Oleg Deripaska, Mr. Vladislav Soloviev, Mr. Petr Sinshinov and Ms. Tatiana Soina, our non-executive directors are Mr. Victor Vekselberg (Chairman), Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Vladimir Kiryukhin, Mr. Alexander Popov, Mr. Dmitry Razumov, Mr. Igor Ermilin, Mr. Anatoly Tikhonov and Mr. Artem Volynets and our independent non-executive directors are Dr. Peter Nigel Kenny, Mr. Philip Lader, Mr. Barry Cheung Chun-Yuen and Ms. Elsie Leung Oi-sie.

All announcements and press releases published by United Company RUSAL Plc are available on its website under the links http://www.rusal.ru/en/stock_fillings.aspx and <http://www.rusal.ru/en/press-center.aspx>, respectively.



**United Company RUSAL Plc
(formerly United Company RUSAL Limited)**

**Consolidated Interim Condensed Financial
Information for the three- and six-month periods ended
30 June 2010**

Independent Auditors' Report

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 2010 and the related consolidated interim condensed statements of income and comprehensive income for the three- and six-month periods ended 30 June 2010, and the related consolidated interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2010, and selected explanatory notes (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 the consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review 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 the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2010 and for the three- and six-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Matter

In our report dated 30 August 2010, we expressed a conclusion on the Group's consolidated interim condensed financial information as at and for the three- and six-month periods ended 30 June 2010 that was qualified for the effects of such adjustments, if any, that might have been determined to be necessary had we been able to obtain and review financial information of the Group's equity investee, OJSC MMC Norilsk Nickel. Since that date, the directors have obtained the required information and adjusted the accounting for the equity investee, as described in Note 1(b). We have reviewed the adjustments made and nothing has come to our attention that causes us to believe that these adjustments have not been properly applied. Accordingly, our present report on the Group's consolidated interim condensed financial information as at and for the three- and six-month periods ended 30 June 2010, as presented herein, is different from our previous report.

ZAO KPMG

26 October 2010

Consolidated Interim Condensed Statement of Income

| | Note | Three months ended 30 June | | Six months ended 30 June | |
|--|------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | 2010 (unaudited) USD million | 2009 (unaudited) USD million | 2010 (unaudited) USD million | 2009 (unaudited) USD million |
| Revenue | 6 | 2,990 | 1,980 | 5,321 | 3,757 |
| Cost of sales | | <u>(1,929)</u> | <u>(1,840)</u> | <u>(3,495)</u> | <u>(3,449)</u> |
| Gross profit | | 1,061 | 140 | 1,826 | 308 |
| Distribution expenses | | (165) | (118) | (299) | (284) |
| Administrative expenses | | (154) | (156) | (394) | (311) |
| Loss on disposal of property, plant and equipment | | — | (5) | — | (7) |
| Impairment of non-current assets | | (40) | (12) | (45) | (37) |
| Other operating expenses | | <u>(34)</u> | <u>(89)</u> | <u>(54)</u> | <u>(156)</u> |
| Results from operating activities | | 668 | (240) | 1,034 | (487) |
| Finance income | 7 | 716 | 24 | 645 | 23 |
| Finance expenses | 7 | (360) | (331) | (656) | (680) |
| Share of profits and reversal of impairment of associates | 10 | 292 | 328 | 555 | 348 |
| Share of losses of jointly controlled entities | 11 | <u>(34)</u> | <u>(18)</u> | <u>(27)</u> | <u>(8)</u> |
| Profit/(loss) before taxation | | 1,282 | (237) | 1,551 | (804) |
| Income tax | 8 | <u>(164)</u> | <u>7</u> | <u>(186)</u> | <u>(64)</u> |
| Net profit/(loss) for the period | | <u>1,118</u> | <u>(230)</u> | <u>1,365</u> | <u>(868)</u> |
| Attributable to: | | | | | |
| Shareholders of the Company | | <u>1,118</u> | <u>(230)</u> | <u>1,365</u> | <u>(868)</u> |
| Earnings/(loss) per share | | | | | |
| Basic and diluted earnings/(loss) per share (USD) | 9 | <u>0.07</u> | <u>(0.02)</u> | <u>0.09</u> | <u>(0.07)</u> |

The consolidated interim condensed statement of income is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

Consolidated Interim Condensed Statement of Comprehensive Income

| | Three months ended | | Six months ended | |
|---|---------------------|---------------------|---------------------|-----------------------|
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Note | USD million | USD million | USD million | USD million |
| Net profit/(loss) for the period | <u>1,118</u> | <u>(230)</u> | <u>1,365</u> | <u>(868)</u> |
| Other comprehensive income/(loss) | | | | |
| Actuarial (losses)/gains on post retirement benefit plans | (60) | 8 | (32) | 21 |
| Share of other comprehensive (loss)/income of associate | (68) | 77 | 4 | 71 |
| Foreign currency translation differences for foreign operations | <u>(840)</u> | <u>859</u> | <u>(432)</u> | <u>(645)</u> |
| | <u>(968)</u> | <u>944</u> | <u>(460)</u> | <u>(553)</u> |
| Total comprehensive income/(loss) for the period | <u>150</u> | <u>714</u> | <u>905</u> | <u>(1,421)</u> |
| Attributable to: | | | | |
| Shareholders of the Company | <u>150</u> | <u>714</u> | <u>905</u> | <u>(1,421)</u> |

There was no tax effect relating to each component of other comprehensive income/(loss).

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

Consolidated Interim Condensed Statement of Financial Position

| | | 30 June 2010 | 31 December 2009 |
|--|-------------|-------------------------|-----------------------------|
| | | (unaudited) | |
| | <i>Note</i> | <i>USD million</i> | <i>USD million</i> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 5,910 | 6,088 |
| Intangible assets | | 4,032 | 4,112 |
| Interests in associates | 10 | 9,259 | 8,968 |
| Interests in jointly controlled entities | 11 | 998 | 778 |
| Financial investments | | 43 | 54 |
| Deferred tax assets | | 64 | 144 |
| Derivative financial asset | 16 | 60 | — |
| Other non-current assets | | <u>211</u> | <u>118</u> |
| Total non-current assets | | <u>20,577</u> | <u>20,262</u> |
| Current assets | | | |
| Inventories | | 2,324 | 2,150 |
| Trade and other receivables | 12 | 1,269 | 1,238 |
| Cash and cash equivalents | | <u>308</u> | <u>236</u> |
| Total current assets | | <u>3,901</u> | <u>3,624</u> |
| Total assets | | <u>24,478</u> | <u>23,886</u> |

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

| | | 30 June 2010 | 31 December 2009 |
|--|-------------|-------------------------|-----------------------------|
| | | (unaudited) | |
| | <i>Note</i> | <i>USD million</i> | <i>USD million</i> |
| EQUITY AND LIABILITIES | | | |
| Equity | 13 | | |
| Share capital | | 152 | — |
| Share premium | | 15,782 | 13,641 |
| Other reserves | | 3,053 | 3,081 |
| Currency translation reserve | | (3,959) | (3,527) |
| Accumulated losses | | <u>(5,498)</u> | <u>(6,863)</u> |
| Total equity | | <u>9,530</u> | <u>6,332</u> |
| Non-current liabilities | | | |
| Loans and borrowings | 14 | 12,042 | 11,117 |
| Provisions | 15 | 419 | 385 |
| Deferred tax liabilities | | 544 | 512 |
| Derivative financial liabilities | 16 | — | 510 |
| Other non-current liabilities | | <u>63</u> | <u>62</u> |
| Total non-current liabilities | | <u>13,068</u> | <u>12,586</u> |
| Current liabilities | | | |
| Loans and borrowings | 14 | 418 | 2,752 |
| Current taxation | | 35 | 44 |
| Trade and other payables | 17 | 1,282 | 1,911 |
| Derivative financial liabilities | 16 | — | 60 |
| Provisions | 15 | <u>145</u> | <u>201</u> |
| Total current liabilities | | <u>1,880</u> | <u>4,968</u> |
| Total liabilities | | <u>14,948</u> | <u>17,554</u> |
| Total equity and liabilities | | <u>24,478</u> | <u>23,886</u> |
| Net current assets/(liabilities) | | <u>2,021</u> | <u>(1,344)</u> |
| Total assets less current liabilities | | <u>22,598</u> | <u>18,918</u> |

Approved and authorised for issue by the board of directors on 26 October 2010.

