Evraz Group S.A.
Consolidated Financial Statements

Year Ended 31 December 2016

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Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Shareholders of
Evraz Group S.A.
13, avenue Monterey
L-2163 Luxembourg

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 1 April 2016, we have audited the accompanying consolidated financial statements of Evraz Group S.A., which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Evraz Group S.A. as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Yves Even

Luxembourg, 28 February 2017

Evraz Group S.A.
Consolidated Statement of Operations
(in millions of US dollars, except for per share information)

	Notes	2016	2015*	2014*
		Year ended 31 December		
Continuing operations				
Revenue				
Sale of goods	**3**	**$ 7,477**	$ 8,552	$ 12,745
Rendering of services	**3**	**236**	215	316
		7,713	8,767	13,061
Cost of revenue	**7**	**(5,521)**	(6,583)	(9,734)
Gross profit		**2,192**	2,184	3,327
Selling and distribution costs	**7**	**(623)**	(728)	(930)
General and administrative expenses	**7**	**(462)**	(545)	(811)
Social and social infrastructure maintenance expenses		**(23)**	(28)	(30)
Loss on disposal of property, plant and equipment		**(22)**	(41)	(48)
Impairment of assets	**6**	**(465)**	(441)	(540)
Foreign exchange gains/(losses), net		**(44)**	(376)	(1,034)
Other operating income		**22**	28	35
Other operating expenses	**7**	**(101)**	(78)	(88)
Profit/(loss) from operations		**474**	(25)	(119)
Interest income	**7**	**21**	9	17
Interest expense	**7**	**(489)**	(481)	(561)
Share of profits/(losses) of joint ventures and associates	**11**	**5**	4	10
Gain/(loss) on financial assets and liabilities, net	**7**	**(9)**	(48)	(586)
Gain/(loss) on disposal groups classified as held for sale, net	**12**	**–**	21	136
Loss of control over a subsidiary	**4**	**–**	(167)	–
Other non-operating gains/(losses), net		**(14)**	(3)	–
Loss before tax		**(12)**	(690)	(1,103)
Income tax benefit/(expense)	**8**	**(96)**	(12)	(194)
Net loss		**$ (108)**	$ (702)	$ (1,297)
Attributable to:				
Equity holders of the parent entity		**$ (135)**	$ (627)	$ (1,194)
Non-controlling interests		**27**	(75)	(103)
		$ (108)	$ (702)	$ (1,297)
Earnings/(losses) per share: for profit/(loss) attributable to equity holders of the parent entity, basic and diluted, US dollars	**20**	**$ (0.91)**	$ (4.21)	$ (8.02)

* The amounts shown here do not correspond to the previously issued financial statements and reflect adjustments made in connection with the acquisition of a controlling interest in a subsidiary in a transaction with an entity under common control and reclassifications of expenses described in Note 2.

The accompanying notes form an integral part of these consolidated financial statements.

Evraz Group S.A.
Consolidated Statement of Comprehensive Income
(in millions of US dollars)

	Notes	Year ended 31 December 2016	2015*	2014*
Net loss		**$ (108)**	$ (702)	$ (1,297)
Other comprehensive income/(loss)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations into presentation currency		**543**	(820)	(1,918)
Exchange differences recycled to profit or loss	**4,12**	**–**	142	(66)
Net gains/(losses) on available-for-sale financial assets	**13**	**–**	–	(12)
		543	(678)	(1,996)
Effect of translation to presentation currency of the Group's joint ventures and associates	**11**	**6**	(9)	(20)
		6	(9)	(20)
Items not to be reclassified to profit or loss in subsequent periods				
Gains/(losses) on re-measurement of net defined benefit liability	**23**	**11**	1	(33)
Income tax effect	**8**	**–**	(5)	15
		11	(4)	(18)
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	**9**	**–**	(1)	–
Income tax effect	**8**	**–**	–	–
		–	(1)	–
Total other comprehensive income/(loss)		**560**	(692)	(2,034)
Total comprehensive income/(loss), net of tax		**$ 452**	$ (1,394)	$ (3,331)
Attributable to:				
Equity holders of the parent entity		**$ 414**	$ (1,305)	$ (3,124)
Non-controlling interests		**38**	(89)	(207)
		$ 452	$ (1,394)	$ (3,331)

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The accompanying notes form an integral part of these consolidated financial statements.

Evraz Group S.A.
Consolidated Statement of Financial Position
(in millions of US dollars)

	Notes	31 December 2016	2015*	2014*
ASSETS				
Non-current assets				
Property, plant and equipment	**9**	**$ 4,652**	$ 4,302	$ 5,796
Intangible assets other than goodwill	**10**	**297**	324	441
Goodwill	**5**	**880**	1,176	1,541
Investments in joint ventures and associates	**11**	**45**	34	39
Deferred income tax assets	**8**	**156**	119	97
Long-term loans receivable from related parties	**16**	**274**	–	–
Other non-current financial assets	**13**	**91**	79	98
Other non-current assets	**13**	**45**	56	40
		6,440	6,090	8,052
Current assets				
Inventories	**14**	**984**	899	1,372
Trade and other receivables	**15**	**502**	447	654
Prepayments		**60**	50	82
Loans receivable		**13**	5	24
Receivables from related parties	**16**	**11**	6	54
Income tax receivable		**43**	44	23
Other taxes recoverable	**17**	**192**	127	158
Other current financial assets	**18**	**33**	35	40
Cash and cash equivalents	**19**	**1,155**	1,359	1,049
		2,993	2,972	3,456
Assets of disposal groups classified as held for sale	**12**	**27**	1	4
		3,020	2,973	3,460
Total assets		**$ 9,460**	$ 9,063	$ 11,512
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	**20**	**$ 404**	$ 404	$ 404
Additional paid-in capital	**20**	**3,176**	2,860	2,261
Revaluation surplus		**112**	124	155
Legal reserve		**39**	39	39
Accumulated profits		**782**	896	1,850
Translation difference		**(3,713)**	(4,251)	(3,578)
		800	72	1,131
Non-controlling interests		**186**	133	218
		986	205	1,349
Non-current liabilities				
Long-term loans payable to related parties		**–**	–	55
Long-term loans	**22**	**5,502**	5,850	5,470
Deferred income tax liabilities	**8**	**348**	352	471
Employee benefits	**23**	**317**	301	364
Provisions	**24**	**205**	146	173
Other long-term liabilities	**25**	**53**	96	464
		6,425	6,745	6,997
Current liabilities				
Trade and other payables	**26**	**918**	1,062	1,360
Advances from customers		**266**	228	155
Short-term loans and current portion of long-term loans	**22**	**392**	497	761
Payables to related parties	**16**	**231**	179	599
Income tax payable		**39**	17	86
Other taxes payable	**27**	**169**	107	151
Provisions	**24**	**26**	23	41
		2,041	2,113	3,153
Liabilities directly associated with disposal groups classified as held for sale	**12**	**8**	–	13
		2,049	2,113	3,166
Total equity and liabilities		**$ 9,460**	$ 9,063	$ 11,512

* The amounts shown here do not correspond to the previously issued financial statements and reflect adjustments made in connection with the acquisition of a controlling interest in a subsidiary in a transaction with an entity under common control described in Note 2.

The accompanying notes form an integral part of these consolidated financial statements.

Evraz Group S.A.
Consolidated Statement of Cash Flows
(in millions of US dollars)

	Year ended 31 December		
	2016	**2015***	**2014***
Cash flows from operating activities			
Net loss	**$ (108)**	$ (702)	$ (1,297)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**(87)**	(87)	(163)
Depreciation, depletion and amortisation *(Note 7)*	**521**	585	833
Loss on disposal of property, plant and equipment	**22**	41	48
Impairment of assets	**465**	441	540
Foreign exchange (gains)/losses, net	**44**	376	1,034
Interest income	**(21)**	(9)	(17)
Interest expense	**489**	481	561
Share of (profits)/losses of associates and joint ventures	**(5)**	(4)	(10)
(Gain)/loss on financial assets and liabilities, net	**9**	48	586
(Gain)/loss on disposal groups classified as held for sale, net	**–**	(21)	(136)
Loss of control over a subsidiary	**–**	167	–
Other non-operating (gains)/losses, net	**14**	3	–
Bad debt expense	**1**	18	41
Changes in provisions, employee benefits and other long-term assets and liabilities	**(7)**	(56)	(62)
Expense arising from equity-settled awards (*Note 21*)	**16**	20	30
Other	**(3)**	–	(1)
	1,350	1,301	1,987
Changes in working capital:			
Inventories	**(17)**	204	(87)
Trade and other receivables	**(38)**	54	(1)
Prepayments	**(1)**	9	(2)
Receivables from/payables to related parties	**125**	66	(246)
Taxes recoverable	**(32)**	(34)	18
Other assets	**(3)**	(3)	11
Trade and other payables	**40**	3	150
Advances from customers	**20**	100	27
Taxes payable	**62**	(72)	100
Other liabilities	**1**	1	(4)
Net cash flows from operating activities	**1,507**	1,629	1,953
Cash flows from investing activities			
Issuance of loans receivable to related parties	**(307)**	(2)	(4)
Proceeds from repayment of loans receivable from related parties, including interest	**39**	–	–
Issuance of loans receivable	**–**	(2)	–
Proceeds from repayment of loans receivable, including interest	**2**	7	3
Restricted deposits at banks in respect of investing activities	**1**	(3)	1
Short-term deposits at banks, including interest	**4**	4	8
Purchases of property, plant and equipment and intangible assets	**(382)**	(423)	(612)
Proceeds from disposal of property, plant and equipment	**7**	10	14
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**27**	44	311
Dividends received	**1**	–	2
Other investing activities, net	**1**	6	19
Net cash flows used in investing activities	**(607)**	(359)	(258)

* The amounts shown here do not correspond to the previously issued financial statements and reflect adjustments made in connection with the acquisition of a controlling interest in a subsidiary in a transaction with an entity under common control described in Note 2.

Continued on the next page

Evraz Group S.A.
Consolidated Statement of Cash Flows (continued)
(in millions of US dollars)

	Year ended 31 December		
	2016	**2015***	**2014***
Cash flows from financing activities			
Contributions from shareholder/ Issue of shares *(Note 20)*	**$ 300**	$ 88	$ –
Payments to entities under common control for the transfer of ownership interest in subsidiaries *(Notes 2, 4)*	**(32)**	–	–
Purchase of shares of EVRAZ plc *(Note 18)*	**–**	–	(7)
Proceeds from issue of shares by a subsidiary to non-controlling shareholders	**13**	6	–
Proceeds from loans provided by related parties	**–**	19	267
Repayment of loans provided by related parties	**–**	(77)	(254)
Dividends paid by the parent entity to its shareholders *(Note 20)*	**–**	(350)	(262)
Dividends paid by the Group's subsidiaries to non-controlling shareholders	**–**	–	(3)
Sale of non-controlling interests *(Note 4)*	**–**	1	–
Proceeds from bank loans and notes	**1,301**	3,801	2,579
Repayment of bank loans and notes, including interest	**(2,428)**	(3,961)	(3,217)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(5)**	(9)	(942)
Payments under covenants reset	**(4)**	–	–
Payments for purchase of property, plant and equipment on deferred terms	**–**	(5)	(42)
Gain/(loss) on derivatives not designated as hedging instruments *(Note 25)*	**(250)**	(464)	(94)
Gain/(loss) on hedging instruments *(Note 25)*	**14**	5	–
Collateral under swap contracts *(Note 18)*	**–**	7	14
Payments under finance leases, including interest	**(1)**	(1)	(1)
Other financing activities	**–**	(8)	(12)
Net cash flows used in financing activities	**(1,092)**	(948)	(1,974)
Effect of foreign exchange rate changes on cash and cash equivalents	**(10)**	(12)	(282)
Net increase/(decrease) in cash and cash equivalents	**(202)**	310	(561)
Cash and cash equivalents at the beginning of the year	**1,359**	1,049	1,603
Decrease/(increase) in cash of disposal groups classified as assets held for sale *(Note 12)*	**(2)**	–	7
Cash and cash equivalents at the end of the year	**$ 1,155**	$ 1,359	$ 1,049
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (413)**	$ (446)	$ (520)
Interest received	**13**	4	10
Income taxes paid by the Group	**(149)**	(204)	(278)

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The accompanying notes form an integral part of these consolidated financial statements.

Evraz Group S.A.
Consolidated Statement of Changes in Equity
(in millions of US dollars)

	Attributable to equity holders of the parent entity								
	Issued capital	Additional paid-in capital	Revaluation surplus	Legal reserve	Accumulated profits	Translation difference	Total	Non-controlling interests	Total Equity
At 31 December 2015 (as previously reported)	**$ 404**	**$ 2,642**	**$ 124**	**$ 39**	**$ 1,151**	**$ (4,241)**	**$ 119**	**$ 143**	**$ 262**
Purchase of Mezhegeyugol from the parent (Note 2)	**–**	**218**	**–**	**–**	**(255)**	**(10)**	**(47)**	**(10)**	**(57)**
At 31 December 2015 (as restated)	**404**	**2,860**	**124**	**39**	**896**	**(4,251)**	**72**	**133**	**205**
Net profit/(loss)	**–**	**–**	**–**	**–**	**(135)**	**–**	**(135)**	**27**	**(108)**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**11**	**538**	**549**	**11**	**560**
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	**–**	**–**	**(12)**	**–**	**12**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the period	**–**	**–**	**(12)**	**–**	**(112)**	**538**	**414**	**38**	**452**
Contribution from shareholder (Note 20)	**–**	**300**	**–**	**–**	**–**	**–**	**300**	**–**	**300**
Acquisition of non-controlling interests in subsidiaries	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**	**2**	**–**
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13**	**13**
Share-based payments (Note 21)	**–**	**16**	**–**	**–**	**–**	**–**	**16**	**–**	**16**
At 31 December 2016	**$ 404**	**$ 3,176**	**$ 112**	**$ 39**	**$ 782**	**$ (3,713)**	**$ 800**	**$ 186**	**$ 986**

The accompanying notes form an integral part of these consolidated financial statements.

Evraz Group S.A.
Consolidated Statement of Changes in Equity (continued)
(in millions of US dollars)

	Attributable to equity holders of the parent entity								
	Issued capital	**Additional paid-in capital**	**Revaluation surplus**	**Legal reserve**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At 31 December 2014 (as previously reported)	$ 404	$ 2,043	$ 155	$ 39	$ 2,080	$ (3,565)	$ 1,156	$ 213	$ 1,369
Purchase of Mezhegeyugol from the parent (Note 2)	–	218	–	–	(230)	(13)	(25)	5	(20)
At 31 December 2014 (as restated)	404	2,261	155	39	1,850	(3,578)	1,131	218	1,349
Net profit/(loss)*	–	–	–	–	(627)	–	(627)	(75)	(702)
Other comprehensive income/(loss)*	–	–	(1)	–	(4)	(673)	(678)	(14)	(692)
Reclassification of revaluation surplus to accumulated profits in respect of the disposed subsidiaries	–	–	(28)	–	28	–	–	–	–
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	(2)	–	2	–	–	–	–
Total comprehensive income/(loss) for the period*	–	–	(31)	–	(601)	(673)	(1,305)	(89)	(1,394)
Issue of shares (Note 20)	–	579	–	–	–	–	579	–	579
Derecognition of non-controlling interests in subsidiaries	–	–	–	–	–	–	–	(4)	(4)
Non-controlling interests arising on sale of ownership interests in subsidiaries	–	–	–	–	(3)	–	(3)	2	(1)
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	–	–	–	–	–	–	–	6	6
Share-based payments (Note 21)	–	20	–	–	–	–	20	–	20
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	(350)	–	(350)	–	(350)
At 31 December 2015*	$ 404	$ 2,860	$ 124	$ 39	$ 896	$ (4,251)	$ 72	$ 133	$ 205

* The amounts shown here do not correspond to the previously issued financial statements and reflect adjustments made in connection with the acquisition of a controlling interest in a subsidiary in a transaction with an entity under common control described in Note 2.