Oleg V. Deripaska
Chief Executive Officer

Tatiana V. Soina
Chief Financial Officer

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

Consolidated Interim Condensed Statement of Changes in Equity

| | <i>Note</i> | Share capital | Share premium | Other reserves | Currency translation reserve | Retained profits/ (accumulated losses) | Total |
|--|-------------|--------------------------|--------------------------|---------------------------|---|---|--------------------|
| | | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| Balance at 1 January 2009 | | — | 12,517 | 2,912 | (3,257) | (7,684) | 4,488 |
| Total comprehensive (loss) for the period | | — | — | 92 | (645) | (868) | (1,421) |
| Other changes resulting from transactions with entities under common control | | — | — | 10 | — | — | 10 |
| Balance at 30 June 2009 | | <u>—</u> | <u>12,517</u> | <u>3,014</u> | <u>(3,902)</u> | <u>(8,552)</u> | <u>3,077</u> |
| Balance at 1 January 2010 | | — | 13,641 | 3,081 | (3,527) | (6,863) | 6,332 |
| Total comprehensive income for the period (unaudited) | | — | — | (28) | (432) | 1,365 | 905 |
| Capitalisation issuance of shares (unaudited) | | 135 | (135) | — | — | — | — |
| Shares issued upon Global Offering, net of related expenses (unaudited) | | 16 | 2,172 | — | — | — | 2,188 |
| Shares issued on exercise of the Fee Warrants (unaudited) | 13(a) | — | 36 | — | — | — | 36 |
| Issuance of shares in lieu of share-based compensation to management (unaudited) | 13(a) | 1 | 68 | — | — | — | 69 |
| Balance at 30 June 2010 (unaudited) | | <u>152</u> | <u>15,782</u> | <u>3,053</u> | <u>(3,959)</u> | <u>(5,498)</u> | <u>9,530</u> |

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

Consolidated Interim Condensed Statement of Cash Flows

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2010 | 2009 |
| | (unaudited) | |
| | <i>USD million</i> | <i>USD million</i> |
| OPERATING ACTIVITIES | | |
| Net profit/(loss) for the period | 1,365 | (868) |
| <i>Adjustments for:</i> | | |
| Depreciation | 237 | 291 |
| Amortisation | 9 | 8 |
| Impairment of non-current assets | 45 | 37 |
| Changes in fair value of financial instruments | (573) | (4) |
| Revaluation of financial instruments | 11 | — |
| Reversal of impairment of trade and other receivables | (2) | 54 |
| Reversal of impairment of inventories | (7) | (133) |
| Provision for legal claims | 8 | 30 |
| Reversal of tax provision | (5) | — |
| Foreign exchange (gain)/ losses | (78) | 56 |
| Loss on disposal of property, plant and equipment | — | 7 |
| Loss on disposal of intangible assets | — | 10 |
| Interest expense | 645 | 601 |
| Interest income | (9) | (19) |
| Income tax expense | 186 | 64 |
| Share of profits and reversal of impairment of associates | (555) | (348) |
| Share of losses of jointly controlled entities | 27 | 8 |
| | 1,304 | (206) |
| (Increase)/decrease in inventories | (151) | 864 |
| Increase in trade and other receivables | (182) | (49) |
| Increase in prepaid expenses and other assets | — | (20) |
| Decrease in trade and other payables | (341) | (304) |
| Decrease in provisions | (48) | (13) |
| Cash generated from operations | 582 | 272 |
| Income taxes paid | (77) | (6) |
| Interest paid | (332) | (408) |
| Net cash generated from/(used in) operating activities | 173 | (142) |

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

Six months ended 30 June
2010 **2009**
(unaudited)
USD million *USD million*

INVESTING ACTIVITIES

| | | |
|---|---------------------|--------------------|
| Proceeds from disposal of property, plant and equipment | 5 | 43 |
| Interest received | 3 | 2 |
| Acquisition of property, plant and equipment | (136) | (69) |
| Acquisition of intangible assets | (1) | (5) |
| Cash inflow on disposal of subsidiaries | — | 25 |
| Dividends from jointly controlled entities | 25 | — |
| Contributions to jointly controlled entities | (320) | (55) |
| Changes in restricted cash | <u>17</u> | <u>(2)</u> |
| Net cash used in investing activities | <u>(407)</u> | <u>(61)</u> |

FINANCING ACTIVITIES

| | | |
|---|-------------------|---------------------|
| Proceeds from borrowings | 208 | 909 |
| Repayment of borrowings | (1,818) | (1,060) |
| Restructuring fees | (63) | (82) |
| Listing related expenses | (82) | — |
| Repayment of Fee Warrants | (153) | — |
| Proceeds from Global Offering | <u>2,236</u> | <u>—</u> |
| Net cash generated from/(used in) financing activities | <u>328</u> | <u>(233)</u> |
| Net increase/(decrease) in cash and cash equivalents | 94 | (436) |
| Cash and cash equivalents at 1 January | 215 | 685 |
| Effect of exchange rate fluctuations on cash and cash equivalents | <u>(5)</u> | <u>(10)</u> |
| Cash and cash equivalents at the end of the period | <u>304</u> | <u>239</u> |

Restricted cash amounted to USD4 million and USD21 million at 30 June 2010 and 31 December 2009, respectively.

Major non-cash transactions:

- (i) On 27 January 2010 fee warrants (“Fee Warrants”) with the carrying value of USD 36 million were converted into 26,070,806 ordinary shares of the Company (refer to note 13(a)).

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim condensed financial information set out on pages 16 to 51.

Notes to the Consolidated Interim Condensed Financial Information
All financial information as at and for the three- and six-month periods ended 30 June 2010 and for the three-month period ended 30 June 2009 is unaudited

1 Background

(a) Organization

United Company RUSAL Plc (the “Company” or “UC RUSAL”), formerly United Company RUSAL Limited, was established by the controlling shareholder of RUSAL Limited (“RUSAL”) as a limited liability company under the laws of Jersey on 26 October 2006. Subsequent to 31 December 2009, the Company has successfully completed a dual placing on the Main Board of the Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the Professional Segment of NYSE Euronext Paris (“Euronext Paris”) (the “Global Offering”) and changed its legal form from a limited liability to a public company.

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

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”.

On 27 January 2010, the Company successfully completed the Global Offering. Upon placing, the Company issued 1,636,363,646 new shares in the form of shares listed on the Stock Exchange, and in the form of global depository shares (“Global Depository Shares” or “GDS”) listed on Euronext Paris representing 10.81% of the Company’s issued and outstanding shares, immediately prior to the Global Offering.

Shareholding structure of the Company as at 30 June 2010 and 31 December 2009 was as follows:

| | 30 June 2010 | 31 December 2009 |
|--|-------------------------|-----------------------------|
| En+ Group Limited (“EN+”) | 47.41% | 53.35% |
| Onexim Holdings Limited (“Onexim”) | 17.02% | 19.16% |
| SUAL Partners Limited (“SUAL Partners”) | 15.80% | 17.79% |
| Amokenga Holdings Limited (“Amokenga Holdings”) | 8.75% | 9.70% |
| Management held (including 0.22% held by CEO of the Company) | 0.27% | — |
| Publicly held | <u>10.75%</u> | <u>—</u> |
| Total | <u>100%</u> | <u>100%</u> |

En+ is controlled by Mr. Oleg Deripaska. SUAL Partners is controlled by Mr. Victor Vekselberg and Mr. Len Blavatnik together. Onexim is controlled by Mr. Mikhail Prokhorov. Amokenga Holdings is a wholly owned subsidiary of Glencore International AG (“Glencore”) which is controlled by its management and key employees.

Related party transactions are detailed in note 19.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available at the Company's website www.rusal.com.

(b) Previously issued Consolidated Interim Condensed Financial information for the three- and six-month periods ended 30 June 2010

The Group has previously issued interim condensed financial information as at and for the three- and six-month periods ended 30 June 2010 dated 30 August 2010. At that date the Group was unable to obtain consolidated IFRS interim financial information of the Group's significant equity investee, OJSC MMC Norilsk Nickel, as at and for three- and six-month periods ended 30 June 2010. Consequently the Group estimated its share in the profits and comprehensive income of OJSC MMC Norilsk Nickel for three- and six-month periods ended 30 June 2010 based on publicly available information at that time. On October 2010 OJSC MMC Norilsk Nickel published its interim IFRS consolidated financial information and management reassessed its share in the profits and comprehensive income of OJSC MMC Norilsk Nickel based on this information. As a result management concluded that share of profits and reversal of impairment of associates, foreign currency translation differences for foreign operations and interests in associates were understated by USD 97 million, USD 1 million and USD 73 million respectively and share of other comprehensive income of the associates was overstated by USD 25 million in the Group's previously issued interim condensed financial information as at and for the three- and six- month periods ended 30 June 2010 dated 30 August 2010. This interim condensed financial information as at and for the three- and six- month periods ended 30 June 2010 has been adjusted accordingly.

2 Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard No. 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 ("IFRSs") and therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

(b) Going concern

In the second half of 2008, the ongoing global liquidity crisis resulted in, among other things, a lower level of capital markets funding, lower liquidity levels across the international and Russian banking sectors, higher interbank lending rates and the significant contractions in many sectors of the real economy. In the fourth quarter of 2008, aluminium prices suffered a sharp

decline due to a significant decrease in the demand for aluminium which forced the Group to decrease production at a number of its production sites. During the year ended 31 December 2009, the Group reduced production levels by 10% for aluminium, by 36% for alumina and by 40% for bauxite compared to the same period of the prior year.

These factors had a significant adverse impact on the revenue and profitability of the Group. As a result, at 31 December 2008 the Group was in breach of a number of covenants relating to its debt agreements and subsequently suspended servicing certain loans and borrowings.

In December 2009, the Group completed restructuring negotiations with its lenders in order to establish financial stability and to put the necessary arrangements in place to allow the Group to meet its obligations when they fall due as part of ongoing operations, for details of restructuring refer to note 14.

The Directors believe that the restructuring terms agreed on 7 December 2009 allow the Group to successfully continue its operations and repay its debts as and when they fall due and, therefore, the Directors have prepared the consolidated interim condensed financial information on a going concern basis.

On 27 January 2010, the Company successfully completed the Global Offering (refer to note 1). The Company raised approximately USD2,188 million, net of related expenses of USD48 million, from the Global Offering of which USD2,143 million was used to repay debt owed by the Group to its international and Russian lenders (excluding State Corporation “The Bank for Development and Foreign Economic Affairs (“Vnesheconombank” or “VEB”) and Onexim, fees to its international lenders and fees and accrued interest to Onexim in connection with the debt restructuring (refer to note 13(a)), Fee Warrants where the lenders have elected the cash settlement option (refer to note 13(a)), contribute USD52 million to the Group’s jointly controlled entity Boguchanskoye Energy and Metals Complex (“BEMO”) for the purposes of debt repayment and settle additional listing expenses of USD34 million which were charged directly to the statement of income during the year ended 31 December 2009 as these expenses related to the admission of the Company’s entire share capital to trading on the Stock Exchange and Euronext Paris rather than placement of the new shares which resulted in additional equity. As a result the Group satisfied the repayment target applicable for the period until 31 December 2010 stipulated by the international override agreement, an agreement entered into by the Company and certain subsidiaries of the Group on 7 December 2009 with certain international banks, (“International Override Agreement”) and bi-lateral loan agreements. The measurement date for the next repayment target is 30 September 2011.

The consolidated interim condensed financial information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary if the Group was unable to comply with the terms of its debt restructuring agreements and/or if the Group was unable to continue as a going concern.

3 Significant accounting policies

The accounting policies and judgments applied by the Group in this consolidated interim condensed financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009, except for adoption of revised IFRS 3 *Business Combinations* (2008) and amended IAS 27 (2008) *Consolidated and Separate Financial Statements* with effect from 1 January 2010. The revisions address, among other things, accounting for step acquisitions, require acquisition-related costs to be recognised as expenses and remove the exception for changes in contingent consideration to be accounted for by adjusting goodwill. The revisions also address how non-controlling interests in subsidiaries should be measured upon acquisition and require the effects of transactions with non-controlling interests to be recognised directly in equity. Adoption of revised and amended standards did not have any impact on the Group's consolidated interim condensed financial information.

4 Seasonality

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

5 Segment reporting

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 results of their operations are reviewed by the Chief Executive Officer ("CEO") on a regular basis.

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

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

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

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

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meets 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.

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.

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 (losses)/profits of associates and jointly controlled entities, 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.

(i) *Reportable segments*

Three months ended 30 June 2010

| | Aluminium | Alumina | Energy | Mining and Metals | Other operations | Total |
|---|---------------------|--------------------|------------------|------------------------------|-----------------------------|---------------------|
| | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Revenue from external customers | 2,622 | 233 | 53 | — | 82 | 2,990 |
| Inter-segment revenue | <u>64</u> | <u>423</u> | <u>—</u> | <u>—</u> | <u>51</u> | <u>538</u> |
| Total segment revenue | <u>2,686</u> | <u>656</u> | <u>53</u> | <u>—</u> | <u>133</u> | <u>3,528</u> |
| Segment profit/(loss) | <u>785</u> | <u>(48)</u> | <u>8</u> | <u>299</u> | <u>(15)</u> | <u>1,029</u> |
| Impairment of non-current assets | <u>(2)</u> | <u>(38)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(40)</u> |
| Share of losses of associates | <u>—</u> | <u>(7)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(7)</u> |
| Share of losses of jointly controlled entities | <u>—</u> | <u>—</u> | <u>(34)</u> | <u>—</u> | <u>—</u> | <u>(34)</u> |
| Depreciation/amortisation | <u>(105)</u> | <u>(23)</u> | <u>(1)</u> | <u>—</u> | <u>(3)</u> | <u>(132)</u> |
| Non-cash income/(expense) other than depreciation | <u>12</u> | <u>(6)</u> | <u>—</u> | <u>—</u> | <u>1</u> | <u>7</u> |
| Additions to non-current segment assets during the period | <u>51</u> | <u>22</u> | <u>—</u> | <u>—</u> | <u>5</u> | <u>78</u> |

Three months ended 30 June 2009

| | Aluminium | Alumina | Energy | Mining and Metals | Other operations | Total |
|---|---------------------|-------------------|------------------|------------------------------|-----------------------------|---------------------|
| | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Revenue from external customers | 1,820 | 64 | 22 | — | 74 | 1,980 |
| Inter-segment revenue | <u>47</u> | <u>432</u> | <u>—</u> | <u>—</u> | <u>43</u> | <u>522</u> |
| Total segment revenue | <u>1,867</u> | <u>496</u> | <u>22</u> | <u>—</u> | <u>117</u> | <u>2,502</u> |
| Segment profit/(loss) | <u>(218)</u> | <u>34</u> | <u>—</u> | <u>329</u> | <u>(30)</u> | <u>115</u> |
| Impairment of non-current assets | <u>(2)</u> | <u>(10)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(12)</u> |
| Share of losses of associates | <u>—</u> | <u>(1)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(1)</u> |
| Share of losses of jointly controlled entities | <u>—</u> | <u>—</u> | <u>(18)</u> | <u>—</u> | <u>—</u> | <u>(18)</u> |
| Depreciation/amortisation | <u>(111)</u> | <u>(38)</u> | <u>(6)</u> | <u>—</u> | <u>(2)</u> | <u>(157)</u> |
| Non-cash income/(expense) other than depreciation | <u>18</u> | <u>(32)</u> | <u>—</u> | <u>—</u> | <u>(2)</u> | <u>(16)</u> |
| Additions to non-current segment assets during the period | <u>42</u> | <u>10</u> | <u>3</u> | <u>—</u> | <u>3</u> | <u>58</u> |

Six months ended 30 June 2010

| | Aluminium | Alumina | Energy | Mining and Metals | Other operations | Total |
|---|---------------------|---------------------|-------------------|------------------------------|-----------------------------|---------------------|
| | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Revenue from external customers | 4,609 | 445 | 107 | — | 160 | 5,321 |
| Inter-segment revenue | <u>107</u> | <u>786</u> | <u>—</u> | <u>—</u> | <u>99</u> | <u>992</u> |
| Total segment revenue | <u>4,716</u> | <u>1,231</u> | <u>107</u> | <u>—</u> | <u>259</u> | <u>6,313</u> |
| Segment profit/(loss) | <u>1,373</u> | <u>(178)</u> | <u>22</u> | <u>565</u> | <u>(25)</u> | <u>1,757</u> |
| Impairment of non-current assets | <u>(2)</u> | <u>(43)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(45)</u> |
| Share of losses of associates | <u>—</u> | <u>(10)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(10)</u> |
| Share of losses of jointly controlled entities | <u>—</u> | <u>—</u> | <u>(27)</u> | <u>—</u> | <u>—</u> | <u>(27)</u> |
| Depreciation/amortisation | <u>(194)</u> | <u>(43)</u> | <u>(3)</u> | <u>—</u> | <u>(6)</u> | <u>(246)</u> |
| Non-cash income/(expense) other than depreciation | <u>27</u> | <u>(17)</u> | <u>—</u> | <u>—</u> | <u>(3)</u> | <u>7</u> |
| Additions to non-current segment assets during the period | <u>95</u> | <u>35</u> | <u>1</u> | <u>—</u> | <u>6</u> | <u>137</u> |

Six months ended 30 June 2009

| | Aluminium | Alumina | Energy | Mining and Metals | Other operations | Total |
|---|---------------------|---------------------|------------------|------------------------------|-----------------------------|---------------------|
| | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Revenue from external customers | 3,258 | 315 | 60 | — | 124 | 3,757 |
| Inter-segment revenue | <u>68</u> | <u>744</u> | <u>—</u> | <u>—</u> | <u>88</u> | <u>900</u> |
| Total segment revenue | <u>3,326</u> | <u>1,059</u> | <u>60</u> | <u>—</u> | <u>212</u> | <u>4,657</u> |
| Segment profit/(loss) | <u>(327)</u> | <u>(66)</u> | <u>9</u> | <u>350</u> | <u>(47)</u> | <u>(81)</u> |
| Impairment of non-current assets | <u>(19)</u> | <u>(15)</u> | <u>—</u> | <u>—</u> | <u>(3)</u> | <u>(37)</u> |
| Share of losses of associates | <u>—</u> | <u>(2)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(2)</u> |
| Share of losses of jointly controlled entities | <u>—</u> | <u>—</u> | <u>(8)</u> | <u>—</u> | <u>—</u> | <u>(8)</u> |
| Depreciation/amortisation | <u>(222)</u> | <u>(63)</u> | <u>(7)</u> | <u>—</u> | <u>(7)</u> | <u>(299)</u> |
| Non-cash income/(expense) other than depreciation | <u>96</u> | <u>36</u> | <u>—</u> | <u>—</u> | <u>(3)</u> | <u>129</u> |
| Additions to non-current segment assets during the period | <u>49</u> | <u>18</u> | <u>4</u> | <u>—</u> | <u>3</u> | <u>74</u> |

At 30 June 2010

| | Aluminium | Alumina | Energy | Mining and Metals | Other operations | Total |
|--|------------------|----------------|----------------|------------------------------|-----------------------------|-----------------------|
| | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Segment assets | 11,855 | 2,393 | 140 | 8,850 | 406 | 23,644 |
| Interests in associates | — | 400 | — | — | 9 | 409 |
| Interests in jointly controlled entities | — | — | 998 | — | — | <u>998</u> |
| Total assets | | | | | | <u>25,051</u> |
| Segment liabilities | (1,681) | (693) | (16) | — | (218) | <u>(2,608)</u> |
| Total liabilities | | | | | | <u>(2,608)</u> |