The accompanying notes form an integral part of these consolidated financial statements.

Evraz Group S.A.
Consolidated Statement of Changes in Equity (continued)
(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	**Additional paid-in capital**	**Revaluation surplus**	**Legal reserve**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At 31 December 2013 (as previously reported)	$ 404	$ 2,017	$ 162	$ 39	$ 12	$ 3,406	$ (1,674)	$ 4,366	$ 400	$ 4,766
Purchase of Mezhegeyugol from the parent (Note 2)	–	218	–	–		(201)	(4)	13	31	44
At 31 December 2013 (as restated)	404	2,235	162	39	12	3,205	(1,678)	4,379	431	4,810
Net profit/(loss)*	–	–	–	–	–	(1,194)	–	(1,194)	(103)	(1,297)
Other comprehensive income/(loss)*	–	–	–	–	(12)	(18)	(1,900)	(1,930)	(104)	(2,034)
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	(7)	–	–	7	–	–	–	–
Total comprehensive income/(loss) for the period*	–	–	(7)	–	(12)	(1,205)	(1,900)	(3,124)	(207)	(3,331)
Acquisition of non-controlling interests in subsidiaries	–	3	–	–	–	–	–	3	(3)	–
Share-based payments (Note 21)	–	30	–	–	–	–	–	30	–	30
Distribution to a shareholder – transfer of shares of EVRAZ plc to participants of Incentive plans (Notes 20 and 21)	–	(7)	–	–	–	–	–	(7)	–	(7)
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(150)	–	(150)	–	(150)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 20)	–	–	–	–	–	–	–	–	(3)	(3)
At 31 December 2014*	$ 404	$ 2,261	$ 155	$ 39	$ –	$ 1,850	$ (3,578)	$ 1,131	$ 218	$ 1,349

* The amounts shown here do not correspond to the previously issued financial statements and reflect adjustments made in connection with the acquisition of a controlling interest in a subsidiary in a transaction with an entity under common control described in Note 2.

The accompanying notes form an integral part of these consolidated financial statements.

1. Corporate Information

These consolidated financial statements were authorised for issue by the directors of Evraz Group S.A. on 28 February 2017.

Evraz Group S.A. ("Evraz Group" or "the Company") is a joint stock company registered under the laws of Luxembourg on 31 December 2004 (R.C.S. Luxembourg B 105.615). Until 2 March 2016 the registered address of Evraz Group was 1, rue de Louvigny, L-1946, Luxembourg. The new Company's address is 13, avenue Monterey, L-2163, Luxembourg.

The Company, together with its subsidiaries (the "Group"), is involved in the production and distribution of steel and related products and coal and iron ore mining. In addition, the Group produces vanadium products. The Group is one of the largest steel producers globally.

The Company is a wholly-owned subsidiary of EVRAZ plc (UK). Lanebrook Limited (Cyprus) is the ultimate controlling party of the Group.

The major subsidiaries included in the consolidated financial statements of the Group were as follows at 31 December:

Subsidiary	Effective ownership interest, %			Business activity	Location
	2016	**2015**	**2014**		
EVRAZ Nizhny Tagil Metallurgical Plant	**100.00**	100.00	100.00	Steel production	Russia
EVRAZ Consolidated West-Siberian Metallurgical Plant	**100.00**	100.00	100.00	Steel production	Russia
EVRAZ Highveld Steel and Vanadium Limited	**–**	–	85.11	Steel production	South Africa
EVRAZ Dneprovsk Metallurgical Plant	**97.73**	96.94	96.90	Steel production	Ukraine
EVRAZ Inc. NA	**100.00**	100.00	100.00	Steel production	USA
EVRAZ Inc. NA Canada	**100.00**	100.00	100.00	Steel production	Canada
Raspadskaya	**81.95**	81.95	81.95	Coal mining	Russia
Yuzhkuzbassugol	**100.00**	100.00	100.00	Coal mining	Russia
EVRAZ Kachkanarsky Mining-and-Processing Integrated Works	**100.00**	100.00	100.00	Ore mining and processing	Russia
Evrazruda	**100.00**	100.00	100.00	Ore mining	Russia
EVRAZ Sukha Balka	**99.42**	99.42	99.42	Ore mining	Ukraine

2. Significant Accounting Policies

Basis of Preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

International Financial Reporting Standards are issued by the International Accounting Standard Board ("IASB"). IFRSs that are mandatory for application as of 31 December 2016, but not adopted by the European Union, do not have any impact on the Group's consolidated financial statements.

2. Significant Accounting Policies (continued)

Basis of Preparation (continued)

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. Exceptions include, but are not limited to, property, plant and equipment at the date of transition to IFRS accounted for at deemed cost, available-for-sale investments measured at fair value, assets classified as held for sale measured at the lower of their carrying amount or fair value less costs to sell and post-employment benefits measured at present value.

Going Concern

These consolidated financial statements have been prepared on a going concern basis.

The Group's activities in all of its operating segments continue to be affected by the uncertainty and instability of the current economic environment (Note 30). In response, the Group implemented a number of cost cutting initiatives, reduced capital expenditures, continues to reduce the level of debt and proactively manages its debt covenants compliance.

Based on the currently available facts and circumstances the directors and management have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Restatement of Financial Statements

Reclassification of Expenses

In 2016, the Group reclassified property tax accrued and paid by the production subsidiaries from general and administrative expenses to the "cost of revenue" caption. In addition, the Group reclassified staff costs of certain categories of personnel and the related expenses from cost of revenues and selling expenses to general and administrative expenses and from selling expenses to cost of revenues.

The reclassifications were made to better reflect the nature of these costs in the current business environment and in order to make the financial statements more comparable with industry peers.

The effects of the restatement on the previously reported amounts are set out below.

	Year ended 31 December 2015			
	Property tax	Staff costs	Other expenses	Total reclassification
Statement of Operations				
Cost of revenue	$ (27)	$ 48	$ (9)	$ 12
Gross profit	(27)	48	(9)	12
Selling and distribution costs	–	47	20	67
General and administrative expenses	27	(95)	(11)	(79)

	Year ended 31 December 2014			
	Property tax	Staff costs	Other expenses	Total reclassification
Statement of Operations				
Cost of revenue	$ (50)	$ 58	$ (8)	$ –
Gross profit	(50)	58	(8)	–
Selling and distribution costs	–	60	19	79
General and administrative expenses	50	(118)	(11)	(79)

2. Significant Accounting Policies (continued)

Restatement of Financial Statements (continued)

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity

On 25 April 2016, Evraz Group S.A. purchased from its parent a 60.016% ownership interest in Actionfield, which controls Mezhegey coal field project ("Mezhegeyugol"). The Group applied the pooling of interests method with respect to this acquisition and presented its consolidated financial statements as if the transfer of controlling interest in Actionfield had occurred from the date of acquisition of the subsidiary by the transferring entity.

The effects of the restatements (both reclassification of expenses and adjustments on acquisition of Mezhegeyugol) on the previously reported amounts are set out below.

Statement of Operations

	Year ended 31 December 2015			
	As previously reported	**Mezhegeyugol**	**Reclassifications**	**Restated**
Continuing operations				
Revenue				
Sale of goods	$ 8,552	$ –	$ –	$ 8,552
Rendering of services	215	–	–	215
	8,767	–	–	8,767
Cost of revenue	(6,593)	(2)	12	(6,583)
Gross profit	2,174	(2)	12	2,184
Selling and distribution costs	(795)	–	67	(728)
General and administrative expenses	(465)	(1)	(79)	(545)
Social and social infrastructure maintenance expenses	(28)	–	–	(28)
Loss on disposal of property, plant and equipment	(41)	–	–	(41)
Impairment of assets	(441)	–	–	(441)
Foreign exchange gains/(losses), net	(335)	(41)	–	(376)
Other operating income	28	–	–	28
Other operating expenses	(78)	–	–	(78)
Profit/(loss) from operations	19	(44)	–	(25)
Interest income	9	–	–	9
Interest expense	(480)	(1)	–	(481)
Share of profits/(losses) of joint ventures and associates	4	–	–	4
Gain/(loss) on financial assets and liabilities, net	(48)	–	–	(48)
Gain/(loss) on disposal groups classified as held for sale, net	21	–	–	21
Loss of control over a subsidiary	(167)	–	–	(167)
Other non-operating gains/(losses), net	(3)	–	–	(3)
Loss before tax	(645)	(45)	–	(690)
Income tax benefit/(expense)	(16)	4	–	(12)
Net loss	$ (661)	$ (41)	$ –	$ (702)
Attributable to:				
Equity holders of the parent entity	$ (602)	$ (25)	$ –	$ (627)
Non-controlling interests	(59)	(16)	–	(75)
	$ (661)	$ (41)	$ –	$ (702)
Earnings/(losses) per share: for profit/(loss) attributable to equity holders of the parent entity, basic and diluted, US dollars	$ (4.04)	$ (0.17)	$ –	$ (4.21)

2. Significant Accounting Policies (continued)

Restatement of Financial Statements (continued)

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity (continued)

Statement of Comprehensive Income

	Year ended 31 December 2015		
	As previously reported	**Mezhegeyugol**	**Restated**
Net loss	$ (661)	$ (41)	$ (702)
Other comprehensive income/(loss)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations into presentation currency	(824)	4	(820)
Exchange differences recycled to profit or loss	142	–	142
Net gains/(losses) on available-for-sale financial assets	–	–	–
	(682)	4	(678)
Effect of translation to presentation currency of the Group's joint ventures and associates	(9)	–	(9)
	(9)	–	(9)
Items not to be reclassified to profit or loss in subsequent periods			
Gains/(losses) on re-measurement of net defined benefit liability	1	–	1
Income tax effect	(5)	–	(5)
	(4)	–	(4)
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	(1)	–	(1)
Income tax effect	–	–	–
	(1)	–	(1)
Total other comprehensive loss	(696)	4	(692)
Total comprehensive loss, net of tax	$ (1,357)	$ (37)	$ (1,394)
Attributable to:			
Equity holders of the parent entity	$ (1,283)	$ (22)	$ (1,305)
Non-controlling interests	(74)	(15)	(89)
	$ (1,357)	$ (37)	$ (1,394)

Statement of Changes in Equity

	Year ended 31 December 2015		
	As previously reported	**Mezhegeyugol**	**Restated**
Additional paid-in capital	$ 2,642	$ 218	$ 2,860
Accumulated profits	1,151	(255)	896
Translation difference	(4,241)	(10)	(4,251)
Non-controlling interests	143	(10)	133

2. Significant Accounting Policies (continued)

Restatement of Financial Statements (continued)

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity (continued)

Statement of Financial Position	31 December 2015		
	As previously reported	Mezhegeyugol	Restated
ASSETS			
Non-current assets			
Property, plant and equipment	$ 4,180	$ 122	$ 4,302
Intangible assets other than goodwill	324	–	324
Goodwill	1,176	–	1,176
Investments in joint ventures and associates	34	–	34
Deferred income tax assets	109	10	119
Loans receivable from related parties	157	(157)	–
Other non-current financial assets	79	–	79
Other non-current assets	56	–	56
	6,115	(25)	6,090
Current assets			
Inventories	899	–	899
Trade and other receivables	447	–	447
Prepayments	50	–	50
Loans receivable	5	–	5
Receivables from related parties	7	(1)	6
Income tax receivable	44	–	44
Other taxes recoverable	125	2	127
Other current financial assets	35	–	35
Cash and cash equivalents	1,359	–	1,359
	2,971	1	2,972
Assets of disposal groups classified as held for sale	1	–	1
	2,972	1	2,973
Total assets	$ 9,087	$ (24)	$ 9,063
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Issued capital	$ 404	$ –	$ 404
Additional paid-in capital	2,642	218	2,860
Revaluation surplus	124	–	124
Legal reserve	39	–	39
Accumulated profits	1,151	(255)	896
Translation difference	(4,241)	(10)	(4,251)
	119	(47)	72
Non-controlling interests	143	(10)	133
	262	(57)	205
Non-current liabilities			
Long-term loans	5,850	–	5,850
Deferred income tax liabilities	352	–	352
Employee benefits	301	–	301
Provisions	146	–	146
Other long-term liabilities	96	–	96
	6,745	–	6,745
Current liabilities			
Trade and other payables	1,057	5	1,062
Advances from customers	228	–	228
Short-term loans and current portion of long-term loans	497	–	497
Payables to related parties	151	28	179
Income tax payable	17	–	17
Other taxes payable	107	–	107
Provisions	23	–	23
	2,080	33	2,113
Liabilities directly associated with disposal groups classified as held for sale	–	–	–
	2,080	33	2,113
Total equity and liabilities	$ 9,087	$ (24)	$ 9,063

2. Significant Accounting Policies (continued)

Restatement of Financial Statements (continued)

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity (continued)

Statement of Operations

	Year ended 31 December 2014			
	As previously reported	**Mezhegeyugol**	**Reclassifications**	**Restated**
Continuing operations				
Revenue				
Sale of goods	$ 12,745	$ –	$ –	$ 12,745
Rendering of services	318	(2)	–	316
	13,063	(2)	–	13,061
Cost of revenue	(9,736)	2	–	(9,734)
Gross profit	3,327	–	–	3,327
Selling and distribution costs	(1,009)	–	79	(930)
General and administrative expenses	(731)	(1)	(79)	(811)
Social and social infrastructure maintenance expenses	(30)	–	–	(30)
Loss on disposal of property, plant and equipment	(48)	–	–	(48)
Impairment of assets	(540)	–	–	(540)
Foreign exchange gains/(losses), net	(974)	(60)	–	(1,034)
Other operating income	35	–	–	35
Other operating expenses	(88)	–	–	(88)
Profit/(loss) from operations	(58)	(61)	–	(119)
Interest income	17	–	–	17
Interest expense	(561)	–	–	(561)
Share of profits/(losses) of joint ventures and associates	10	–	–	10
Gain/(loss) on financial assets and liabilities, net	(586)	–	–	(586)
Gain/(loss) on disposal groups classified as held for sale, net	136	–	–	136
Other non-operating gains/(losses), net	–	–	–	–
Loss before tax	(1,042)	(61)	–	(1,103)
Income tax benefit/(expense)	(206)	12	–	(194)
Net loss	$ (1,248)	$ (49)	$ –	$ (1,297)
Attributable to:				
Equity holders of the parent entity	$ (1,165)	$ (29)	$ –	$ (1,194)
Non-controlling interests	(83)	(20)	–	(103)
	$ (1,248)	$ (49)	$ –	$ (1,297)
Earnings/(losses) per share: for profit/(loss) attributable to equity holders of the parent entity, basic and diluted, US dollars	$ (7.82)	$ (0.20)	$ –	$ (8.02)

2. Significant Accounting Policies (continued)

Restatement of Financial Statements (continued)

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity (continued)