At 31 December 2009

| | Aluminium | Alumina | Energy | Mining and Metals | Other operations | Total |
|---|------------------|----------------|----------------|------------------------------|-----------------------------|-----------------------|
| | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Segment assets | 11,381 | 2,509 | 204 | 8,557 | 382 | 23,033 |
| Interests in associates | — | 401 | — | — | 10 | 411 |
| Interests in jointly controlled entities | — | — | 778 | — | — | <u>778</u> |
| Total assets | | | | | | <u>24,222</u> |
| Segment liabilities | (2,919) | (528) | (19) | — | (191) | <u>(3,657)</u> |
| Total liabilities | | | | | | <u>(3,657)</u> |

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

| | Three months ended | | Six months ended | |
|---|---------------------------|---------------------|-------------------------|---------------------|
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| Revenue | | | | |
| Reportable segment revenue | 3,528 | 2,502 | 6,313 | 4,657 |
| Elimination of inter-segment revenue | <u>(538)</u> | <u>(522)</u> | <u>(992)</u> | <u>(900)</u> |
| Consolidated revenue | <u>2,990</u> | <u>1,980</u> | <u>5,321</u> | <u>3,757</u> |

| | Three months ended | | Six months ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| Profit/(loss) | | | | |
| Reportable segment profit/(loss) | 1,029 | 115 | 1,757 | (81) |
| Impairment of non-current assets | (40) | (12) | (45) | (37) |
| Share of losses of associates, excluding segment profit included in Mining and Metals segment | (7) | (1) | (10) | (2) |
| Share of losses of jointly controlled entities | (34) | (18) | (27) | (8) |
| Finance income | 716 | 24 | 645 | 23 |
| Finance expenses | (360) | (331) | (656) | (680) |
| Unallocated expenses | <u>(22)</u> | <u>(14)</u> | <u>(113)</u> | <u>(19)</u> |
| Consolidated profit/(loss) before taxation | <u>1,282</u> | <u>(237)</u> | <u>1,551</u> | <u>(804)</u> |

| | 30 June | 31 December |
|--|----------------------|----------------------|
| | 2010 | 2009 |
| | <i>USD million</i> | <i>USD million</i> |
| Assets | | |
| Reportable segment assets | 25,051 | 24,222 |
| Elimination of inter-segment receivables | (686) | (530) |
| Unallocated assets | <u>113</u> | <u>194</u> |
| Consolidated total assets | <u>24,478</u> | <u>23,886</u> |

| | 30 June | 31 December |
|---------------------------------------|------------------------|------------------------|
| | 2010 | 2009 |
| | <i>USD million</i> | <i>USD million</i> |
| Liabilities | | |
| Reportable segment liabilities | (2,608) | (3,657) |
| Elimination of inter-segment payables | 686 | 530 |
| Unallocated liabilities | <u>(13,026)</u> | <u>(14,427)</u> |
| Consolidated total liabilities | <u>(14,948)</u> | <u>(17,554)</u> |

6 Revenue

| | Three months ended | | Six months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2010 | 2009 | 30 June 2010 | 2009 |
| | USD million | USD million | USD million | USD million |
| Sales of primary aluminium and alloys | 2,571 | 1,722 | 4,524 | 3,160 |
| <i>Third parties</i> | 1,252 | 1,211 | 2,160 | 2,412 |
| <i>Related parties - companies capable of exerting significant influence</i> | 1,239 | 471 | 2,228 | 683 |
| <i>Related parties - companies under common control</i> | 80 | 40 | 136 | 65 |
| Sales of alumina | 140 | 27 | 269 | 169 |
| <i>Third parties</i> | 70 | 27 | 138 | 111 |
| <i>Related parties - companies capable of exerting significant influence</i> | 68 | — | 129 | 58 |
| <i>Related parties - companies under common control</i> | 2 | — | 2 | — |
| Sales of foil | 76 | 63 | 135 | 104 |
| <i>Third parties</i> | 74 | 61 | 132 | 101 |
| <i>Related parties - companies under common control</i> | 2 | 2 | 3 | 3 |
| Other revenue including chemicals and energy | 203 | 168 | 393 | 324 |
| <i>Third parties</i> | 128 | 134 | 251 | 246 |
| <i>Related parties - companies capable of exerting significant influence</i> | 3 | 3 | 6 | 4 |
| <i>Related parties - companies under common control</i> | 7 | 4 | 12 | 5 |
| <i>Related parties - associates</i> | 65 | 27 | 124 | 69 |
| | <u>2,990</u> | <u>1,980</u> | <u>5,321</u> | <u>3,757</u> |

7 **Finance income and expenses**

| | | Three months | | Six months ended | |
|--|-------------|----------------------|---------------------|-------------------------|---------------------|
| | | ended 30 June | | 30 June | |
| | | 2010 | 2009 | 2010 | 2009 |
| | | <i>USD</i> | <i>USD</i> | <i>USD</i> | <i>USD</i> |
| | <i>Note</i> | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| Finance income | | | | | |
| Interest income on third party loans and deposits | | 2 | 11 | 7 | 18 |
| Interest income on company loans to related parties - <i>companies under common control</i> | | 1 | — | 2 | 1 |
| Foreign exchange gain | | 126 | 13 | 63 | |
| Change in fair value of derivative financial instruments | 16 | <u>587</u> | <u>—</u> | <u>573</u> | <u>4</u> |
| | | <u>716</u> | <u>24</u> | <u>645</u> | <u>23</u> |
| Finance expenses | | | | | |
| Interest expense on bank loans wholly repayable within five years and other bank charges | | (296) | (267) | (602) | (497) |
| Interest expense on company loans from related parties - <i>companies capable of exerting significant influence (note a)</i> | | (13) | — | (27) | — |
| Interest expense on deferred consideration - <i>companies capable of exerting significant influence (note a)</i> | | — | (43) | — | (85) |
| Foreign exchange loss | | — | — | — | (79) |
| Change in fair value of derivative financial instruments | | — | (9) | — | — |
| Revaluation of financial instruments | | (42) | — | (11) | — |
| Interest expense on provisions | | <u>(9)</u> | <u>(12)</u> | <u>(16)</u> | <u>(19)</u> |
| | | <u>(360)</u> | <u>(331)</u> | <u>(656)</u> | <u>(680)</u> |

- (a) Upon completion of the debt restructuring in December 2009 (refer to note 14), deferred consideration payable to Onexim was partially converted into shares of the Company (refer to note 13(a)), while the remaining part of the deferred consideration payable was classified as loans and borrowings in accordance with the terms of the debt restructuring. As a result, the Company has changed the presentation of interest expenses related to deferred consideration from “interest expense on deferred consideration — *companies capable of exerting significant influence*” line to “interest expense on company loans from related parties — *companies capable of exerting significant influence*”.

8 **Income tax**

| | Three months ended | | Six months ended | |
|--|---------------------------|--------------------|-------------------------|--------------------|
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| <i>Current tax - overseas</i> | | | | |
| Current tax for the period | 43 | 13 | 83 | 29 |
| Under/(over) provision in respect of prior periods | (4) | 3 | (4) | 3 |
| <i>Deferred tax</i> | | | | |
| Origination and reversal of temporary differences | <u>125</u> | <u>(23)</u> | <u>107</u> | <u>32</u> |
| Actual tax expense/(benefit) | <u>164</u> | <u>(7)</u> | <u>186</u> | <u>64</u> |

Pursuant to the rules and regulations of Jersey, the Company is not subject to any income tax in Jersey. The Company's applicable tax rate is 0%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is the corporate income tax rate of 20% (30 June 2009 - 20%); in Ukraine of 25% (30 June 2009 - 25%); Guinea of 0% (30 June 2009 — 0%); China of 25% (30 June 2009 - 25%); Kazakhstan of 20% (30 June 2009 - 20%); Australia of 31.3% (30 June 2009 - 31.3%); Jamaica of 33.3% (30 June 2009 - 33.3%); Ireland of 10% (30 June 2009 — 10 %); Sweden of 26.3% (30 June 2009 — 26.3%) and Italy of 37.25% (30 June 2009 - 37.25%). 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 a cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2010 and 2009 were 10.1% and 16.5%, for different subsidiaries. For a number of the Group's holding subsidiaries domiciled in Cyprus, the applicable tax rate is 10% (30 June 2009 - 10%). For the Group's significant trading companies, the applicable tax rate is 0% (30 June 2009 - 0%). The same rates were used in measuring deferred taxes.

9 Earnings/(loss) per share

The calculation of basic earnings per share is based on the profit/(loss) attributable to ordinary equity shareholders for the three and six months ended 30 June 2010 and 30 June 2009.

Weighted average number of shares:

| | Three months ended 30 June | |
|---|-----------------------------------|------------------------------|
| | 2010 | 2009 |
| Issued ordinary shares at beginning of the period | 15,136,363,646 | 11,628 |
| Effect of share subdivision (refer to note 13(a)) | — | 1,151,172 |
| Effect of capitalisation issue | — | 12,689,636,400 |
| Effect of shares issued in lieu of share-based compensation to management (13(a)) | <u>56,651,216</u> | <u>—</u> |
| Weighted average number of shares at end of the period | <u>15,193,014,862</u> | <u>12,690,799,200</u> |
| Net profit/(loss) for the period, USD million | <u>1,118</u> | <u>(230)</u> |
| Basic and diluted earnings/(loss) per share, USD | <u>0.07</u> | <u>(0.02)</u> |
| | Six months ended 30 June | |
| | 2010 | 2009 |
| Issued ordinary shares at beginning of the period | 1,237,000 | 11,628 |
| Issuance of shares on the Global Offering (refer to note 13(a)) | 1,370,083,411 | — |
| Issuance of shares on warrant conversion (refer to note 13(a)) | 22,181,791 | — |
| Effect of share subdivision (refer to note 13(a)) | — | 1,151,172 |
| Effect of capitalisation issue | 13,498,763,000 | 12,689,636,400 |
| Effect of shares issued in lieu of share-based compensation to management (13(a)) | <u>48,200,482</u> | <u>—</u> |
| Weighted average number of shares at end of the period | <u>14,940,465,684</u> | <u>12,690,799,200</u> |
| Net profit/(loss) for the period, USD million | <u>1,365</u> | <u>(868)</u> |
| Basic and diluted earnings/(loss) per share, USD | <u>0.09</u> | <u>(0.07)</u> |

There were no outstanding dilutive instruments during the periods ended 30 June 2010 and 30 June 2009.

On 24 December 2009, the Company undertook a share split of 1:100 as further described in note 13(a). Immediately prior to the Global Offering, the Company issued 13,498,763,000 shares to its existing shareholders as a capitalisation share issue. These transactions have been given retroactive effect for the purposes of calculating earnings per share.

On 27 January 2010, the Company issued 1,610,292,840 ordinary shares upon the Global Offering and 26,070,806 ordinary shares on the conversion of the Fee Warrants (refer to note 13(a)).

The weighted average number of shares for the six month period ended 30 June 2010 includes the effect of the share-based compensation (refer to note 13(a)) from the date of Global Offering, 27 January 2010.

No dividends were declared and paid during the periods presented.

10 Interests in associates

The Group has the following movements in investments in associates during the periods ended 30 June 2010 and 30 June 2009:

| | Three months ended 30 June | |
|--|-----------------------------------|---------------------|
| | 2010 | 2009 |
| Balance at the beginning of the period | 9,603 | 6,554 |
| Group's share of post acquisition profits including reversal of impairment | 292 | 328 |
| Group's share of other comprehensive (loss)/income | (68) | 77 |
| Foreign currency translation | <u>(568)</u> | <u>607</u> |
| Balance at the end of the period | <u>9,259</u> | <u>7,566</u> |
| Goodwill included in interests in associates | 5,440 | 5,405 |
| | Six months ended 30 June | |
| | 2010 | 2009 |
| Balance at the beginning of the period | 8,968 | 7,536 |
| Group's share of post acquisition profits including reversal of impairment | 555 | 348 |
| Group's share of other comprehensive income | 4 | 71 |
| Foreign currency translation | <u>(268)</u> | <u>(389)</u> |
| Balance at the end of the period | <u>9,259</u> | <u>7,566</u> |
| Goodwill included in interests in associates | <u>5,440</u> | <u>5,405</u> |

11 Interests in jointly controlled entities

The Group has the following movements in investments in jointly controlled entities during the periods ended 30 June 2010 and 30 June 2009:

| | Three months ended 30 June | |
|---|-----------------------------------|-------------------|
| | 2010 | 2009 |
| Balance at the beginning of the period | 1,073 | 441 |
| Contributions to jointly controlled entities | 41 | 55 |
| Group's share of post acquisition losses | (34) | (18) |
| Dividends | (17) | |
| Foreign currency translation | <u>(65)</u> | <u>24</u> |
| Balance at the end of the period | <u>998</u> | <u>502</u> |
| | Six months ended 30 June | |
| | 2010 | 2009 |
| Balance at the beginning of the period | 778 | 506 |
| Contributions to jointly controlled entities | 320 | 55 |
| Group's share of post acquisition losses | (27) | (8) |
| Dividends | (28) | — |
| Foreign currency translation | <u>(45)</u> | <u>(51)</u> |
| Balance at the end of the period | <u>998</u> | <u>502</u> |

12 Trade and other receivables

| | 30 June 2010 | 31 December 2009 |
|---|-------------------------|-----------------------------|
| | <i>USD million</i> | <i>USD million</i> |
| Trade receivables from third parties | 221 | 203 |
| Impairment loss on trade receivables | <u>(41)</u> | <u>(44)</u> |
| Net trade receivables from third parties | 180 | 159 |
| Trade receivables from related parties, including: | 81 | 67 |
| <i>Companies capable of exerting significant influence</i> | 74 | 53 |
| <i>Impairment loss</i> | <u>(11)</u> | <u>(11)</u> |
| <i>Net trade receivables from companies capable of exerting significant influence</i> | 63 | 42 |
| <i>Companies under common control</i> | 11 | 20 |
| <i>Impairment loss</i> | <u>—</u> | <u>(1)</u> |
| <i>Net trade receivables from entities under common control</i> | 11 | 19 |
| <i>Related parties — associates</i> | 7 | 6 |
| VAT recoverable | 540 | 617 |
| Impairment loss on VAT recoverable | <u>(59)</u> | <u>(54)</u> |
| Net VAT recoverable | 481 | 563 |
| Advances paid to third parties | 193 | 118 |
| Advances paid to related parties, including: | 76 | 59 |
| <i>Related parties — companies capable of exerting significant influence</i> | 4 | — |
| <i>Related parties — companies under common control</i> | 3 | 1 |
| <i>Related parties — associates</i> | 69 | 58 |
| Prepaid expenses | 50 | 48 |
| Prepaid income tax | 7 | 15 |
| Prepaid other taxes | 16 | 37 |
| Other receivables from third parties | 147 | 117 |
| Impairment loss on other receivables | <u>(16)</u> | <u>(19)</u> |
| Net other receivables from third parties | 131 | 98 |
| Other receivables from related parties, including: | 54 | 74 |
| <i>Related parties — companies capable of exerting significant influence</i> | 1 | 3 |
| <i>Related parties — companies under common control</i> | 15 | 13 |
| <i>Related parties — associates</i> | <u>38</u> | <u>58</u> |
| | <u>1,269</u> | <u>1,238</u> |

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

As at 30 June 2010, USD120 million of VAT recoverable of the Group's subsidiary domiciled in the Ukraine was reclassified from current to non-current assets as the Group does not expect to recover these amounts within the next 12 months. USD93 million of that amount is currently eligible for conversion into 5-year Ukrainian government bonds. The Company intends to proceed with the conversion once approved by appropriate authorities and subsequently sell these bonds on market. The estimated discount on conversion and sale of bonds to the related carrying value of the outstanding VAT recoverable of USD28 million was included in the impairment loss in the consolidated interim condensed statement of income.

(a) **Ageing analysis**

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

| | 30 June 2010 <i>USD million</i> | 31 December 2009 <i>USD million</i> |
|------------------------|---|---|
| Current | <u>223</u> | <u>205</u> |
| Past due 0-90 days | 27 | 7 |
| Past due 91-365 days | 5 | 10 |
| Past due over 365 days | <u>6</u> | <u>4</u> |
| Amounts past due | <u>38</u> | <u>21</u> |
| | <u>261</u> | <u>226</u> |

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 has been no recent history of default.

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

(b) **Impairment of trade receivables**

Impairment losses in respect of trade receivables are recognised 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 periods, including both specific and collective loss components, is as follows:

| | Three months ended 30 June 2010 <i>USD million</i> | Three months ended 30 June 2009 <i>USD million</i> |
|--|--|--|
| Balance at the beginning of the period | (56) | (35) |
| Reversal of impairment/ (impairment loss) recognised | 4 | (4) |
| Uncollectible amounts written off | <u>—</u> | <u>—</u> |
| Balance at the end of the period | <u>(52)</u> | <u>(39)</u> |

| | Six months ended 30 June 2010 <i>USD million</i> | Six months ended 30 June 2009 <i>USD million</i> |
|--|--|--|
| Balance at the beginning of the period | (56) | (35) |
| Reversal of impairment/ (impairment loss) recognised | 4 | (4) |
| Uncollectible amounts written off | <u>—</u> | <u>—</u> |
| Balance at the end of the period | <u>(52)</u> | <u>(39)</u> |

As at 30 June 2010 and 31 December 2009, the Group's trade receivables of USD52 million and USD56 million, respectively, were individually determined to be impaired. Management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

13 Equity

(a) Share capital

| | Six months ended 30 June 2010 | | Six months ended 30 June 2009 | |
|--|----------------------------------|------------------------------|----------------------------------|----------------------|
| | 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>11,628</u> | <u>11,628</u> |
| Ordinary shares at 1 January | 12,370 | 1,237,000 | 11,628 | 11,628 |
| Issuance of ordinary shares on the Global Offering | 16,102,928 | 1,610,292,840 | — | — |
| Issuance of shares on warrant conversion | 260,708 | 26,070,806 | — | — |
| Effect of capitalisation issue | 134,987,630 | 13,498,763,000 | — | — |
| Issuance of shares in lieu of share-based compensation to management | <u>566,512</u> | <u>56,651,216</u> | <u>—</u> | <u>—</u> |
| Ordinary shares at the end of the period USD 1 each | <u>—</u> | <u>—</u> | <u>11,628</u> | <u>11,628</u> |
| Ordinary shares at the end of the period post share split of USD 0.01 each, issued and paid | <u>151,930,148</u> | <u>15,193,014,862</u> | <u>11,628</u> | <u>11,628</u> |

The Company was incorporated on 26 October 2006 with an authorised share capital of USD 10,000 divided into 10,000 ordinary shares of USD1 each, of which one subscriber share was issued to each of two subscribers on incorporation. On 27 October 2006, these two shares were transferred to En+. In March 2007, 6,598 ordinary shares were issued to En+, 2,200 ordinary shares were issued to SUAL Partners and 1,200 ordinary shares were issued to a wholly owned subsidiary of Glencore in partial consideration for the transfer to the Company of RUSAL Limited, SUAL International Limited and the alumina and aluminium businesses of Glencore respectively.