Statement of Comprehensive Income

	Year ended 31 December 2014		
	As previously reported	Mezhegeyugol	Restated
Net loss	$ (1,248)	$ (49)	$ (1,297)
Other comprehensive income/(loss)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations into presentation currency	(1,903)	(15)	(1,918)
Exchange differences recycled to profit or loss	(66)	–	(66)
Net gains/(losses) on available-for-sale financial assets	(12)	–	(12)
	(1,981)	(15)	(1,996)
Effect of translation to presentation currency of the Group's joint ventures and associates	(20)	–	(20)
	(20)	–	(20)
Items not to be reclassified to profit or loss in subsequent periods			
Gains/(losses) on re-measurement of net defined benefit liability	(33)	–	(33)
Income tax effect	15	–	15
	(18)	–	(18)
Total other comprehensive loss	(2,019)	(15)	(2,034)
Total comprehensive loss, net of tax	$ (3,267)	$ (64)	$ (3,331)
Attributable to:			
Equity holders of the parent entity	$ (3,086)	$ (38)	$ (3,124)
Non-controlling interests	(181)	(26)	(207)
	$ (3,267)	$ (64)	$ (3,331)

Statement of Changes in Equity

	Year ended 31 December 2014		
	As previously reported	Mezhegeyugol	Restated
Additional paid-in capital	$ 2,043	$ 218	$ 2,261
Accumulated profits	2,080	(230)	1,850
Translation difference	(3,565)	(13)	(3,578)
Non-controlling interests	213	5	218

2. Significant Accounting Policies (continued)

Restatement of Financial Statements (continued)

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity (continued)

Statement of Financial Position	31 December 2014		
	As previously reported	Mezhegeyugol	Restated
ASSETS			
Non-current assets			
Property, plant and equipment	$ 5,684	$ 112	$ 5,796
Intangible assets other than goodwill	441	–	441
Goodwill	1,541	–	1,541
Investments in joint ventures and associates	39	–	39
Deferred income tax assets	88	9	97
Other non-current financial assets	98	–	98
Other non-current assets	40	–	40
	7,931	121	8,052
Current assets			
Inventories	1,370	2	1,372
Trade and other receivables	654	–	654
Prepayments	82	–	82
Loans receivable	24	–	24
Receivables from related parties	56	(2)	54
Income tax receivable	23	–	23
Other taxes recoverable	153	5	158
Other current financial assets	40	–	40
Cash and cash equivalents	1,048	1	1,049
	3,450	6	3,456
Assets of disposal groups classified as held for sale	4	–	4
	3,454	6	3,460
Total assets	$ 11,385	$ 127	$ 11,512
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Issued capital	$ 404	$ –	$ 404
Additional paid-in capital	2,043	218	2,261
Revaluation surplus	155	–	155
Legal reserve	39	–	39
Accumulated profits	2,080	(230)	1,850
Translation difference	(3,565)	(13)	(3,578)
	1,156	(25)	1,131
Non-controlling interests	213	5	218
	1,369	(20)	1,349
Non-current liabilities			
Long-term loans payable to related parties	55	–	55
Long-term loans	5,366	104	5,470
Deferred income tax liabilities	471	–	471
Employee benefits	364	–	364
Provisions	173	–	173
Other long-term liabilities	424	40	464
	6,853	144	6,997
Current liabilities			
Trade and other payables	1,355	5	1,360
Advances from customers	155	–	155
Short-term loans and current portion of long-term loans	760	1	761
Payables to related parties	602	(3)	599
Income tax payable	86	–	86
Other taxes payable	151	–	151
Provisions	41	–	41
	3,150	3	3,153
Liabilities directly associated with disposal groups classified as held for sale	13	–	13
	3,163	3	3,166
Total equity and liabilities	$ 11,385	$ 127	$ 11,512

2. Significant Accounting Policies (continued)

Changes in Accounting Policies

In the preparation of these consolidated financial statements, the Group followed the same accounting policies and methods of computation as compared with those applied in the previous year, except for the adoption of new standards and interpretations and revision of the existing standards as of 1 January 2016.

New/Revised Standards and Interpretations Adopted in 2016:

§ Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees.

§ Amendments to IAS 1 – Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements:

- Ø The materiality requirements in IAS 1
- Ø The requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and OCI
- Ø That specific line items in the statements of profit or loss and OCI and the statement of financial position may be disaggregated
- Ø That entities have flexibility as to the order in which they present the notes to financial statements
- Ø That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

§ Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

§ Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

§ Amendments to IAS 16 and IAS 41 – Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

§ Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exemption

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 "Consolidated Financial Statements". The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS "28 Investments in Associates and Joint Ventures" allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.
These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

§ Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

§ Annual Improvements to IFRSs 2010-2012 Cycle

The amendments relate to IFRS 2 "Share-based Payment, IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IAS 16 "Property, Plant and Equipment" and "IAS 38 Intangible Assets", IAS 24 "Related Party Disclosures".

§ Annual Improvements to IFRSs 2012-2014 Cycle

The amendments relate to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits", IAS 34 "Interim Financial Reporting".

The amendments described above had no significant impact on the financial position and performance of the Group or the disclosures in the consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

Standards Issued But Not Yet Effective in the European Union

	Standards not yet effective for the financial statements for the year ended 31 December 2016	Effective for annual periods beginning on or after
§	Amendments to IAS 7 – Disclosure Initiative	1 January 2017*
§	Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017*
§	Amendments to IAS 40 – Transfers of Investment Property	1 January 2018*
§	Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions	1 January 2018*
§	Amendments to IFRS 4 – Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts”	1 January 2018*
§	Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018*
§	IFRS 9 “Financial Instruments”	1 January 2018
§	IFRS 15 “Revenue from Contracts with Customers”	1 January 2018
§	IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	1 January 2018*
§	IFRS 16 “Leases”	1 January 2019*

*Subject to EU endorsement

The Group expects that the adoption of the pronouncements listed above will not have a significant impact on the Group’s results of operations and financial position in the period of initial application.

The Group plans to apply IFRS 15, IFRS 16 and IFRS 9 starting from the dates effective in the European Union. At present the Group is in the process of analysis of the possible impact of the application of these standards on its consolidated financial statements, but the preliminary results show that the impact will not be significant.

Significant Accounting Judgements and Estimates

Accounting Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

§ In 2015, the Group lost control over Highveld Steel and Vanadium Limited and it is not expected that it will re-obtain control in the future. As a result, the Group ceased to consolidate this entity starting 14 April 2015 (Note 4).

§ The Group determined based on the criteria in IFRIC 4 “Determining whether an Arrangement Contains a Lease” that the supply contract with PraxAir does not contain a lease. This contract, concluded in 2010, with subsequent amendments in 2015, included the construction of an air separation plant by PraxAir to be owned and operated by PraxAir and the supply of oxygen and other industrial gases produced by PraxAir to EVRAZ Nizhny Tagil Metallurgical Plant for a period of 25 years on a take or pay basis. In 2015, the air separation plant was put into operation and the Group started to purchase gases from PraxAir. Management believes that this arrangement does not convey a right to the Group to use the asset as the Group does not have an ability to operate the asset or to direct other parties to operate the asset; it does not control physical access to the asset; and it is expected that more than an insignificant amount of the asset’s output will be sold to the parties unrelated to the Group. The commitment under this contract is disclosed in Note 30.

2. Significant Accounting Policies (continued)

Significant Accounting Judgements and Estimates (continued)

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Property, Plant and Equipment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. In 2016, 2015 and 2014, the Group recognised a net impairment loss of $151 million, $190 million and $192 million, respectively (Note 9).

The determination of impairments of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate that impairment exists.

The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates, including the methodologies used, may have a material impact on the value in use and, ultimately, the amount of any impairment.

Useful Lives of Items of Property, Plant and Equipment

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation expense for the period.

2. Significant Accounting Policies (continued)

Significant Accounting Judgements and Estimates (continued)

Estimation Uncertainty (continued)

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of goodwill at 31 December 2016, 2015 and 2014 was $880 million, $1,176 million and $1,541 million, respectively. In 2016, 2015 and 2014, the Group recognised an impairment loss in respect of goodwill in the amount of $316 million, $251 million and $330 million, respectively (Note 5). More details of the assumptions used in estimating the value in use of the cash-generating units to which goodwill is allocated are provided in Note 6.

Mineral Reserves

Mineral reserves and the associated mine plans are a material factor in the Group's computation of a depletion charge. The Group estimates its mineral reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Estimation of reserves in accordance with the JORC Code involves some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, which also requires use of subjective judgement and development of assumptions. Mine plans are periodically updated which can have a material impact on the depletion charge for the period.

Site Restoration Provisions

The Group reviews site restoration provisions at each reporting date and adjusts them to reflect the current best estimate in accordance with IFRIC 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities".

The amount recognised as a provision is the best estimate of the expenditures required to settle the present obligation at the end of the reporting period based on the requirements of the current legislation of the country where the respective operating assets are located. The carrying amount of a provision is the present value of the expected expenditures, i.e. cash outflows discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Considerable judgement is required in forecasting future site restoration costs.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision when there is sufficient objective evidence that they will occur.

2. Significant Accounting Policies (continued)

Significant Accounting Judgements and Estimates (continued)

Estimation Uncertainty (continued)

Post-Employment Benefits

The Group uses an actuarial valuation method for the measurement of the present value of post-employment benefit obligations and related current service cost. This involves the use of demographic assumptions about the future characteristics of the current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, disability and early retirement, etc.) as well as financial assumptions (discount rate, future salary and benefit levels, expected rate of return on plan assets, etc.). More details are provided in Note 23.

Allowances

The Group makes allowances for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for doubtful accounts, management bases its estimates on the current overall economic conditions, the ageing of accounts receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the allowance for doubtful accounts recorded in the consolidated financial statements. As of 31 December 2016, 2015 and 2014, allowances for doubtful accounts in respect of trade and other receivables have been made in the amount of $47 million, $48 million and $57 million, respectively (Note 28).

The Group makes an allowance for obsolete and slow-moving raw materials and spare parts. In addition, certain finished goods of the Group are carried at net realisable value (Note 14). Estimates of net realisable value of finished goods are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the end of the reporting period to the extent that such events confirm conditions existing at the end of the period.

Deferred Income Tax Assets

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes judgements based on the expected performance. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilisation of deferred tax assets must be reduced, this reduction will be recognised in the statement of operations.

2. Significant Accounting Policies (continued)

Significant Accounting Judgements and Estimates (continued)

Foreign Currency Transactions

The presentation currency of the Group is the US dollar because presentation in US dollars is most relevant for the major current and potential users of the consolidated financial statements.

The functional currencies of the Group's subsidiaries are the Russian rouble, US dollar, euro, Czech koruna, South African rand, Canadian dollar and Ukrainian hryvnia. At the reporting date, the assets and liabilities of the subsidiaries with functional currencies other than the US dollar are translated into the presentation currency at the rate of exchange ruling at the end of the reporting period, and their statements of operations are translated at the exchange rates that approximate the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a subsidiary with functional currency other than the US dollar, the deferred cumulative amount recognised in equity relating to that particular subsidiary is recognised in the statement of operations.

The following exchange rates were used in the consolidated financial statements:

	2016		2015		2014	
	31 December	**average**	**31 December**	**average**	**31 December**	**average**
USD/RUB	60.6569	67.0349	72.8827	60.9579	56.2584	38.4217
EUR/RUB	63.8111	74.2336	79.6972	67.7767	68.3427	50.8150
EUR/USD	1.0541	1.1069	1.0887	1.1095	1.2141	1.3285
USD/CAD	1.3427	1.3248	1.3840	1.2788	1.1601	1.1048
USD/ZAR	13.6282	14.7073	15.5742	12.7550	11.5719	10.8488
EUR/ZAR	14.3342	16.2840	17.0078	14.1552	14.0668	14.4054
USD/UAH	25.5458	27.1909	24.0007	21.8290	15.7686	11.9064
RUB/UAH	0.3807	0.4483	0.3293	0.3534	0.2803	0.3050

Transactions in foreign currencies in each subsidiary of the Group are initially recorded in the functional currency at the rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. All resulting differences are taken to the statement of operations.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Significant Accounting Policies (continued)

Basis of Consolidation

Subsidiaries

Subsidiaries, which are those entities in which the Group has an interest of more than 50% of the voting rights and over which the Group has control, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the parent's shareholders' equity.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisition of Subsidiaries

Business combinations are accounted for using the acquisition method.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognises any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

Comparative information presented for the periods before the completion of initial accounting for the acquisition is presented as if the initial accounting had been completed from the acquisition date.

2. Significant Accounting Policies (continued)

Basis of Consolidation (continued)

Increases in Ownership Interests in Subsidiaries

The differences between the carrying values of net assets attributable to interests in subsidiaries acquired and the consideration given for such increases is either added to additional paid-in capital, if positive, or charged to accumulated profits, if negative, in the consolidated financial statements.

Purchases of Controlling Interests in Subsidiaries from Entities under Common Control

Purchases of controlling interests in subsidiaries from entities under common control are accounted for using the pooling of interests method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these financial statements at the historical cost of the controlling entity (the "Predecessor"). Related goodwill inherent in the Predecessor's original acquisition is also recorded in the financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to the shareholders' equity.

These financial statements, including corresponding figures, are presented as if a subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Put Options over Non-controlling Interests

The Group derecognises non-controlling interests if non-controlling shareholders have a put option over their holdings. The difference between the amount of the liability recognised in the statement of financial position over the carrying value of the derecognised non-controlling interests is charged to accumulated profits.

Investments in Associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control.

Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and goodwill impairment charges, if any.

The Group's share of its associates' profits or losses is recognised in the statement of operations and its share of movements in reserves is recognised in equity. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has legal or constructive obligations to make payments to, or on behalf of, the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Interests in Joint Ventures

The Group's interest in its joint ventures is accounted for under the equity method of accounting whereby an interest in jointly ventures is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of joint ventures. The statement of operations reflects the Group's share of the results of operations of joint ventures.

2. Significant Accounting Policies (continued)

Property, Plant and Equipment

The Group's property, plant and equipment is stated at purchase or construction cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of plant and equipment when that cost is incurred and recognition criteria are met.

The Group's property, plant and equipment include mining assets, which consist of mineral reserves, mine development and construction costs and capitalised site restoration costs. Mineral reserves represent tangible assets acquired in business combinations. Mine development and construction costs represent expenditures incurred in developing access to mineral reserves and preparations for commercial production, including sinking shafts and underground drifts, roads, infrastructure, buildings, machinery and equipment.

At each end of the reporting period management makes an assessment to determine whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as impairment loss in the statement of operations or other comprehensive income. An impairment loss recognised for an asset in previous years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount.

Land is not depreciated. Depreciation of property, plant and equipment, except for mining assets, is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives of items of property, plant and equipment and methods of their depreciation are reviewed, and adjusted as appropriate, at each fiscal year end. The table below presents the useful lives of items of property, plant and equipment.

	Useful lives (years)	**Weighted average remaining useful life (years)**
Buildings and constructions	15–60	21
Machinery and equipment	4–45	10
Transport and motor vehicles	7–20	5
Other assets	3–15	4

The Group determines the depreciation charge separately for each significant part of an item of property, plant and equipment.

Depletion of mining assets including capitalised site restoration costs is calculated using the units-of-production method based upon proved and probable mineral reserves. The depletion calculation takes into account future development costs for reserves which are in the production phase.

Maintenance costs relating to items of property, plant and equipment are expensed as incurred. Major renewals and improvements are capitalised, and the replaced assets are derecognised.

The Group has the title to certain non-production and social assets, primarily buildings and facilities of social infrastructure, which are carried at their recoverable amount of zero. The costs to maintain such assets are expensed as incurred.

2. Significant Accounting Policies (continued)

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures represent costs incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The expenditures include acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. These costs are expensed as incurred.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Group commences recognition of expenditures related to the development of mineral resources as assets. These assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date as to whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised from the commencement of the lease term at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to interest expense.

The depreciation policy for depreciable leased assets is consistent with that for depreciable assets which are owned. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of operations on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred for an acquisition of a subsidiary or an associte and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquiree, the difference is recognised in the consolidated statement of operations.

Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill on acquisition of an associate is included in the carrying amount of the investments in associates.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, or the group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. Significant Accounting Policies (continued)

Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets Other Than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditures on internally generated intangible assets, excluding capitalised development costs, are expensed as incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, they are tested for impairment annually either individually or at the cash-generating unit level.

The table below presents the useful lives of intangible assets.

	Useful lives (years)	Weighted average remaining useful life (years)
Customer relationships	1–15	7
Contract terms	10	7
Other	5–19	7

Certain water rights and environmental permits are considered to have indefinite lives as management believes that these rights will continue indefinitely.

The most part of the Group's intangible assets represents customer relationships arising on business combinations (Note 10).

Financial Assets

The Group classified its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. When investments are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its investments after initial recognition.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as held for trading and included in the category "financial assets at fair value through profit or loss". Investments which are included in this category are subsequently carried at fair value; gains or losses on such investments are recognised in income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. Significant Accounting Policies (continued)

Financial Assets (continued)

Non-derivative financial assets with fixed or determinable payments and fixed maturity that management has the positive intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortised cost using the effective yield method.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the end of the reporting period or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of operations. Reversals of impairment losses in respect of equity instruments are not recognised in the statement of operations. Impairment losses in respect of debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of operations.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis or other generally accepted valuation techniques.

All purchases and sales of financial assets under contracts to purchase or sell financial assets that require delivery of the asset within the time frame generally established by regulation or convention in the market place are recognised on the settlement date i.e. the date the asset is delivered by/to the counterparty.

Accounts Receivable

Accounts receivable, which generally are short-term, are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

The Group establishes an allowance for impairment of accounts receivable that represents its estimate of incurred losses. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar receivables in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis and includes expenditure incurred in acquiring or producing inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. Significant Accounting Policies (continued)

Value Added Tax

The tax authorities permit the settlement of sales and purchases value added tax ("VAT") on a net basis.

The Group's subsidiaries apply the accrual method for VAT recognition, under which VAT becomes payable upon invoicing and delivery of goods or rendering services as well upon receipt of prepayments from customers. VAT on purchases, even if not settled at the end of the reporting period, is deducted from the amount of VAT payable.

Where provision has been made for impairment of receivables, an impairment loss is recorded for the gross amount of the debtor, including VAT.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and deposits with an original maturity of three months or less.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption amount is recognised as interest expense over the period of the borrowings.

Borrowing costs relating to qualifying assets are capitalised (Note 9).

Equity

Share Capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury Shares

Own equity instruments which are acquired by the Group (treasury shares) are deducted from equity. No gain or loss is recognised in statement of operations on the purchase, sale, issue or cancellation of the treasury shares.

Dividends

Dividends are recognised as a liability and deducted from equity only if they are declared before the end of the reporting period. Dividends are disclosed when they are proposed before the end of the reporting period or proposed or declared after the end of the reporting period but before the financial statements are authorised for issue.

2. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Provisions for site restoration costs are capitalised within property, plant and equipment.

Employee Benefits

Social and Pension Contributions

Defined contributions are made by the Group to the Russian and Ukrainian state pension, social insurance and medical insurance funds at the statutory rates in force based on gross salary payments. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits. Its only obligation is to pay contributions as they fall due. These contributions are expensed as incurred.

Defined Benefit Plans

The Group companies provide pensions and other benefits to their employees (Note 23). The entitlement to these benefits is usually conditional on the completion of a minimum service period. Certain benefit plans require the employee to remain in service up to retirement age. Other employee benefits consist of various compensations and non-monetary benefits. The amounts of benefits are stipulated in the collective bargaining agreements and/or in the plan documents.

The Group involves independent qualified actuaries in the measurement of employee benefit obligations.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. It is recorded within interest expense in the consolidated statement of operations.

The Group recognises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in the consolidated statement of operations within “cost of sales”, “general and administrative expenses” and “selling and distribution expenses”.

Other Costs

The Group incurs employee costs related to the provision of benefits such as health services, kindergartens and other services. These amounts principally represent an implicit cost of employment and, accordingly, have been charged to cost of sales.

2. Significant Accounting Policies (continued)

Share-based Payments

The Group has management compensation schemes (Note 21), under which certain senior executives and employees of the Group receive remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with grantees is measured by reference to the fair value of the Company's shares at the date on which they are granted. The fair value is determined using the Black-Scholes-Merton model. In valuing equity-settled transactions, no account is taken of any conditions, other than market conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (additional paid-in capital), over the period in which service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the statement of operations for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest. Once a share-settled transaction is vested, no further accounting entries are made to reverse the cost already charged, even if the instruments that are the subject of the transaction are subsequently forfeited. In this case, the Group makes a transfer between different components of equity.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Cash-settled share-based payments represent transactions in which the Group acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the Group's shares or other equity instruments.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes-Merton model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date with changes in fair value recognised in the statement of operations.

The dilutive effect of outstanding share-based awards is reflected as additional share dilution in the computation of earnings per share (Note 20).

2. Significant Accounting Policies (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. The moment of transfer of the risks and rewards of ownership is determined by the contract terms.

Rendering of Services

The Group's revenues from rendering of services include electricity, transportation, port and other services. Revenue is recognised when services are rendered.

Interest

Interest is recognised using the effective interest method.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Rental Income

Rental income is accounted for on a straight-line basis over the lease term on ongoing leases.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised in other comprehensive income or equity and not in the statement of operations.

Deferred Income Tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Segment Information

For management purposes the Group has four reportable operating segments:

- § *Steel* segment includes production of steel and related products at all mills except for those located in North America. Extraction of vanadium ore and production of vanadium products, iron ore mining and enrichment and certain energy-generating companies are also included in this segment as they are closely related to the main process of steel production.
- § *Steel, North America* is a segment, which includes production of steel and related products in the USA and Canada.
- § *Coal* segment includes coal mining and enrichment. It also includes operations of Nakhodka Trade Sea Port as it is used to a significant extent for shipping of products of the coal segment to the Asian markets.
- § *Other operations* include energy-generating companies, shipping and railway transportation companies.

Management and investment companies are not allocated to any of the segments. Operating segments have been aggregated into reportable segments if they show a similar long-term economic performance, have comparable production processes, customer industries and distribution channels, operate in the same regulatory environment, and are generally managed and monitored together.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA (see below). This performance indicator is calculated based on management accounts that differ from the IFRS consolidated financial statements for the following reasons:

1) for the last month of the reporting period, the management accounts for each operating segment are prepared using a forecast for that month;

2) the statement of operations is based on local GAAP figures with the exception of depreciation and repair expenses which are adjusted to approximate the amount under IFRS;

3) in case of volatility of functional currencies the IFRS statements of operations are translated at the exchange rates that approximate the exchange rates at the dates of the transactions (quarterly, semi-annual averages, etc.) while in management accounts simple average for the whole accounting period is used.

Segment revenue is revenue reported in the Group's statement of operations that is directly attributable to a segment and the relevant portion of the Group's revenue that can be allocated to it on a reasonable basis, whether from sales to external customers or from transactions with other segments.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated to it on a reasonable basis, including expenses relating to external counterparties and expenses relating to transactions with other segments. Segment expense does not include social and social infrastructure maintenance expenses.

Segment result is segment revenue less segment expense that is equal to earnings before interest, tax, depreciation and amortisation ("EBITDA") for that segment.

Segment EBITDA is determined as a segment's profit/(loss) from operations adjusted for social and social infrastructure maintenance expenses, impairment of assets, profit/(loss) on disposal of property, plant and equipment and intangible assets, foreign exchange gains/(losses) and depreciation, depletion and amortisation expense. Management believes that this measure is more useful and relevant for the users and is more comparable with the Russian steel peers.

3. Segment Information (continued)

The following tables present measures of segment profit or loss based on management accounts.

Year ended 31 December 2016

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	**$ 5,528**	**$ 1,464**	**$ 484**	**$ 63**	**$ –**	**$ 7,539**
Inter-segment sales	**194**	**–**	**676**	**233**	**(1,103)**	**–**
Total revenue	**5,722**	**1,464**	**1,160**	**296**	**(1,103)**	**7,539**
Segment result – EBITDA	**$ 986**	**$ 22**	**$ 613**	**$ 15**	**$ (44)**	**$ 1,592**

Year ended 31 December 2015

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$ 6,018	$ 2,253	$ 380	$ 89	$ –	$ 8,740
Inter-segment sales	242	10	572	304	(1,128)	–
Total revenue	6,260	2,263	952	393	(1,128)	8,740
Segment result – EBITDA	$ 1,033	$ 51	$ 348	$ 16	$ 110	$ 1,558

Year ended 31 December 2014

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$ 9,135	$ 3,159	$ 540	$ 128	$ –	$ 12,962
Inter-segment sales	570	–	676	446	(1,692)	–
Total revenue	9,705	3,159	1,216	574	(1,692)	12,962
Segment result – EBITDA	$ 1,777	$ 283	$ 314	$ 31	$ 2	$ 2,407

3. Segment Information (continued)

The following table shows a reconciliation of revenue and EBITDA used by management for decision making and revenue and profit or loss before tax per the consolidated financial statements prepared under IFRS.

Year ended 31 December 2016

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	**$ 5,722**	**$ 1,464**	**$ 1,160**	**$ 296**	**$ (1,103)**	**$ 7,539**
Reclassifications and other adjustments	**(225)**	**–**	**162**	**67**	**170**	**174**
Revenue per IFRS financial statements	**$ 5,497**	**$ 1,464**	**$ 1,322**	**$ 363**	**$ (933)**	**$ 7,713**
EBITDA	**$ 986**	**$ 22**	**$ 613**	**$ 15**	**$ (44)**	**$ 1,592**
Unrealised profits adjustment	**(11)**	**–**	**(3)**	**–**	**2**	**(12)**
Reclassifications and other adjustments	**29**	**6**	**34**	**2**	**–**	**71**
	18	**6**	**31**	**2**	**2**	**59**
EBITDA based on IFRS financial statements	**$ 1,004**	**$ 28**	**$ 644**	**$ 17**	**$ (42)**	**$ 1,651**
Unallocated subsidiaries						**(102)**
						$ 1,549
Social and social infrastructure maintenance expenses	**(21)**	**–**	**(2)**	**–**	**–**	**(23)**
Depreciation, depletion and amortisation expense	**(219)**	**(155)**	**(141)**	**(3)**	**–**	**(518)**
Impairment of assets	**(11)**	**(430)**	**(24)**	**–**	**–**	**(465)**
Loss on disposal of property, plant and equipment and intangible assets	**(8)**	**(5)**	**(9)**	**–**	**–**	**(22)**
Foreign exchange gains/(losses), net	**(43)**	**14**	**107**	**–**	**–**	**78**
	$ 702	**$ (548)**	**$ 575**	**$ 14**	**$ (42)**	**$ 599**
Unallocated income/(expenses), net						**(125)**
Profit/(loss) from operations						**$ 474**
Interest income/(expense), net						**$ (468)**
Share of profits/(losses) of joint ventures and associates						**5**
Gain/(loss) on financial assets and liabilities						**(9)**
Other non-operating (gains)/losses, net						**(14)**
Profit/(loss) before tax						**$ (12)**

3. Segment Information (continued)

Year ended 31 December 2015

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	$ 6,260	$ 2,263	$ 952	$ 393	$ (1,128)	$ 8,740
Reclassifications and other adjustments	(273)	7	116	40	137	27
Revenue per IFRS financial statements	$ 5,987	$ 2,270	$ 1,068	$ 433	$ (991)	$ 8,767
EBITDA	$ 1,033	$ 51	$ 348	$ 16	$ 110	$ 1,558
Unrealised profits adjustment	62	2	–	–	(43)	21
Reclassifications and other adjustments	(14)	2	3	(2)	–	(11)
	48	4	3	(2)	(43)	10
EBITDA based on IFRS financial statements	$ 1,081	$ 55	$ 351	$ 14	$ 67	$ 1,568
Unallocated subsidiaries						(122)
						$ 1,446
Social and social infrastructure maintenance expenses	(24)	–	(1)	–	–	(25)
Depreciation, depletion and amortisation expense	(260)	(153)	(165)	(3)	–	(581)
Impairment of assets	(81)	(258)	(102)	–	–	(441)
Loss on disposal of property, plant and equipment and intangible assets	(8)	(10)	(23)	–	–	(41)
Foreign exchange gains/(losses), net	(270)	(89)	(153)	4	–	(508)
	$ 438	$ (455)	$ (93)	$ 15	$ 67	$ (150)
Unallocated income/(expenses), net						125
Profit/(loss) from operations						$ (25)
Interest income/(expense), net						$ (472)
Share of profits/(losses) of joint ventures and associates						4
Gain/(loss) on financial assets and liabilities						(48)
Gain/(loss) on disposal groups classified as held for sale						21
Loss of control over a subsidiary						(167)
Other non-operating (gains)/losses, net						(3)
Profit/(loss) before tax						$ (690)

3. Segment Information (continued)

Year ended 31 December 2014

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	$ 9,705	$ 3,159	$ 1,216	$ 574	$ (1,692)	$ 12,962
Reclassifications and other adjustments	(186)	1	102	74	108	99
Revenue per IFRS financial statements	$ 9,519	$ 3,160	$ 1,318	$ 648	$ (1,584)	$ 13,061
EBITDA (restated)	$ 1,777	$ 283	$ 314	$ 31	$ 2	$ 2,407
Exclusion of management services from segment result	128	–	10	1	–	139
Unrealised profits adjustment	9	(1)	1	–	(53)	(44)
Reclassifications and other adjustments	19	(2)	51	5	–	73
	156	(3)	62	6	(53)	168
EBITDA based on IFRS financial statements (restated)	$ 1,933	$ 280	$ 376	$ 37	$ (51)	$ 2,575
Unallocated subsidiaries						(209)
						$ 2,366
Social and social infrastructure maintenance expenses	(21)	(1)	(3)	–	–	(25)
Depreciation, depletion and amortisation expense	(389)	(165)	(267)	(4)	–	(825)
Impairment of assets	(196)	(261)	(81)	(2)	–	(540)
Loss on disposal of property, plant and equipment and intangible assets	(20)	(1)	(27)	–	–	(48)
Foreign exchange gains/(losses), net	84	(21)	(333)	4	–	(266)
	$ 1,391	$ (169)	$ (335)	$ 35	$ (51)	$ 662
Unallocated income/(expenses), net						(781)
Profit/(loss) from operations						$ (119)
Interest income/(expense), net						$ (544)
Share of profits/(losses) of joint ventures and associates						10
Gain/(loss) on financial assets and liabilities						(586)
Gain/(loss) on disposal groups classified as held for sale						136
Profit/(loss) before tax						$ (1,103)

3. Segment Information (continued)

The revenues from external customers for each group of similar products and services are presented in the following table:

US$ million	2016	2015	2014
Steel			
Construction products	**$ 1,783**	$ 1,999	$ 3,286
Flat-rolled products	**162**	179	487
Railway products	**584**	550	1,022
Semi-finished products	**1,694**	1,867	2,359
Other steel products	**246**	257	356
Other products	**331**	366	604
Iron ore	**155**	167	278
Vanadium in slag	**33**	19	27
Vanadium in alloys and chemicals	**268**	285	456
Rendering of services	**31**	30	58
	5,287	5,719	8,933
Steel, North America			
Construction products	**158**	216	337
Flat-rolled products	**372**	438	619
Railway products	**232**	435	513
Tubular products	**588**	1,016	1,499
Other products	**103**	153	178
Rendering of services	**10**	12	12
	1,463	2,270	3,158
Coal			
Coal	**756**	601	722
Other products	**12**	4	2
Rendering of services	**70**	44	65
	838	649	789
Other operations			
Rendering of services	**125**	129	181
	125	129	181
	$ 7,713	$ 8,767	$ 13,061

3. Segment Information (continued)

Distribution of the Group's revenues by geographical area based on the location of customers for the years ended 31 December was as follows:

US$ million	2016	2015	2014
CIS			
Russia	**$ 3,080**	$ 3,104	$ 5,279
Kazakhstan	**184**	237	384
Ukraine	**296**	242	333
Others	**150**	185	209
	3,710	3,768	6,205
America			
USA	**826**	1,566	1,727
Canada	**682**	779	1,589
Mexico	**192**	203	173
Others	**22**	18	40
	1,722	2,566	3,529
Asia			
Taiwan	**376**	323	485
Indonesia	**195**	197	429
Thailand	**138**	121	285
Republic of Korea	**123**	123	254
Japan	**117**	97	120
China	**67**	131	103
Singapore	**66**	13	25
Philippines	**65**	85	51
Vietnam	**47**	28	8
Jordan	**30**	81	88
United Arab Emirates	**18**	40	43
Mongolia	**10**	11	26
Others	**120**	104	37
	1,372	1,354	1,954
Europe			
Turkey	**213**	392	242
Czech Republic	**100**	28	58
Italy	**85**	114	114
Germany	**38**	45	74
Poland	**34**	27	37
Austria	**26**	50	139
Slovakia	**19**	38	60
Other members of the European Union	**88**	97	143
Others	**37**	24	49
	640	815	916
Africa			
Egypt	**138**	43	12
Kenya	**78**	44	37
Republic of South Africa	**4**	100	363
Others	**45**	71	35
	265	258	447
Other countries	**4**	6	10
	$ 7,713	$ 8,767	$ 13,061

None of the Group's customers amounts to 10% or more of the consolidated revenues.