On 24 April 2008, the authorised share capital of the Company was increased to USD 11,628 divided into 11,628 ordinary shares of USD1 each. In April 2008, 1,628 ordinary shares were issued to Onexim in partial consideration for the acquisition of 25%+1 share of Norilsk Nickel.

On 1 December 2009, the authorised share capital was increased from 11,628 to 13,500 ordinary shares of USD1.00 each and on 7 December 2009, 742 new ordinary shares were issued to Onexim upon restructuring of the deferred consideration.

On 24 December 2009, the Company undertook a share split of 1:100 thereby increasing the number of authorised ordinary shares from 13,500 to 1,350,000 and the number of issued ordinary shares from 12,370 to 1,237,000.

Pursuant to the written resolutions of the Company's shareholders on 26 December 2009, the authorised share capital of the Company was increased from USD 13,500, comprising 1,350,000 ordinary shares of USD0.01 each, to USD200,000,000, comprising 20,000,000,000 ordinary shares of USD0.01 each, in conjunction with the Global Offering.

On 27 January 2010, the Company successfully completed the Global Offering (refer to note 1). The Company raised approximately USD2,188 million, net of related expenses of USD48 million, from the Global Offering of which USD2,143 million has been used to repay principal debt owed by the Company to its international and Russian lenders (excluding VEB) and Onexim. In addition to USD48 million directly related to the placement of the newly issued shares and recorded in equity, listing expenses of USD34 million were charged directly to the statement of income as these expenses related to the admission of the Company's entire share capital to trading on the Stock Exchange and Euronext Paris rather than placement of the new shares which resulted in additional equity. UC RUSAL also has paid fees to its international lenders and to Onexim in connection with the debt restructuring.

On 27 January 2010, 26,070,806 of Fee Warrants with carrying value of USD36 million were converted in the Company's ordinary shares and 110,292,840 Fee Warrants with carrying value of USD153 million were settled by cash.

On 6 April 2010 the Company received consent from its international lenders in respect of the issuance of share-based compensation to its management and the CEO in connection with the Global Offering which took place in January 2010. The issue of shares was ratified by the Board on 13 April 2010. The Company issued 56,651,216 shares, representing 0.4% of its issued and outstanding share capital as compensation to its management and the CEO. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 13 April 2010, the CEO of the Company transferred 16,920,000 shares, representing 0.11% of issued and outstanding share capital, from his share-based compensation to a third party, subject to an undertaking by such third party to continue to hold such shares for the remainder of the two-year lock-up period.

(b) **Other reserves**

Other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans and cumulative unrealised gains and losses on its available-for-sale investments which have been recognised directly in equity. Dividend payouts are restricted in accordance with the debt restructuring agreements (refer to note 14).

(c) **Distributions**

In accordance with the Jersey Companies 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.

(d) **Currency translation reserve**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

14 **Loans and borrowings**

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

| | 30 June 2010 | 31 December 2009 |
|---------------------------------------|-------------------------|-----------------------------|
| | <i>USD million</i> | <i>USD million</i> |
| <i>Non-current liabilities</i> | | |
| Secured bank loans | 11,339 | 9,677 |
| Unsecured bank loans | — | 856 |
| Unsecured company loans | <u>703</u> | <u>584</u> |
| | <u>12,042</u> | <u>11,117</u> |
| <i>Current liabilities</i> | | |
| Secured bank loans | 342 | 2,091 |
| Unsecured bank loans | — | 293 |
| Unsecured company loans | 1 | 216 |
| Accrued interest | <u>75</u> | <u>152</u> |
| | <u>418</u> | <u>2,752</u> |

The Group's bank loans are secured by pledges of shares of the Group's subsidiaries, the details of which are disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2009. During the six month period ended 30 June 2010, the Group also pledged 100% shares of Rusal Armenal and a 90% stake in Bauxite Company of Guyana Inc. to secure loans and borrowings in accordance with the International Override Agreement. In addition, during the six month period ended 30 June 2010 the Group released 14% less two shares of each of Rusal Achinsk, Rusal Novokuznetsk and SUAL and 2.15% less one share of Rusal Sayanogorsk from the pledge under the International Override Agreement following a partial repayment of loans and borrowings, and pledged an additional 11% of the shares of SUAL, Rusal Achinsk and Rusal Novokuznetsk under the bi-lateral loan agreements with the Russian lenders.

The secured bank loans are also secured by the following:

- property, plant and equipment with a carrying amount of USD1,044 million (31 December 2009: USD866 million);
- inventories with a carrying amount of USD510 million (31 December 2009: USD489 million);

As at 30 June 2010 and 31 December 2009, rights, including all moneys and claims, arising out of all sales contracts between the Group's trading subsidiaries and ultimate customers, were assigned to secure restructured international debt.

As at 30 June 2010 and 31 December 2009, rights, including all moneys and claims, arising out of certain intra-group sales and tolling contracts between the Group's trading subsidiaries and smelters, were assigned to secure restructured international debt in case of the occurrence of an event of default.

The nominal value of the Group's loans and borrowings was USD13,100 million at 30 June 2010 (31 December 2009: USD14,543 million).

Significant terms of debt restructuring

On 7 December 2009, the Group completed restructuring negotiations with its lenders, in order to establish financial stability and to put the necessary arrangements in place to allow the Group to meet its obligations when they fall due as part of ongoing operations. The debt restructuring agreements contain a number of terms and conditions. As part of the debt restructuring, the Group entered into the International Override Agreement with its international lenders implementing the long-term restructuring of the Group's debt to the international lenders. The Group also signed amendments to the bilateral loan agreements with its Russian and Kazakh lenders providing for long-term restructuring of these loans on similar terms, except in the case of the loan agreement with VEB, which was extended until 29 October 2010. Subsequent to the reporting date, the Savings Bank of the Russian Federation ("Sberbank") approved main terms of a loan facility that is intended to replace the loan originally provided by VEB (refer to note 20).

The Group's main purpose of the debt restructuring was to match its principal repayment and interest payment obligations with its cash generating capacity in an appropriate way. The debt restructuring has the following principal consequences for the Group:

- it extends the maturity of the restructured debt to December 2013 except for the debt to VEB which was extended to 29 October 2010;
- it provides for interest (consisting of cash and payment-in-kind components) to be payable generally on a floating base rate plus a variable margin that is dependent upon leverage;
- it contains an obligation to use excess cash flow and net proceeds raised from asset disposals, equity and subordinated and other debt fund raisings to repay outstanding indebtedness (and to sell shares in Norilsk Nickel, and in certain circumstances, to repay the loan to VEB);
- it significantly limits the Group's ability to incur additional indebtedness;
- it provides for the granting of additional security interests over assets of the Group's main production entities; and
- it restricts dividends and capital expenditure.

Margin

During the override period pursuant to the International Override Agreement (“Override Period”), the restructured debt bears interest at the currently applicable base rate (either LIBOR or Euribor depending on the denomination of the debt), plus a margin that varies depending on the ratio of Total Net Debt to Covenant EBITDA (as defined in the International Override Agreement), and includes cash and payment-in-kind (“PIK”) components, as follows:

| Ratio of Total Net Debt to Covenant EBITDA | Total margin | Cash pay margin | PIK margin |
|---|---------------------|------------------------|-------------------|
| More than 15 | 7.00% p.a. | 1.75% p.a. | 5.25% p.a. |
| 7.5 to 15 | 5.50% p.a. | 1.75% p.a. | 3.75% p.a. |
| 4.0 to 7.5 | 4.50% p.a. | 2.25% p.a. | 2.25% p.a. |
| 3.0 to 4.0 | 4.00% p.a. | 3.00% p.a. | 1.00% p.a. |
| Less than 3.0 | 3.50% p.a. | 3.50% p.a. | N/A |

Until the first interest period commencing after the receipt of audited consolidated financial statements of the Group for the year ended 31 December 2009, the applicable total margin was set at 7.00% per annum, including a 1.75% per annum cash pay margin and a 5.25% per annum PIK margin. If a material event of default (breach of conditions subsequent, payment default or failure to meet event of default cumulative amount targets (as defined in the International Override Agreement)) has occurred, the applicable PIK margin will increase by 2% per annum, but so that the total margin does not exceed 7%.

In June 2010, in accordance with the terms of International Override Agreement, the Group applied for and received approval from international lenders to reduce the margin effective from 9 June 2010 from 7% to 5.5% per annum, including a 1.75% per annum cash pay margin and a 3.75% per annum PIK margin.

Repayment

No fixed amortisation schedule applies during the Override Period, with all outstanding debt becoming due at the end of the Override Period as referred to above. Following the Override Period, subject to certain conditions being met, the existing international lenders have agreed to provide new debt facilities on certain agreed terms. The Company has the option to refinance any indebtedness outstanding as at the end of the Override Period out of any other sources.

However, the net proceeds raised from asset disposals and equity, subordinated and other debt fund raisings (including the proceeds of the Global Offering) and excess cashflow (subject to the Group being allowed to retain a USD400 million cash buffer), must be applied to repay the Group’s outstanding indebtedness on a pro rata basis.

Disposal and Equity Injection Undertakings, Debt Repayment Targets

The Company is obliged to dispose of assets and/or raise equity or subordinated debt by the end of the Override Period sufficient to generate net proceeds of at least USD 2.4 billion. Compliance with this obligation is tested only once, at the end of the Override Period. The Company is also obliged to ensure that repayment of debt of the Group (other than debt from VEB and Onexim) during the Override Period plus any PIK margin or interest on any Russian Facility that has capitalized since the override date at least equal to the following amounts:

| Test dates | Target cumulative amount <i>USD million</i> | Event of default cumulative amount | Percentage of share capital (a) % |
|------------------------|--|---|--|
| 31 December 2010 | 1,400 | 750 | 0.75 |
| 30 September 2011 | 3,000 | 2,000 | 0.75 |
| 30 September 2012 | 4,000 | 3,000 | 1.25 |
| End of override period | 5,000 | 4,000 | 1.50 |

Note (a): percentage of share capital of the Company for which equity compensation warrants shall be issued is calculated on the relevant issue date without taking into account any warrants then in issue.

If the target cumulative amounts (as defined in the International Override Agreement) are not met and/or on the third and fourth test dates certain leverage ratios are not met, the Company will be obliged to issue zero strike warrants (“equity compensation warrants”) to the international lenders representing equity in specified percentages. The issuance of such warrants would have an immediate dilutive effect on shareholders. Failure to meet the event of default cumulative amount targets will result in an event of default.

In certain circumstances, the Group may be obliged to dispose of a number of shares in Norilsk Nickel sufficient to enable it to repay amounts outstanding under the USD4,500 million loan dated 30 October 2008 between the Company and VEB.

Additional Security

In addition to the security provided under its existing loan facilities prior to the debt restructuring, the Group has provided additional security to the international lenders over the following:

- 25% of the shares in the Bratsk and Krasnoyarsk aluminium smelters plus, on a secondary ranking basis, one share in each of them (following the release of security over the debt to VEB, security over one share shall be provided on a primary ranking basis);
- receivables under certain off-take, export and tolling contracts and certain intra-group loans subject to certain exceptions;
- 100% of the shares or interest in certain non-Russian operating companies or their holding companies;

- security over fixed assets of the Russian aluminium smelters and Achinsk alumina refinery split between international lenders and Russian lenders according to pre-agreed percentages, where the international lenders' share in the aluminium smelters' assets does not exceed 10% of the assets of the relevant entity, and fixed assets of Bratsk and Krasnoyarsk aluminium smelters are subject to security in favour of the international lenders only; and
- security over aluminium owned by the Russian aluminium smelters and group trading companies.

Following the repayment of the loan to VEB, the Company will be obliged to provide security over any shares in Norilsk Nickel that the Group then continues to hold in favour of the international lenders (the Company is also obliged to provide security over certain assets it controls following the unwinding of the derivative financial instrument relating to the shares in Norilsk Nickel). In addition, the Company has provided security over shares in its intermediary holding companies controlling the Group's interest in the Boguchansk project and has agreed to provide, subject to RusHydro's consent, security over its interest in the BEMO Project (including at the operating companies' level).

Dividends

The debt restructuring agreements restrict the Company's ability to pay dividends. In particular, dividends may not be paid until the Group's ratio of Total Net Debt to Covenant EBITDA is no more than 3 to 1 and its debts (excluding debt owed to VEB and Onexim) have been repaid by at least USD5 billion. Further, there should be no outstanding default under the International Override Agreement and the Group should be able to demonstrate that it has sufficient cash to pay the proposed dividends. If and when dividends become payable, they are limited to no more than 50% of the Group's annual net profit (excluding earnings, but including dividends of Norilsk Nickel) in any one year.

Events of Default

The events of default include non-payment and non-compliance with financial covenants, repayment targets and conditions subsequent. In addition, the events of default include customary conditions such as government intervention, insolvency/insolvency proceedings, the agreement/compliance with the agreement becoming unlawful, change of business, change of control, misrepresentation, amendments of charter, cross-default and material adverse change. The events of default also include situations when there is an adverse outcome in litigation involving any member of the Group, except certain currently pending litigation or alleged claims, in excess of USD50 million in aggregate for that member of the Group.

The occurrence of an event of default may lead to acceleration and realisation by the lenders of the security provided, if the required majority of lenders so elects.

15 Provisions

| | Pension | Site | Provisions | Tax | Total |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | liabilities | restoration | for legal | provisions | Total |
| | <i>USD million</i> | <i>USD million</i> | <i>claims</i> | <i>USD million</i> | <i>USD million</i> |
| | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| Balance at 31 March | | | | | |
| 2010 | 115 | 316 | 36 | 81 | 548 |
| Provisions made during the period | 4 | 11 | 10 | — | 25 |
| Provisions reversed during the period | (17) | (3) | (2) | (10) | (32) |
| Actuarial loss | 60 | — | — | — | 60 |
| Provisions utilised during the period | (4) | — | (7) | — | (11) |
| Foreign currency translation | <u>(8)</u> | <u>(18)</u> | <u>—</u> | <u>—</u> | <u>(26)</u> |
| Balance at 30 June 2010 | <u>150</u> | <u>306</u> | <u>37</u> | <u>71</u> | <u>564</u> |
| <i>Non-current</i> | <i>134</i> | <i>285</i> | <i>—</i> | <i>—</i> | <i>419</i> |
| <i>Current</i> | <u><i>16</i></u> | <u><i>21</i></u> | <u><i>37</i></u> | <u><i>71</i></u> | <u><i>145</i></u> |
| Balance at 31 March | | | | | |
| 2009 | 151 | 253 | 68 | 63 | 535 |
| Provisions made during the period | 15 | 19 | 30 | 16 | 80 |
| Provisions reversed during the period | (17) | — | — | — | (17) |
| Actuarial gains | (8) | — | — | — | (8) |
| Provisions utilised during the period | (6) | (7) | (4) | (16) | (33) |
| Foreign currency translation | <u>10</u> | <u>8</u> | <u>—</u> | <u>—</u> | <u>18</u> |
| Balance at 30 June 2009 | <u>145</u> | <u>273</u> | <u>94</u> | <u>63</u> | <u>575</u> |

| | Pension liabilities | Site restoration | Provisions for legal claims | Tax provisions | Total |
|--|--------------------------------|-----------------------------|--|---------------------------|--------------------|
| | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| Balance at 1 January | | | | | |
| 2010 | 138 | 313 | 59 | 76 | 586 |
| Provisions made during the period | 11 | 11 | 10 | — | 32 |
| Provisions reversed during the period | (17) | (3) | (2) | (5) | (27) |
| Actuarial loss | 32 | — | — | — | 32 |
| Provisions utilised during the period | (8) | — | (30) | — | (38) |
| Foreign currency translation | (6) | (15) | — | — | (21) |
| Balance at 30 June 2010 | <u>150</u> | <u>306</u> | <u>37</u> | <u>71</u> | <u>564</u> |
| <i>Non-current</i> | <i>134</i> | <i>285</i> | <i>—</i> | <i>—</i> | <i>419</i> |
| <i>Current</i> | <i><u>16</u></i> | <i><u>21</u></i> | <i><u>37</u></i> | <i><u>71</u></i> | <i><u>145</u></i> |
| Balance at 1 January | | | | | |
| 2009 | 184 | 251 | 64 | 63 | 562 |
| Provisions made during the period | 15 | 33 | 34 | 16 | 98 |
| Provisions reversed during the period | (20) | — | — | — | (20) |
| Actuarial gains | (21) | — | — | — | (21) |
| Provisions utilised during the period | (10) | (7) | (4) | (16) | (37) |
| Foreign currency translation | (3) | (4) | — | — | (7) |
| Balance at 30 June 2009 | <u>145</u> | <u>273</u> | <u>94</u> | <u>63</u> | <u>575</u> |

16 Derivative financial assets/liabilities

In November 2009, the Group entered into long-term electricity contracts for 9 to 11 years for electricity and power supply with related parties controlled by the immediate parent company of the Group. The long-term contracts set forth maximum amounts of electricity and power to be supplied each year that represent expected volumes to be consumed by certain production companies of the Group which are parties to these contracts.