3. Segment Information (continued)

Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets were located in the following countries at 31 December:

US$ million	**2016**	2015	2014
Russia	**$ 3,534**	$ 3,065	$ 4,191
Canada	**1,233**	1,162	1,553
USA	**877**	1,347	1,468
Ukraine	**144**	195	302
Kazakhstan	**53**	60	118
Czech Republic	**31**	32	35
Italy	**22**	5	54
Republic of South Africa	**17**	15	130
Other countries	**8**	11	6
	$ 5,919	$ 5,892	$ 7,857

4. Changes in Composition of the Group

Deconsolidation of Subsidiaries

Highveld Steel and Vanadium Limited

On 13 April 2015, as a result of severe economic difficulties due to the current and persistent unfavourable economic environment in South Africa, the Board of Highveld Steel and Vanadium Limited (“Highveld”) decided to place the entity under the business rescue procedures to avoid its liquidation and to avoid giving Highveld’s creditors the opportunity to apply for its liquidation in court.

The rescue procedures will result either in (1) Highveld being re-financed or financially restructured or, if that is not possible, (2) Highveld’s orderly winding down under the supervision of a business rescue practitioner to maximise the return to creditors and other affected parties.

Following the placement of Highveld under the business rescue procedures, control and management of Highveld was transferred to a “business rescue practitioner”. Until Highveld is successfully re-financed/restructured, Highveld’s Board and the Group are no longer able to control Highveld or exercise significant influence over it. The business rescue practitioner can consult with the Highveld’s Board or its directors, but he would not be bound by any requests or advice from Highveld’s Board or the directors.

4. Changes in Composition of the Group (continued)

Deconsolidation of Subsidiaries (continued)

Highveld Steel and Vanadium Limited (continued)

The Group's management believe that due to the current market conditions the option to invest additional cash in Highveld to pay to the creditors and to stop business rescue procedures would create no economic value for the Group. Therefore, in the opinion of management, the potential voting rights that the Group has in Highveld have no economic substance.

Based on the management's current assessment, the business rescue procedures most likely will result in Highveld being sold to one or more third parties at a significant discount or being mandatorily liquidated. As a consequence, management believes that on 14 April 2015 (the date of the placement of Highveld under the business rescue procedures) the Group lost control over Highveld and it is not expected that it will re-obtain control in the future.

As a result, the Group ceased to consolidate Highveld starting 14 April 2015 and recognised a loss on disposal of a subsidiary in the amount of $167 million, including $142 million of translation loss recycled to the statement of operations. In addition, non-controlling interests of $4 million were derecognised. Management analysed the classification of Highveld to determine whether its disposal constitutes a discontinued operation under IFRS 5 and concluded that this is not the case.

The table below demonstrates the carrying values of assets and liabilities of Highveld, which were included in the steel segment of the Group's operations, at the date of derecognition.

US$ million	**13 April 2015**
Property, plant and equipment	**$ 77**
Other non-current assets	**23**
Inventories	**74**
Accounts receivable	**59**
Cash and cash equivalents	**1**
Total assets	**234**
Non-current liabilities	**61**
Current liabilities	**144**
Total liabilities	**205**
Non-controlling interests	**4**
Net assets	**$ 25**

Controlling Interest in Subsidiaries Transferred to the Group by Parent Entity

On 25 April 2016, Evraz Group S.A. purchased from its parent a 60.016% ownership interest in Actionfield, which controls Mezhegey coal field project ("Mezhegeyugol") for $32 million in cash.

On 21 October 2015, Evraz Group S.A. issued to its parent 491 shares with the nominal value of €2 each. In exchange for these shares Evraz Group S.A. received from EVRAZ plc an additional 50% shareholding in Corber, which owns 81.95% in Raspadskaya, thereby it obtained a controlling interest in Raspadskaya. The shares issued were valued at $491 million, being the carrying value of the stake in the separate financial statements of EVRAZ plc, and were included in liabilities to related parties before 21 October 2015 (Note 16).

The Group applied the pooling of interests method with respect to these acquisitions and presented its consolidated financial statements as if the transfers of controlling interests in the entities had occurred from the dates of acquisitions of the subsidiaries by the transferring entity.

5. Goodwill

Goodwill relates to the assembled workforce and synergy from integration of the acquired subsidiaries into the Group. The table below presents movements in the carrying amount of goodwill.

US$ million	Gross amount	Impairment losses	Carrying amount
At 31 December 2013	**$ 2,981**	**$ (993)**	**$ 1,988**
Impairment	–	(330)	(330)
Oregon Steel Portland Mill	–	*(171)*	*(171)*
Calgary	–	*(90)*	*(90)*
EVRAZ Palini e Bertoli	–	*(69)*	*(69)*
Adjustment to contingent consideration	(7)	–	(7)
Sale of subsidiaries (Note 12)	(3)	–	(3)
Translation difference	(343)	236	(107)
At 31 December 2014	**$ 2,628**	**$ (1,087)**	**$ 1,541**
Impairment	–	(251)	(251)
OSM Tubular – Camrose Mills	–	*(157)*	*(157)*
Oregon Steel Portland Mill	–	*(53)*	*(53)*
Red Deer	–	*(41)*	*(41)*
Deconsolidation of subsidiaries (Note 4)	(17)	17	–
Adjustment to contingent consideration	(3)	–	(3)
Translation difference	(216)	105	(111)
At 31 December 2015	**$ 2,392**	**$ (1,216)**	**$ 1,176**
Impairment	–	(316)	(316)
Flat rolled products	–	*(188)*	*(188)*
Seamless pipes	–	*(111)*	*(111)*
Oil Country Tubular Goods	–	*(17)*	*(17)*
Transfer to disposal groups classified as held for sale	(28)	28	–
Translation difference	3	17	20
At 31 December 2016	**$ 2,367**	**$ (1,487)**	**$ 880**

As explained in Note 6, the composition of cash generating units of Steel North America was reassessed during the year and the disclosures below reflect this reassessment. The carrying amount of goodwill was allocated among cash-generating units as follows at 31 December:

US$ million	2016	2015	2014
EVRAZ Inc. NA/EVRAZ Inc. NA Canada	**$ 808**	$ 1,109	$ 1,459
Oregon Steel Portland Mill	–	*188*	*241*
Rocky Mountain Steel Mills	–	*410*	*410*
OSM Tubular – Camrose Mills	–	–	*157*
General Scrap	–	*16*	*16*
Others	–	*1*	*1*
Calgary	–	*92*	*109*
Red Deer	–	–	*48*
Regina Steel	–	*288*	*340*
Regina Tubular	–	*98*	*118*
Others	–	*16*	*19*
Large diameter pipes	**355**	–	–
Oil Country Tubular Goods	**137**	–	–
Long products	**316**	–	–
EVRAZ Vanady-Tula	**33**	28	36
EVRAZ Vametco Holdings	**6**	6	9
EVRAZ Nikom, a.s.	**29**	30	33
Others	**4**	3	4
	$ 880	$ 1,176	$ 1,541

6. Impairment of Assets

A summary of impairment losses recognition and reversals is presented below.

Year ended 31 December 2016

US$ million	**Goodwill and intangible assets**	**Property, plant and equipment**	**Taxes receivable**	**Total**
EVRAZ Inc. NA	**$ (299)**	**$ (88)**	**$ –**	**$ (387)**
EVRAZ Inc. NA Canada	**(17)**	**(26)**	**–**	**(43)**
Raspadskaya	**–**	**(17)**	**–**	**(17)**
EVRAZ Stratcor Inc.	**–**	**(16)**	**–**	**(16)**
EVRAZ Palini e Bertoli	**–**	**19**	**–**	**19**
Yuzhny Stan	**–**	**(5)**	**–**	**(5)**
Evrazruda	**–**	**(10)**	**–**	**(10)**
Others, net	**–**	**(8)**	**2**	**(6)**
	$ (316)	**$ (151)**	**$ 2**	**$ (465)**
Recognised in profit or loss	**(316)**	**(151)**	**2**	**(465)**

Year ended 31 December 2015

US$ million	**Goodwill and intangible assets**	**Property, plant and equipment**	**Taxes receivable**	**Total**
EVRAZ Inc. NA	$ (210)	$ –	$ –	$ (210)
EVRAZ Inc. NA Canada	(41)	(7)	–	(48)
Raspadskaya	–	(91)	–	(91)
EVRAZ Palini e Bertoli	–	(37)	–	(37)
Yuzhny Stan	–	(30)	–	(30)
Evrazruda	–	(19)	–	(19)
Others, net	–	(6)	(1)	(7)
	$ (251)	$ (190)	$ (1)	$ (442)
Recognised in profit or loss	(251)	(189)	(1)	(441)
Recognised in other comprehensive income/(loss)	–	(1)	–	(1)

Year ended 31 December 2014

US$ million	**Goodwill and intangible assets**	**Property, plant and equipment**	**Taxes receivable**	**Total**
EVRAZ Highveld Steel and Vanadium Limited	$ (17)	$ (41)	$ –	$ (58)
EVRAZ Inc. NA	(171)	–	–	(171)
EVRAZ Inc. NA Canada	(90)	–	–	(90)
EVRAZ Palini e Bertoli	(69)	(43)	–	(112)
Raspadskaya	–	(9)	(1)	(10)
Yuzhkuzbassugol	–	(71)	–	(71)
Others, net	–	(28)	–	(28)
	$ (347)	$ (192)	$ (1)	$ (540)
Recognised in profit or loss	(347)	(192)	(1)	(540)

6. Impairment of Assets (continued)

The Group recognised the impairment losses as a result of the impairment testing at the level of cash-generating units. In addition, the Group made a write-off of certain functionally obsolete items of property, plant and equipment and recorded an impairment relating to VAT with a long-term recovery.

For the purpose of the impairment testing the Group assessed the recoverable amount of each cash-generating unit to which the goodwill was allocated or where indicators of impairment were identified. Given the market volatility, in 2015 and 2014 the impairment test was performed as of 31 December in the respective years. In 2016, impairment test was performed as of 30 September, the conclusions were reassessed at 31 December and no further impairment triggers were identified.

In the first half of 2016, based on the analysis of market changes and cash inflow dependence between the assets and new business organisational structure, management reassessed the composition of cash generating units of Steel North America for the purposes of impairment testing. The assets of EVRAZ Inc. NA and EVRAZ Inc. NA Canada, which were previously allocated to cash-generating units based on individual plant level, were merged into 5 new units based on principal markets served by each cash-generating unit:

- § Large diameter pipes;
- § Oil Country Tubular Goods (casing and tubing);
- § Seamless pipes;
- § Flat rolled products (plates and coils);
- § Long products (rails, rod and bar products).

The recoverable amounts have been determined based on calculation of either value-in-use or fair value less costs to sell. Both valuation techniques used cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, cash flow projections have been estimated by extrapolating the results of the respective business plans using a zero real growth rate. In the determination of fair value less costs to sell the asset's value additionally includes the cashflows of future projects not started yet and the associated capital expenditure costs.

The major drivers that led to impairment were the changes in expectations of long-term prices for iron ore and steel products, the increase in forecasted costs and changes in forecasted production volumes. Management lowered their forecasts for periods after 2016, because the expectations of market recovery in North America changed.

The key assumptions used by management in the value-in-use calculations with respect to the cash-generating units to which the goodwill was allocated are presented in the table below.

	Period of forecast, years	Pre-tax discount rate, %	Commodity	Average price of commodity per tonne in 2017	Recoverable amount of CGU, US$ million	Carrying amount of CGU before impairment, US$ million
Steel North America						
Large diameter pipes	*5*	*10.69*	*steel products*	*$978*	*1,288*	*877*
Oil Country Tubular Goods	*5*	*10.36*	*steel products*	*$887*	*362*	*379*
Seamless pipes	*5*	*10.22*	*steel products*	*$1,111*	*25*	*136*
Flat rolled products	*5*	*9.77*	*steel products*	*$592*	*294*	*509*
Long products	*5*	*10.08*	*steel products*	*$572*	*686*	*549*
EVRAZ Vanady-Tula	5	12.98	vanadium products	$10,990	393	58
EVRAZ Vametco Holdings	5	14.59	ferrovanadium products	$16,247	33	17
EVRAZ Nikom, a.s.	5	10.74	ferrovanadium products	$12,568	43	33

6. Impairment of Assets (continued)

In addition, the Group determined that there were indicators of impairment in other cash generating units and tested them for impairment using the following assumptions.

	Period of forecast, years	Pre-tax discount rate, %	Commodity	Average price of commodity per tonne in 2017
EVRAZ Dneprovsk Metallurgical Plant	5	23.5	steel products	$312
EVRAZ Consolidated West-Siberian Metallurgical Plant	5	15.01	steel products	$314
EVRAZ Palini e Bertoli	8	15.70	steel products	€480
EVRAZ Stratcor Inc.	5	12.62	vanadium products	$33,803
Raspadskaya	18	12.71	coal	$51
Mezhegeyugol	25	11.88	coal	$58
EVRAZ Kachkanarsky Mining-and-Processing Integrated Works	23	13.88	ore	$37
EVRAZ Sukha Balka	17	24.92	ore	$24
Evrazruda - Sheregesh mine	10	16.64	ore	$40

The value in use of the cash-generating units for which an impairment loss was recognised or reversed in the reporting year was as follows:

US$ million	30 September 2016	31 December 2015
Oil Country Tubular Goods	362	–
Seamless pipes	25	169
Flat rolled products	294	–
EVRAZ Stratcor Inc.	20	45
EVRAZ Palini e Bertoli	24	5

The value in use of Oil Country Tubular Goods and Flat rolled products at 31 December 2015 has not been disclosed, because of the changes in the composition of North-American cash-generating units in 2016. Similarly the value in use as disclosed in the 31 December 2015 financial statements has not been re-presented as it is no longer directly comparable.

At 31 December 2015, management expected to recover investments in EVRAZ Palini e Bertoli principally through sale and the recoverable amount of this cash-generating unit was measured at $5 million as fair value less costs of disposal, which was determined based on non-binding offers at 31 December 2015 (Level 3 in the fair value hierarchy).

6. Impairment of Assets (continued)

The estimations of value in use are most sensitive to the following assumptions:

Discount Rates

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates have been determined using the Capital Asset Pricing Model and analysis of industry peers. Reasonably possible changes in discount rates could lead to an additional impairment at EVRAZ Stratcor Inc., EVRAZ Inc. NA and EVRAZ Inc. NA Canada cash-generating units. If discount rates were 10% higher, this would lead to an additional impairment of $120 million.

Sales Prices

The price assumptions for the products sold by the Group were estimated based on industry research using analysts' views published by Bank of America Merill Lynch, Citigroup, Credit Suisse, Deutsche Bank, JP Morgan, Morgan Stanley, RBC, Renaissance Capital, UBS, VTB during the period from August to December 2016. The Group expects that the nominal prices will fluctuate with a compound annual growth rate of (6.6)%-9.9% in 2017 – 2021, 2.5% in 2022 and thereafter. Reasonably possible changes in sales prices could lead to an additional impairment at EVRAZ Sukha Balka, EVRAZ Stratcor Inc., EVRAZ Inc. NA and EVRAZ Inc. NA Canada cash-generating units. If the prices assumed for 2017 and 2018 in the impairment test were 10% lower, this would lead to an additional impairment of $37 million.

Sales Volumes

Management assumed that the sales volumes of steel products in 2017 will increase by 7.6% and future dynamics will be driven by a gradual market recovery and changes in assets' capacities. Reasonably possible changes in sales volumes could lead to an additional impairment at EVRAZ Stratcor Inc., EVRAZ Inc. NA and EVRAZ Inc. NA Canada cash-generating units. If the sales volumes were 10% lower than those assumed for 2017 and 2018 in the impairment test, this would lead to an additional impairment of $12 million.

Cost Control Measures

The recoverable amounts of cash-generating units are based on the business plans approved by management. A reasonably possible deviation in cost from these plans could lead to an additional impairment at EVRAZ Dneprovsk Metallurgical Plant, EVRAZ Sukha Balka, EVRAZ Nikom, EVRAZ Stratcor Inc., EVRAZ Inc. NA and EVRAZ Inc. NA Canada cash-generating units. If the actual costs were 10% higher than those assumed for 2017 and 2018 in the impairment test, this would lead to an additional impairment of $139 million.

Sensitivity Analysis

For the cash-generating units, which were not impared in the reporting period and for which the reasonably possible changes could lead to impairment, the recoverable amounts would become equal to their carrying amounts if the assumptions used to measure the recoverable amounts changed by the following percentages:

	Discount rates	**Sales prices**	**Sales volumes**	**Cost control measures**
EVRAZ Sukha Balka	–	(8.6)%	–	5.9%
EVRAZ Dneprovsk Metallurgical Plant	–	–	–	3.8%
EVRAZ Nikom	–	–	–	9.3%

7. Income and Expenses

Cost of revenues, selling and distribution costs, general and administrative expenses include the following for the years ended 31 December:

US$ million	2016	2015	2014
Cost of inventories recognised as expense	**$ (2,761)**	$ (3,295)	$ (5,162)
Staff costs, including social security taxes	**(1,197)**	(1,451)	(2,207)
Depreciation, depletion and amortisation	**(521)**	(585)	(833)

In 2016, 2015 and 2014, the Group recognised (expense)/income on allowance or net reversal of the allowance for net realisable value in the amount of $2 million, $(1) million and $(4) million, respectively.

Staff costs include the following:

US$ million	2016	2015	2014
Wages and salaries	**$ 861**	$ 1,022	$ 1,608
Social security costs	**212**	254	398
Net benefit expense	**43**	45	31
Share-based awards	**16**	20	30
Other compensations	**65**	110	140
	$ 1,197	$ 1,451	$ 2,207

The major components of other operating expenses were as follows:

US$ million	2016	2015	2014
Idling, reduction and stoppage of production, including termination benefits	**$ (81)**	$ (54)	$ (52)
Restoration works and casualty compensations in connection with accidents	**(1)**	(2)	(10)
Other	**(19)**	(22)	(26)
	$ (101)	$ (78)	$ (88)

7. Income and Expenses (continued)

Interest expense consisted of the following for the years ended 31 December:

US$ million	**2016**	2015	2014
Bank interest	**$ (133)**	$ (88)	$ (55)
Interest on bonds and notes	**(306)**	(342)	(448)
Finance charges payable under finance leases	**–**	–	(1)
Net interest expense on employee benefits obligations (Note 23)	**(22)**	(24)	(30)
Discount adjustment on provisions (Note 24)	**(14)**	(13)	(15)
Interest and guarantees fees on transactions with related parties	**(11)**	(9)	(3)
Other	**(3)**	(5)	(9)
	$ (489)	$ (481)	$ (561)

Interest income consisted of the following for the years ended 31 December:

US$ million	**2016**	2015	2014
Interest on bank accounts and deposits	**$ 6**	$ 4	$ 9
Interest on loans and accounts receivable	**2**	3	4
Interest on loans receivable from related parties (Note 16)	**10**	–	–
Other	**3**	2	4
	$ 21	$ 9	$ 17

Gain/(loss) on financial assets and liabilities included the following for the years ended 31 December:

US$ million	**2016**	2015	2014
Impairment of available-for-sale financial assets (Note 13)	**$ (2)**	$ (11)	$ (1)
Loss on extinguishment of debts (Note 22)	**(50)**	(15)	(9)
Gain/(loss) on derivatives not designated as hedging instruments (Note 25)	**23**	(25)	(588)
Gain/(loss) on hedging instruments (Note 25)	**14**	5	–
Other	**6**	(2)	12
	$ (9)	$ (48)	$ (586)

8. Income Taxes

The Group's income was subject to tax at the following tax rates:

	2016	2015	2014
Russia	**20.00%**	20.00%	20.00%
Canada	**26.06%**	25.89%	25.61%
Cyprus	**12.50%**	12.50%	12.50%
Czech Republic	**19.00%**	19.00%	19.00%
Italy	**31.40%**	31.40%	31.40%
South Africa	**28.00%**	28.00%	28.00%
Switzerland	**9.09%**	9.72%	9.65%
Ukraine	**18.00%**	18.00%	18.00%
USA	**37.72%**	37.41%	37.78%

Major components of income tax expense for the years ended 31 December were as follows:

US$ million	2016	2015	2014
Current income tax expense	**$ (185)**	$ (100)	$ (356)
Adjustment in respect of income tax of previous years	**2**	1	(1)
Deferred income tax benefit/(expense) relating to origination and reversal of temporary differences	**87**	87	163
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (96)**	$ (12)	$ (194)

The major part of income taxes is paid in the Russian Federation. A reconciliation of income tax expense applicable to profit before income tax using the Russian statutory tax rate to income tax expense as reported in the Group's consolidated financial statements for the years ended 31 December is as follows:

US$ million	2016	2015	2014
Profit/(loss) before income tax	**$ (12)**	$ (690)	$ (1,103)
At the Russian statutory income tax rate of 20%	**2**	138	221
Adjustment in respect of income tax of previous years	**2**	1	(1)
Deferred income tax expense arising on the adjustment to current income tax of prior periods and the change in tax base of underlying assets	**(2)**	2	(4)
Effect of non-deductible expenses and other non-temporary differences	**(52)**	(22)	(122)
Unrecognised temporary differences recognition/reversal	**(157)**	(220)	(460)
Effect of the difference in tax rates in countries other than the Russian Federation	**110**	88	170
Share of profits in joint ventures and associates	**1**	1	2
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (96)**	$ (12)	$ (194)

In 2014, the increase in the amount of non-deductible expenses and unrecognised temporary differences was mostly caused by the significant forex exchange losses and losses on derivatives (Note 25), which either cannot be utilised or cannot be deductible for tax purposes in certain subsidiaries.

8. Income Taxes (continued)

Deferred income tax assets and liabilities and their movements for the years ended 31 December were as follows:

Year ended 31 December 2016

US$ million	**2016**	**Change recognised in statement of operations**	**Change recognised in other comprehen sive income**	**Change due to disposal of subsidiaries**	**Transfer to disposal groups classified as held for sale**	**Translation difference**	**2015**
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	**$ 567**	**(62)**	**–**	**–**	**–**	**66**	**$ 563**
Valuation and amortisation of intangible assets	**81**	**(11)**	**–**	**–**	**–**	**3**	**89**
Other	**58**	**5**	**–**	**–**	**–**	**5**	**48**
	706	**(68)**	**–**	**–**	**–**	**74**	**700**
Deferred income tax assets:							
Tax losses available for offset	**226**	**(5)**	**–**	**–**	**–**	**23**	**208**
Accrued liabilities	**138**	**4**			**(1)**	**8**	**127**
Impairment of accounts receivable	**10**	**(1)**	**–**	**–**	**–**	**2**	**9**
Other	**140**	**21**	**–**	**–**	**(2)**	**(2)**	**123**
	514	**19**	**–**	**–**	**(3)**	**31**	**467**
Net deferred income tax asset	**156**	**28**	**–**	**–**	**(3)**	**12**	**119**
Net deferred income tax liability	**$ 348**	**(59)**	**–**	**–**	**–**	**55**	**$ 352**

Year ended 31 December 2015

US$ million	**2015**	**Change recognised in statement of operations**	**Change recognised in other comprehen sive income**	**Change due to disposal of subsidiaries**	**Transfer to disposal groups classified as held for sale**	**Translation difference**	**2014**
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 563	(55)	–	(8)	–	(115)	$ 741
Valuation and amortisation of intangible assets	89	(4)	–	(5)	–	(14)	112
Other	48	3	–	–	–	(14)	59
	700	(56)	–	(13)	–	(143)	912
Deferred income tax assets:							
Tax losses available for offset	208	19	–	(1)	–	(57)	247
Accrued liabilities	127	(12)	(5)	(17)	–	(16)	177
Impairment of accounts receivable	9	2	–	(3)	–	(3)	13
Other	123	22	–	6	–	(6)	101
	467	31	(5)	(15)	–	(82)	538
Net deferred income tax asset	119	53	(1)	(2)	–	(28)	97
Net deferred income tax liability	$ 352	(34)	4	–	–	(89)	$ 471

Year ended 31 December 2014

US$ million	**2014**	**Change recognised in statement of operations**	**Change recognised in other comprehen sive income**	**Change due to disposal of subsidiaries**	**Transfer to disposal groups classified as held for sale**	**Translation difference**	**2013**
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 741	(40)	–	–	–	(339)	$ 1,120
Valuation and amortisation of intangible assets	112	(21)	–	–	–	(12)	145
Other	59	13	–	–	–	(22)	68
	912	(48)	–	–	–	(373)	1,333
Deferred income tax assets:							
Tax losses available for offset	247	101	–	–	–	(128)	274
Accrued liabilities	177	29	15	(5)	–	(35)	173
Impairment of accounts receivable	13	4	–	–	–	(7)	16
Other	101	(19)	–	5	–	–	115
	538	115	15	–	–	(170)	578
Net deferred income tax asset	97	46	3	–	–	(38)	86
Net deferred income tax liability	$ 471	(117)	(12)	–	–	(241)	$ 841

8. Income Taxes (continued)

As of 31 December 2016, 2015 and 2014, deferred income taxes in respect of undistributed earnings of the Group's subsidiaries have not been provided for, as management does not intend to distribute accumulated earnings in the foreseeable future. The current tax rate on intra-group dividend income varies from 0% to 15%. The temporary differences associated with investments in subsidiaries were not recognised as the Group is able to control the timing of the reversal of these temporary differences and does not intend to reverse them in the foreseeable future.

In the context of the Group's current structure, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies in the same jurisdiction, except for the companies registered in Cyprus, Russia and the United Kingdom where group relief and tax consolidation can be applied. As of 31 December 2016, the unused tax losses carried forward approximated $9,718 million (2015: $7,631 million, 2014: $7,879 million). The Group recognised deferred tax assets of $226 million (2015: $208 million, 2014: $247 million) in respect of unused tax losses. Deferred tax assets in the amount of $2,327 million (2015: $1,888 million, 2014: $1,719 million) have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset these losses. Tax losses of $8,582 million (2015: $6,616 million, 2014: $6,586 million) for which deferred tax assets were not recognised arose in companies registered in Canada, Cyprus, Italy, Luxembourg, Russia, Ukraine and the USA. Losses in the amount of $8,539 million (2015: $6,384 million, 2014: $6,332 million) are available indefinitely for offset against future taxable profits of the companies in which the losses arose and $44 million will expire in 2018 (2015: $232 million, 2014: $254 million).

9. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of 31 December:

US$ million	**2016**	2015	2014
Cost:			
Land	**$ 100**	$ 97	$ 124
Buildings and constructions	**1,755**	1,512	1,908
Machinery and equipment	**4,446**	3,961	5,094
Transport and motor vehicles	**223**	193	249
Mining assets	**2,440**	2,100	2,572
Other assets	**38**	37	60
Assets under construction	**424**	302	428
	9,426	8,202	10,435
Accumulated depreciation, depletion and impairment losses:			
Buildings and constructions	**(872)**	(690)	(790)
Machinery and equipment	**(2,637)**	(2,163)	(2,633)
Transport and motor vehicles	**(144)**	(114)	(147)
Mining assets	**(1,093)**	(908)	(1,024)
Other assets	**(28)**	(25)	(45)
	(4,774)	(3,900)	(4,639)
	$ 4,652	$ 4,302	$ 5,796

9. Property, Plant and Equipment (continued)

The movement in property, plant and equipment for the year ended 31 December 2016 was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2015, cost, net of accumulated depreciation	**$ 97**	**$ 822**	**$ 1,798**	**$ 79**	**$ 1,192**	**$ 12**	**$ 302**	**$ 4,302**
Additions	**–**	**1**	**5**	**–**	**–**	**2**	**442**	**450**
Assets put into operation	**–**	**64**	**209**	**14**	**43**	**3**	**(333)**	**–**
Disposals	**(1)**	**(5)**	**(12)**	**(2)**	**(9)**	**(4)**	**–**	**(33)**
Depreciation and depletion charge	**–**	**(72)**	**(309)**	**(21)**	**(79)**	**(4)**	**–**	**(485)**
Impairment losses recognised in statement of operations	**(4)**	**(42)**	**(90)**	**(2)**	**(30)**	**–**	**(11)**	**(179)**
Impairment losses reversed through statement of operations	**2**	**5**	**17**	**–**	**3**	**–**	**1**	**28**
Transfer to assets held for sale	**–**	**(4)**	**(10)**	**–**	**–**	**–**	**(10)**	**(24)**
Change in site restoration and decommissioning provision	**–**	**–**	**(3)**	**–**	**20**	**–**	**–**	**17**
Translation difference	**6**	**114**	**204**	**11**	**207**	**1**	**33**	**576**
At 31 December 2016, cost, net of accumulated depreciation	**$ 100**	**$ 883**	**$ 1,809**	**$ 79**	**$ 1,347**	**$ 10**	**$ 424**	**$ 4,652**

The movement in property, plant and equipment for the year ended 31 December 2015 was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2014, cost, net of accumulated depreciation	$ 124	$ 1,118	$ 2,461	$ 102	$ 1,548	$ 15	$ 428	$ 5,796
Additions	–	–	4	–	1	1	480	486
Assets put into operation	–	40	234	28	176	3	(481)	–
Disposals	(2)	(7)	(29)	(4)	(7)	–	(22)	(71)
Depreciation and depletion charge	–	(77)	(343)	(24)	(88)	(5)	–	(537)
Impairment losses recognised in statement of operations	(4)	(16)	(44)	–	(109)	–	(36)	(209)
Impairment losses reversed through statement of operations	–	2	2	–	3	–	13	20
Impairment losses recognised in other comprehensive income	–	(1)	–	–	–	–	–	(1)
Loss of control over a subsidiary	(1)	(2)	(65)	(1)	(2)	(1)	(5)	(77)
Transfer to assets held for sale	(7)	(13)	(4)	–	–	–	–	(24)
Change in site restoration and decommissioning provision	–	6	–	–	45	–	–	51
Translation difference	(13)	(228)	(418)	(22)	(375)	(1)	(75)	(1,132)
At 31 December 2015, cost, net of accumulated depreciation	$ 97	$ 822	$ 1,798	$ 79	$ 1,192	$ 12	$ 302	$ 4,302

9. Property, Plant and Equipment (continued)

The movement in property, plant and equipment for the year ended 31 December 2014 was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2013, cost, net of accumulated depreciation	$ 157	$ 1,655	$ 3,781	$ 188	$ 2,690	$ 27	$ 992	$ 9,490
Additions	–	1	8	1	–	–	609	619
Assets put into operation	–	198	450	22	172	5	(847)	–
Disposals	(2)	(7)	(41)	(3)	(10)	–	(5)	(68)
Depreciation and depletion charge	–	(112)	(470)	(38)	(150)	(5)	–	(775)
Impairment losses recognised in statement of operations	(4)	(20)	(85)	–	(79)	–	(21)	(209)
Impairment losses reversed through statement of operations	–	5	10	–	–	–	2	17
Transfer to assets held for sale	–	(4)	(3)	–	–	–	–	(7)
Change in site restoration and decommissioning provision	–	6	(4)	–	61	–	4	67
Translation difference	(27)	(604)	(1,185)	(68)	(1,136)	(12)	(306)	(3,338)
At 31 December 2014, cost, net of accumulated depreciation	$ 124	$ 1,118	$ 2,461	$ 102	$ 1,548	$ 15	$ 428	$ 5,796

Assets under construction include prepayments to constructors and suppliers of property, plant and equipment in the amount of $34 million, $24 million and $22 million as of 31 December 2016, 2015 and 2014, respectively.