The fair value of the embedded derivatives at inception of the contracts was measured at Nil. Subsequent changes in fair value of the embedded derivatives were derived based on the following significant assumptions which were based on the observable market data and management estimates:

| | 30 June 2010 | 31 December 2009 |
|--|-------------------------|-----------------------------|
| LME aluminium price at inception of the contracts | USD1,908/tonne | USD1,908/tonne |
| LME aluminium price at the reporting date | USD1,932/tonne | USD2,170/tonne |
| Historical aluminium price annual volatility | 20.4% to 32.2% | 19.4% to 33.4% |
| Annual growth rate for aluminium price forward contracts | 4.6% | 3.4% |
| Electricity tariff at inception of the contracts | 45.24 kopeks/kWh | 45.24 kopeks/kWh |
| Electricity tariff price at the reporting date | 44.08 kopeks/kWh | 49.05 kopeks/kWh |
| Estimated electricity price annual volatility | 60% | 60% |
| Annual growth rate for electricity tariffs | 9.5% | 9.5% |
| Risk-free rate, adjusted for currency risk premium of 2% at 30 June 2010 (31 December 2009: 1.84%) | 2.3% to 5.8% | 2.1% to 5.2% |

The estimates of the fair value of the embedded derivatives are particularly sensitive to changes in the London Metal Exchange (“LME”) aluminium prices. A change in LME aluminium price between 30 June 2010 and 31 December 2009 resulted in net asset position of derivative financial instruments which is included in non-current assets. Gain from revaluation of embedded derivatives amounted to USD569 million and USD579 million for the six and three month periods ended 30 June 2010 and is included in the finance income line of the consolidated interim condensed statement of income.

17 Trade and other payables

| | 30 June 2010 | 31 December 2009 |
|--|-------------------------|-----------------------------|
| | <i>USD million</i> | <i>USD million</i> |
| Accounts payable to third parties | 410 | 710 |
| Accounts payable to related parties, including: | 134 | 210 |
| <i>Related parties — companies capable of exerting significant influence</i> | 30 | 83 |
| <i>Related parties — companies under common control</i> | 97 | 115 |
| <i>Related parties — associates</i> | 7 | 12 |
| Advances received | 110 | 168 |
| Advances received from related parties, including: | 324 | 485 |
| <i>Related parties — companies capable of exerting significant influence</i> | 268 | 429 |
| <i>Related parties — companies under common control</i> | 54 | 55 |
| <i>Related parties — associates</i> | 2 | 1 |
| Other payables and accrued liabilities | 172 | 189 |
| Other payable and accrued liabilities related parties, including: | 17 | 47 |
| <i>Related parties — companies capable of exerting significant influence</i> | 13 | 31 |
| <i>Related parties — companies under common control</i> | — | 12 |
| <i>Related parties — associates</i> | 4 | 4 |
| Other taxes payable | 114 | 98 |
| Non-trade payables to third parties | 1 | 4 |
| | <u>1,282</u> | <u>1,911</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:

| | 30 June 2010 | 31 December 2009 |
|---------------------------------------|-------------------------|-----------------------------|
| | <i>USD million</i> | <i>USD million</i> |
| Due within twelve months or on demand | <u>544</u> | <u>920</u> |

18 Commitments and contingencies

(a) Capital commitments

In May 2006, the Group signed a co-operation agreement with OJSC RusHydro (formerly OJSC HydroOGK) and RAO UES. Under this co-operation agreement, OJSC RusHydro and the Group have jointly committed to finance the construction and future operating of the BEMO Project including BoGES and an aluminium plant, the planned main customer of the hydropower station. The parties established two joint companies with 50:50 ownership, into which the Group is

committed to invest USD1,729 million by the end of 2012. As at 30 June 2010, the outstanding commitment of the Group for construction of the aluminium plant was approximately USD677 million to be committed by the end of 2014, and the outstanding commitment for the hydropower station construction was USD265 million to be committed by the end of 2012.

In July 2010, the Group announced that the Supervisory Board of VEB has approved financing of RUR50 billion (approximately USD1.7 billion) for the completion of the construction of the BEMO Project. Under the terms of financing, VEB will provide loans directly to the hydropower station and the aluminium plant. The approved credit facilities will be available after all the loan documentation is signed and the necessary corporate approvals and the approval of the Group's creditors are received.

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 2010 and 31 December 2009 approximated USD494 million and USD599 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.

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for three calendar years preceding the year of review (one year in the case of customs). Under certain circumstances reviews may cover longer periods. In addition, in some instances, new tax regulations effectively have been given retroactive effect. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 30 June 2010 is USD443 million (31 December 2009: USD439 million).

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

Estimating additional tax which may become payable is inherently imprecise. It is, therefore, possible that the amount ultimately payable may exceed the Group's best estimate of the maximum reasonably possible liability; however, the Group considers that the likelihood that this will be the case is remote.

(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 that there are currently 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 an ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of 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 15). The amount of claims where management assesses outflow as possible approximates USD37 million (31 December 2009: USD59 million).

In May 2009, the Government of the Republic of Guinea filed a claim against one of the Group's subsidiaries in the amount of USD1,000 million contesting the terms of privatisation of the Group's subsidiaries in Guinea. In March 2010, the Group received a decision from the Appeal Court of Conakry overruling the previous court's decision regarding the jurisdiction of a local court to consider this claim in Guinea. Management continues to believe that the claim has no merit and the risk of any cash outflow in connection with this claim is low and therefore no provision has been recorded in this regard in these consolidated financial statements.

On 24 November 2006, a claim was issued on behalf of Mr. Cherney against Mr. Deripaska, the controlling shareholder of En+. Neither the Company nor any of its subsidiaries is a party to this dispute which is entirely between two individuals, Mr. Cherney and Mr. Deripaska. The Company has not had access to non-public information about the case and is not privy to the litigation strategy of either party or the prospects of settlement. The claim relates to the alleged breach or repudiation by Mr. Deripaska of certain alleged contractual commitments to sell for Mr. Cherney's benefit 20% of Russian Aluminium, an entity that the claim does not formally identify, but which may be Rusal Limited, now a wholly-owned direct subsidiary of the Company.

The High Court of Justice, Queen's Bench Division, Commercial Court, London, determined on 3 July 2008 that it had jurisdiction to hear the claim, and the Court of Appeal upheld this determination. On 9 December 2009 the United Kingdom Supreme Court refused Mr. Deripaska's application for permission to appeal the decision of the Court of Appeal. On 14 December 2009 Mr. Deripaska was served with Mr. Cherney's claim. Mr. Deripaska served his defence to Mr. Cherney's claim on 22 March 2010, and Mr. Cherney in turn served his reply on 9 June 2010. Disclosure of information by the parties is currently underway, witness and expert statements are expected to be exchanged in the course of 2011 and the trial date is expected to be determined in the near future for March 2012 or thereafter. At present, there is considerable uncertainty as to the possible scope and the potential outcomes of the case and how, if at all, the Company and/or its subsidiaries and/or its or their respective assets might be affected by any decision against Mr. Deripaska. However, since neither the Company nor any of its subsidiaries or investees, nor any direct shareholders in the Company are currently parties to the case and as Mr. Deripaska has informed the Company that he strongly denies and will vigorously resist Mr. Cherney's claim, the Company believes that the risk of outflow of any significant economic benefits or any significant adverse impact on the Group's financial position or results of its operations as a result of this claim, is low.

19 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 | | Six months ended | |
|--|--------------------|-------------|------------------|-------------|
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | USD million | USD million | USD million | USD million |
| Salaries and bonuses | 17 | 4 | 24 | 9 |
| Share-based and cash compensation to management in connection with Global Offering | — | — | 74 | — |
| | <u>17</u> | <u>4</u> | <u>98</u> | <u>9</u> |

(b) **Transactions with other related parties**

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

Sales to related parties for the period are disclosed in note 6, trade receivables from related parties are disclosed in note 12, accounts payable to related parties are disclosed in note 17, and finance income and expenses incurred in transactions with related parties are disclosed in note 7.

Purchases of raw materials and services from related parties were as follows:

| | Three months ended | | Six months ended | |
|---|---------------------------|--------------------|-------------------------|--------------------|
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> | <i>USD million</i> |
| Purchases of raw materials — companies under common control | 47 | 16 | 89 | 28 |
| Purchases of alumina, bauxite and other raw materials — companies capable of exerting significant influence | 33 | 45 | 52 | 104 |
| Energy costs — companies under common control | 139 | 115 | 273 | 157 |
| Energy costs — companies capable of exerting significant influence | 48 | 48 | 99 | 102 |
| Other costs — companies under common control | 2 | — | 3 | — |
| Other costs — associates | <u>33</u> | <u>29</u> | <u>64</u> | <u>58</u> |
| | <u>302</u> | <u>253</u> | <u>580</u> | <u>449</u> |

At 30 June 2010, included in non-current assets are balances of USD39 million of companies which are related parties (31 December 2009: USD41 million).

At 30 June 2010 and 31 December 2009, the amount of unsecured company loans including interest payable of USD2 million and USD70 million to a related party amounted to USD706 million and USD870 million, respectively (refer to note 14).

(c) **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.

20 Events subsequent to the reporting date

On 30 September 2010 Sberbank and UC RUSAL signed a new loan agreement to refinance VEB loan of USD 4,583 million (including interest capitalised on the principal amount) with maturity up to December 2013, bearing interest of LIBOR 1Y plus 5% p.a. margin. This loan is guaranteed by VEB, by the subsidiaries of UC RUSAL and covered by a pledge of 23,828,469 Norilsk Nickel shares (12.5% of ordinary shares issued). To secure the guarantee issued by VEB major shareholders of UC RUSAL pledged 5% of ordinary shares of UC RUSAL.