On 1 January 2014, certain of the Group's subsidiaries reassessed the remaining useful lives of property, plant and equipment, which resulted in a $52 million decrease in depreciation expense as compared to the amounts that would have been charged had no change in estimate occurred.

Impairment losses were identified in respect of certain items of property, plant and equipment that were recognised as functionally obsolete or as a result of the testing at the level of cash-generating units (Note 6).

The amount of borrowing costs capitalised during the year ended 31 December 2016 was $9 million (2015: $16 million, 2014: $18 million).

10. Intangible Assets Other Than Goodwill

Intangible assets consisted of the following as of 31 December:

US$ million	2016	2015	2014
Cost:			
Customer relationships	**$ 663**	$ 651	$ 981
Water rights and environmental permits	**57**	57	57
Contract terms	**25**	20	26
Other	**90**	83	65
	835	811	1,129
Accumulated amortisation:			
Customer relationships	**(460)**	(419)	(642)
Water rights and environmental permits	**–**	–	–
Contract terms	**(8)**	(4)	(3)
Other	**(70)**	(64)	(43)
	(538)	(487)	(688)
	$ 297	$ 324	$ 441

10. Intangible Assets Other Than Goodwill (continued)

As of 31 December 2016, 2015 and 2014, water rights and environmental permits with a carrying value of $57 million had an indefinite useful life.

The movement in intangible assets for the year ended 31 December 2016 was as follows:

US$ million	**Customer relation-ships**	**Water rights and environ-mental permits**	**Contract terms**	**Other**	**Total**
At 31 December 2015, cost, net of accumulated amortisation	**$ 232**	**$ 57**	**$ 16**	**$ 19**	**$ 324**
Additions	**–**	**–**	**–**	**3**	**3**
Amortisation charge	**(35)**	**–**	**(2)**	**(4)**	**(41)**
Translation difference	**6**	**–**	**3**	**2**	**11**
At 31 December 2016, cost, net of accumulated amortisation	**$ 203**	**$ 57**	**$ 17**	**$ 20**	**$ 297**

The movement in intangible assets for the year ended 31 December 2015 was as follows:

US$ million	**Customer relation-ships**	**Water rights and environ-mental permits**	**Contract terms**	**Other**	**Total**
At 31 December 2014, cost, net of accumulated amortisation	$ 339	$ 57	$ 23	$ 22	$ 441
Additions	–	–	–	6	6
Amortisation charge	(43)	–	(2)	(5)	(50)
Loss of control over a subsidiary	(20)	–	–	–	(20)
Translation difference	(44)	–	(5)	(4)	(53)
At 31 December 2015, cost, net of accumulated amortisation	$ 232	$ 57	$ 16	$ 19	$ 324

The movement in intangible assets for the year ended 31 December 2014 was as follows:

US$ million	**Customer relation-ships**	**Water rights and environ-mental permits**	**Contract terms**	**Other**	**Total**
At 31 December 2013, cost, net of accumulated amortisation	$ 448	$ 57	$ 44	$ 39	$ 588
Additions	–	–	–	4	4
Amortisation charge	(60)	–	(4)	(8)	(72)
Impairment loss recognised in statement of operations	(16)	–	–	–	(16)
Transfer to assets held for sale	(1)	–	–	–	(1)
Translation difference	(32)	–	(17)	(13)	(62)
At 31 December 2014, cost, net of accumulated amortisation	$ 339	$ 57	$ 23	$ 22	$ 441

11. Investments in Joint Ventures and Associates

The Group accounted for investments in joint ventures and associates under the equity method.

The movement in investments in joint ventures and associates was as follows:

US$ million	**Streamcore**	**Other associates**	**Total**
Investment at 31 December 2013	**$ 40**	**$ 10**	**$ 50**
Share of profit/(loss)	8	2	10
Dividends paid	–	(1)	(1)
Translation difference	(19)	(1)	(20)
Investment at 31 December 2014	**$ 29**	**$ 10**	**$ 39**
Share of profit/(loss)	4	–	4
Translation difference	(7)	(2)	(9)
Investment at 31 December 2015	**$ 26**	**$ 8**	**$ 34**
Share of profit/(loss)	5	–	5
Translation difference	6	–	6
Investment at 31 December 2016	**$ 37**	**$ 8**	**$ 45**

Streamcore

The Group owns a 50% interest in Streamcore (Cyprus), a joint venture established for the purpose of exercising joint control over facilities for scrap procurement and processing in Siberia, Russia.

The table below sets out Streamcore's assets and liabilities as of 31 December:

US$ million	**2016**	**2015**	**2014**
Property, plant and equipment	**$ 24**	$ 19	$ 27
Inventories	**4**	3	5
Accounts receivable	**91**	51	51
Total assets	**119**	73	83
Deferred income tax liabilities	**1**	1	1
Current liabilities	**44**	20	24
Total liabilities	**45**	21	25
Net assets	**$ 74**	$ 52	$ 58
Net assets attributable to 50% ownership interest	**$ 37**	$ 26	$ 29

The table below sets out Streamcore's income and expenses:

US$ million	**2016**	**2015**	**2014**
Revenue	**$ 286**	$ 278	$ 478
Cost of revenue	**(270)**	(263)	(450)
Other expenses, including income taxes	**(6)**	(7)	(12)
Net profit	**$ 10**	$ 8	$ 16
Group's share of profit of the joint venture	**$ 5**	$ 4	$ 8

12. Disposal Groups Held for Sale

The major classes of assets and liabilities of the disposal groups measured at the lower of carrying amount and fair value less costs to sell were as follows as of 31 December:

US$ million	**2016**	2015	2014
Property, plant and equipment	**$ 15**	$ 1	$ 3
Other non-current assets	**3**	–	–
Inventories	**1**	–	1
Accounts receivable	**6**	–	–
Cash and cash equivalents	**2**	–	–
Assets classified as held for sale	**27**	1	4
Non-current liabilities	**5**	–	13
Current liabilities	**3**	–	–
Liabilities directly associated with assets classified as held for sale	**8**	–	13
Non-controlling interests	**–**	–	–
Net assets classified as held for sale	**$ 19**	$ 1	$ (9)

The net assets of disposal groups classified as held for sale at 31 December related to the following reportable segments:

US$ million	**2016**	2015	2014
Assets classified as held for sale	**$ 27**	$ 1	$ 4
Steel production	**27**	–	1
Coal	**–**	1	3
Liabilities directly associated with assets classified as held for sale	**8**	–	13
Steel production	**8**	–	–
Steel, North America	**–**	–	13

12. Disposal Groups Held for Sale (continued)

The table below demonstrates the carrying values of assets and liabilities, at the dates of disposal, of the subsidiaries and other business units disposed of during 2014–2016.

US$ million	2016	2015	2014
Property, plant and equipment	**$ 9**	$ 25	$ 178
Other non-current assets	**–**	–	19
Inventories	**–**	13	79
Accounts receivable	**–**	–	64
Cash and cash equivalents	**–**	–	20
Total assets	**9**	38	360
Non-current liabilities	**–**	17	28
Current liabilities	**–**	–	100
Total liabilities	**–**	17	128
Non-controlling interests	**–**	–	–
Net assets	**$ 9**	$ 21	$ 232

The net assets of disposal groups sold in 2014–2016 related to the following reportable segments:

US$ million	2016	2015	2014
Assets classified as held for sale	**$ 9**	$ 38	$ 360
Steel	**9**	6	330
Steel, North America	**–**	31	9
Coal	**–**	1	–
Other operations	**–**	–	21
Liabilities directly associated with assets classified as held for sale	**–**	17	128
Steel	**–**	4	126
Steel, North America	**–**	13	–
Other operations	**–**	–	2

Cash flows on disposal of subsidiaries and other business units were as follows:

US$ million	2016	2015	2014
Net cash disposed of with subsidiaries	**$ –**	$ (13)	$ (20)
Cash received	**27**	57	331
Net cash inflow	**$ 27**	$ 44	$ 311

In 2016, cash inflows included $16 million of prepayment for the sale of certain disposal groups.

The disposal groups sold during 2014–2016 are described below.

EVRAZ Portland Structural Tubing

In 2015, the Group sold assets of Portland Structural Tubing for a cash consideration of $51 million. The Group recognised $20 million as a gain on disposal groups classified as held for sale.

12. Disposal Groups Held for Sale (continued)

EVRAZ Vitkovice Steel

In April 2014, the Group sold its wholly-owned subsidiary EVRAZ Vitkovice Steel to a third party for a cash consideration of $287 million on a debt free and normalised working capital basis. Transaction costs amounted to $3 million. As of 31 December 2014, the Group owed $25 million to the purchaser of EVRAZ Vitkovice Steel. In 2015, this amount was fully settled through an offset with receivables from the former subsidiary.

The Group recognised a $90 million gain on the sale of the subsidiary, including $61 million of cumulative exchange gains reclassified from other comprehensive income to the consolidated statement of operations. Cash disposed with the subsidiary amounted to $20 million.

Assets of Evrazruda

In 2014, the Group sold an iron ore mine and heat and power plant located in the Krasnoyarsk and Kemerovo regions of Russia. The gain on these transactions amounted to $25 million, including $5 million of cumulative exchange gains reclassified from other comprehensive income to the consolidated statement of operations.

Other Disposal Groups Held for Sale

Other disposal groups held for sale included a few small subsidiaries involved in non-core activities (construction business, trading activity and recreational services) and other non-current assets.

13. Other Non-current Assets

Other non-current assets consisted of the following as of 31 December:

Non-current Financial Assets

US$ million	**2016**	2015	2014
Available-for-sale financial assets	**$ 3**	$ 5	$ 17
Restricted deposits	**11**	5	7
Receivables from related parties	**–**	1	1
Loans receivable	**21**	23	21
Trade and other receivables	**4**	5	4
Other	**52**	40	48
	$ 91	$ 79	$ 98

Other Non-current Assets

US$ million	**2016**	2015	2014
Income tax receivable	**$ 7**	$ 18	$ 4
Input VAT	**2**	6	12
Other	**36**	32	24
	$ 45	$ 56	$ 40

13. Other Non-current Assets (continued)

Available-for-Sale Financial Assets

The Group holds approximately 15% in Delong Holdings Limited ("Delong"), a flat steel producer headquartered in Beijing (China). The investments in Delong are measured at fair value based on market quotations of the Singapore Exchange ($3 million, $5 million and $16 million at 31 December 2016, 2015 and 2014, respectively). The change in the fair value of these shares is initially recorded in other comprehensive income.

In 2016, 2015 and 2014, impairment losses relating to the decline in market quotations of Delong shares in the amount of $Nil, $Nil and $12 million, respectively, were recorded through other comprehensive income and $2 million, $11 million and $1 million, respectively, were recognised in the statement of operations.

14. Inventories

Inventories consisted of the following as of 31 December:

US$ million	**2016**	2015	2014
Raw materials and spare parts	**$ 434**	$ 402	$ 588
Work-in-progress	**173**	188	307
Finished goods	**377**	309	477
	$ 984	$ 899	$ 1,372

As of 31 December 2016, 2015 and 2014, the net realisable value allowance was $34 million, $35 million and $47 million, respectively.

As of 31 December 2016, 2015 and 2014, certain items of inventory with an approximate carrying amount of $315 million, $383 million and $607 million, respectively, were pledged to banks as collateral against loans provided to the Group (Note 22).

15. Trade and Other Receivables

Trade and other receivables consisted of the following as of 31 December:

US$ million	**2016**	2015	2014
Trade accounts receivable	**$ 518**	$ 472	$ 684
Other receivables	**31**	23	25
	549	495	709
Allowance for doubtful accounts	**(47)**	(48)	(55)
	$ 502	$ 447	$ 654

Ageing analysis and movement in allowance for doubtful accounts are provided in Note 28.

16. Related Party Disclosures

Related parties of the Group include associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel, the Group's ultimate parent or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Amounts owed by/to related parties at 31 December were as follows:

	Amounts due from related parties			**Amounts due to related parties**		
US$ million	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Loans						
Timir	**$ 7**	$ 5	$ 4	**$ –**	$ –	$ –
Settlements with parent						
Consideration to EVRAZ plc for the transfer of interests in subsidiaries (Note 4)	**–**	–	–	**–**	32	491
Loans	**277**	–	–	**–**	–	–
Other balances	**–**	–	1	**5**	4	–
Less: non-current portion	**(274)**	–	–	**–**	–	–
Trade balances						
Vtorresource-Pererabotka	**1**	1	11	**39**	10	5
Yuzhny GOK	**–**	–	37	**185**	129	96
Other entities	**–**	–	3	**2**	4	7
	11	6	56	**231**	179	599
Less: allowance for doubtful accounts	**–**	–	(2)	**–**	–	–
	$ 11	$ 6	$ 54	**$ 231**	$ 179	$ 599

In 2016 and 2014, the Group did not recognise any expense or income in relation to bad and doubtful debts of related parties. In 2015, a $2 million reversal of bad and doubtful debts allowance was recognised in the consolidated statement of operations.

Transactions with related parties were as follows for the years ended 31 December:

	Sales to related parties			**Purchases from related parties**		
US$ million	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Genalta Recycling Inc.	**$ –**	$ –	$ –	**$ 8**	$ 14	$ 24
Interlock Security Services	**–**	–	1	**19**	24	39
Vtorresource-Pererabotka	**7**	8	17	**281**	274	465
Yuzhny GOK	**25**	29	42	**77**	70	125
Other entities	**–**	–	3	**11**	12	24
	$ 32	$ 37	$ 63	**$ 396**	$ 394	$ 677

In addition to the disclosures presented in this note, some of the balances and transactions with related parties are disclosed in Notes 4, 11, 13 and 25.

Genalta Recycling Inc. is a joint venture of a Canadian subsidiary of the Group. It sells scrap metal to the Group.

Interlock Security Services is a group of entities controlled by a member of the key management personnel, which provide security services to the Russian and Ukrainian subsidiaries of the Group. In August-September 2016, the main businesses of this group were sold by a key person to third parties and they ceased to be related parties to the Group.

16. Related Party Disclosures (continued)

Lanebrook Limited is a controlling shareholder of the Company. In 2008, the Group acquired from Lanebrook a 1% ownership interest in Yuzhny GOK for a cash consideration of $38 million (Note 18). As part of the transaction, the Group signed a put option agreement that gives the Group the right to sell these shares back to Lanebrook Limited for the same amount. In January 2014, the Group sold 0.14% of the shares to Lanebrook Limited for $6 million. The put option for the remaining shares expires on 31 December 2017.

Timir is a joint venture of the Company's parent with Alrosa for the development of 4 iron ore deposits in the southern part of the Yakutia region in Russia. The Company has outstanding loans receivable from Timir.

Vtorresource-Pererabotka is a subsidiary of Streamcore, the Group's joint venture, acquired in 2012. It sells scrap metal to the Group and provides scrap processing and other services. In 2016, 2015 and 2014, the purchases of scrap metal from Vtorresource-Pererabotka amounted to $256 million (1,437,411 tonnes), $219 million (1,339,101 tonnes) and $383 million (1,601,041 tonnes), respectively.

Yuzhny GOK, an ore mining and processing plant, is an associate of Lanebrook Limited. The Group sold steel products to Yuzhny GOK and purchased sinter from the entity. In 2016, 2015 and 2014, the volume of purchases was 1,619,745 tonnes, 1,517,580 tonnes and 1,486,415 tonnes, respectively.

The transactions with related parties were based on prevailing market terms.

Loans Issued to Related Parties

US$ million	Interest rate	Currency	Maturity date	Balance at 31 December 2015	Loans issued to related parties	Interest income	Receipts from repayment of loans	Translation difference	Balance at 31 December 2016
EVRAZ plc	6.31%	USD	18/03/2021	$ –	$ 200	$ 9	$ (6)	$ –	$ 203
EVRAZ plc	3.75%	USD	01/06/2018	–	100	1	(33)	–	68
EVRAZ plc	3.13%	USD	31/05/2018	–	6	–	–	–	6
Timir	0.5%	RUB	26/12/2016	5	1	–	–	1	7
				$ 5	**$ 307**	**$ 10**	**$ (39)**	**$ 1**	**$ 284**

Loans Received from Related Parties

On 1 April 2014, a Ukrainian subsidiary of the Group received a non-interest bearing loan of 2,935 million Ukrainian hryvnias ($267 million at the exchange rate as of the date of disbursement) from Standart IP, an entity under control of one of the major shareholders. The proceeds were used for the purposes of short-term liquidity management for the subsidiary. The loan was fully repaid in several instalments by 10 April 2014 using the loans provided by the other Group's subsidiary.

16. Related Party Disclosures (continued)

Compensation to Key Management Personnel

Key management personnel include the following positions within the Group:

- directors of the Company,
- vice presidents,
- senior management of major subsidiaries.

In 2016, 2015 and 2014, key management personnel totalled 27, 39 and 44 people, respectively. Total compensation to key management personnel were included in general and administrative expenses in the consolidated statement of operations and consisted of the following:

US$ million	**2016**	2015	2014
Salary	**$ 11**	$ 13	$ 17
Performance bonuses	**9**	9	29
Social security taxes	**3**	4	4
Share-based payments (Note 21)	**8**	10	14
Termination benefits	**–**	–	1
Other benefits	**–**	–	1
	$ 31	$ 36	$ 66

17. Other Taxes Recoverable

Taxes recoverable consisted of the following as of 31 December:

US$ million	**2016**	2015	2014
Input VAT	**$ 89**	$ 61	$ 71
Other taxes	**103**	66	87
	$ 192	$ 127	$ 158

Input VAT, representing amounts payable or paid to suppliers, is recoverable from the tax authorities via offset against VAT payable to the tax authorities on the Group's revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable within one year.

18. Other Current Financial Assets

Other current assets included the following as of 31 December:

US$ million	**2016**	2015	2014
Investments in Yuzhny GOK (Note 16)	**$ 32**	$ 32	$ 32
Restricted deposits at banks	**1**	3	1
Collateral under swap agreements (Note 25)	**–**	–	7
	$ 33	$ 35	$ 40

19. Cash and Cash Equivalents

Cash and cash equivalents, mainly consisting of cash at banks, were denominated in the following currencies as of 31 December:

US$ million	**2016**	2015	2014
US dollar	**$ 1,056**	$ 1,180	$ 906
Russian rouble	**71**	121	108
Canadian dollar	**2**	29	6
Ukrainian hryvnia	**2**	20	3
Other	**24**	9	26
	$ 1,155	$ 1,359	$ 1,049

At 31 December 2016, 2015 and 2014, the assets of disposal groups classified as held for sale included cash amounting to $2 million, $Nil and $Nil, respectively.

20. Equity

Share Capital

Number of shares	**2016**	2015	2014
Authorised			
Ordinary shares of €2 each	**257,204,326**	257,204,326	257,204,326
Issued and fully paid			
Ordinary shares of €2 each	**148,882,619**	148,882,619	156,215,373

Share Issue

On 21 October 2015, Evraz Group S.A. issued to its parent 491 shares with the nominal value of €2 each in exchange for a 50% shareholding in Corber valued at $491 million (Note 2 *Restatement of Financial Statements)*. On the same date the Company issued 88 shares with the nominal value of €2 each for $88 million received in cash from EVRAZ plc.

Additional Paid-in Capital

Contributions from Shareholder

On 16 March 2016, EVRAZ plc resolved to contribute to the Company $300 million in cash. In 2016, the amount was received by Evraz Group S.A. in full.

Treasury Shares

At 31 December 2014, the Company had 7,333,333 treasury shares. On 27 March 2015, these treasury shares were cancelled.

Legal Reserve

According to the Luxembourg Law, Evraz Group S.A. is required to create a legal reserve of 10% of share capital per the Luxembourg statutory accounts by annual appropriations which should be at least 5% of the annual net profit per statutory financial statements. The legal reserve can be used only in case of a bankruptcy.

20. Equity (continued)

Earnings per Share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2016	2015	2014
Weighted average number of ordinary shares for basic and diluted earnings per share	**148,882,619**	148,882,040	148,881,498
Profit/(loss) for the year attributable to equity holders of the parent, US$ million	**$ (135)**	$ (627)	$ (1,194)
Earnings/(losses) per share, basic and diluted	**$ (0.91)**	$ (4.21)	$ (8.02)

Dividends

Evraz Group S.A. declared to its parent the following aggregate amounts of dividends:

	Dividends declared, US$ million	US$ per share
Final for 2013	150	1.01
Final for 2014	350	2.35

In addition, certain subsidiaries of the Group declared dividends. The share of non-controlling shareholders in those dividends was $Nil, $Nil and $3 million in 2016, 2015 and 2014, respectively.

21. Share-based Payments

On 6 September 2012, 24 September 2013, 8 August 2014, 26 October 2015 and 15 September 2016, the Group's parent adopted Incentive Plans under which certain senior executives and employees ("participants") could be gifted shares of the parent company upon vesting.

The vesting date for each tranche occurs within the 90-day period after announcement of the annual results. The expected vesting dates of the awards outstanding at 31 December 2016 are presented below:

Number of Shares of EVRAZ plc	**Total**	**Incentive Plan 2016**	**Incentive Plan 2015**	**Incentive Plan 2014**	**Incentive Plan 2013**
March 2017	12,813,209	2,076,677	3,151,362	4,007,054	3,578,116
March 2018	10,810,789	2,076,677	4,727,042	4,007,070	–
March 2019	7,842,200	3,115,023	4,727,177	–	–
March 2020	3,115,151	3,115,151	–	–	–
	34,581,349	**10,383,528**	**12,605,581**	**8,014,124**	**3,578,116**

The plans are administrated by the Board of Directors of EVRAZ plc. The Board of Directors has the right to accelerate vesting of the grant. In the event of a participant's employment termination, unless otherwise determined by the Board or by a decision of the authorised person, a participant loses the entitlement for the shares that were not gifted up to the date of termination.

There have been no modifications or cancellations to the plans during 2014–2016.

The Group accounted for share-based compensation at fair value pursuant to the requirements of IFRS 2 "Share-based Payment". The weighted average fair value of share-based awards granted in 2016, 2015 and 2014 was $1.73, $1.12 and $1.51 per share of EVRAZ plc, respectively. The fair value of these awards was estimated at the date of grant and measured at the market price of the shares of a parent company reduced by the present value of dividends expected to be paid during the vesting period. The following inputs, including assumptions, were used in the valuation of Incentive plans, which were effective during 2014-2016:

	Incentive Plan 2016	**Incentive Plan 2015**	**Incentive Plan 2014**	**Incentive Plan 2013**	**Incentive Plan 2012**	**Incentive Plan 2011**
Dividend yield (%)	n/a	7.3 – 9.1	3.6 – 4.8	4.0 – 8.8	1.9 – 5.4	3.6 – 4.8
Expected life (years)	0.5 – 3.5	0.6 – 3.6	0.6 – 3.6	0.6 – 3.6	0.6 – 2.6	0.5 – 2.5
Market prices of the shares of EVRAZ plc (2011: Evraz Group S.A.) at the grant dates	$1.73	$1.36	$1.68	$2.13	$3.61	$51.57

The following table illustrates the number of, and movements in, share-based awards during the years.

	2016	**2015**	**2014**
Outstanding at 1 January	**43,767,553**	36,608,052	27,692,062
Granted during the year	**10,383,528**	20,610,611	20,220,620
Forfeited during the year	**(8,104,361)**	(3,473,851)	(3,064,281)
Vested during the year	**(11,465,371)**	(9,977,259)	(8,240,349)
Outstanding at 31 December	**34,581,349**	43,767,553	36,608,052

In 2014, the actual quantity of the vested shares transferred by EVRAZ plc to the participants was reduced by 596,896 shares, which represent withholding taxes and other deductions.

The weighted average share price at the dates of exercise was $1.78, $2.59 and $1.72 in 2016, 2015 and 2014, respectively.

The weighted average remaining contractual life of the share-based awards outstanding as of 31 December 2016, 2015 and 2014 was 1.2, 1.5 and 1.6 years, respectively.

21. Share-based Payments (continued)

In the years ended 31 December 2016, 2015 and 2014, the expense arising from the equity-settled share-based compensations was as follows:

US$ million	**2016**	2015	2014
Expense arising from equity-settled share-based payment transactions	**$ 16**	$ 20	$ 30

22. Loans and Borrowings

Short-term and long-term loans and borrowings were as follows as of 31 December:

US$ million	**2016**	**Non-current**	**Current**	**2015**	**Non-current**	**Current**	**2014**	**Non-current**	**Current**
Bank loans	**$2,067**	**$1,799**	**$ 268**	$2,236	$1,958	$ 278	$1,662	$1,441	$ 221
US dollar-denominated									
8.25% notes due 2015	**–**	**–**	**–**	–	–	–	138	–	138
7.40% notes due 2017	**–**	**–**	**–**	286	286	–	600	600	–
7.75% bonds due 2017	**26**	**–**	**26**	186	186	–	392	392	–
9.5% notes due 2018	**125**	**125**	**–**	353	353	–	509	509	–
6.75% notes due 2018	**528**	**528**	**–**	796	796	–	850	850	–
7.5% senior secured notes due 2019	**350**	**350**	**–**	350	350	–	350	350	–
6.50% notes due 2020	**1,000**	**1,000**	**–**	1,000	1,000	–	1,000	1,000	–
8.25% notes due 2021	**750**	**750**	**–**	750	750	–	–	–	–
6.75% notes due 2022	**500**	**500**	**–**	–	–	–	–	–	–
Rouble-denominated									
8.75% rouble bonds due 2015	**–**	**–**	**–**	–	–	–	69	–	69
9.95% rouble bonds due 2015	**–**	**–**	**–**	–	–	–	267	–	267
8.40% rouble bonds due 2016	**–**	**–**	**–**	165	–	165	356	356	–
12.95% rouble bonds due 2019	**247**	**247**	**–**	206	206	–	–	–	–
12.60% rouble bonds due 2021	**247**	**247**	**–**	–	–	–	–	–	–
Other liabilities	**–**	**–**	**–**	–	–	–	1	–	1
Fair value adjustment to liabilities assumed in business combination	**1**	**–**	**1**	7	7	–	20	20	–
Unamortised debt issue costs	**(44)**	**(44)**	**–**	(54)	(54)	–	(57)	(55)	(2)
Interest payable	**97**	**–**	**97**	66	12	54	74	7	67
	$5,894	**$ 5,502**	**$ 392**	$6,347	$5,850	$ 497	$6,231	$ 5,470	$ 761

The average effective annual interest rates were as follows at 31 December:

	Long-term borrowings			**Short-term borrowings**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
US dollar	**6.85%**	6.87%	6.78%	**3.31%**	2.86%	2.72%
Russian rouble	**12.71%**	11.84%	9.00%	**–**	–	–
Euro	**3.94%**	5.57%	3.55%	**–**	–	–
South African rand	**–**	–	–	**–**	–	9.98%

The liabilities are denominated in the following currencies at 31 December:

US$ million	**2016**	2015	2014
US dollar	**$ 4,911**	$ 5,412	$ 5,387
Russian rouble	**809**	621	700
Euro	**217**	368	193
Other	**1**	–	8
Unamortised debt issue costs	**(44)**	(54)	(57)
	$ 5,894	$ 6,347	$ 6,231

22. Loans and Borrowings (continued)

Pledged Assets

The Group pledged its rights under selected export contracts as collateral under the loan agreements. All proceeds from sales of steel pursuant to these contracts can be used to satisfy the obligations under the loan agreements in the event of a default.

At 31 December 2016, 2015 and 2014, a 100% ownership interest in EVRAZ Inc NA and 51% in EVRAZ Inc NA Canada were pledged against a $350 million liability under 7.5% senior secured notes due 2019. The subsidiaries represent approximately 28% of the consolidated assets at 31 December 2016 and generated almost 19% of the consolidated revenues in 2016. In addition, property, plant and equipment and inventory of these subsidiaries amounting to $1,013 million and $315 million, respectively, at 31 December 2016 (2015: $1,052 million and $382 million, 2014: $1,140 million and $607 million, respectively) were pledged as collateral under the notes.

At 31 December 2015 and 2014, 100% of shares of EVRAZ Caspian Steel were pledged as collateral under a bank loan with a carrying value of $107 million at the end of 2015. In addition, property, plant and equipment of EVRAZ Caspian Steel amounting to $55 million at 31 December 2015 (2014: $108 million) were pledged as collateral under the same loan. In 2016, the loan was fully repaid.

The Group's pledged assets at carrying value included the following at 31 December:

US$ million	**2016**	2015	2014
Property, plant and equipment	**$ 1,013**	$ 1,107	$ 1,263
Inventory	**315**	383	607

Issue of Notes and Bonds

In June 2016, the Group issued 6.75% notes due 2022 in the amount of $500 million. The proceeds from the issue of the notes were used to finance the purchase of 7.40% notes due 2017, 9.50% notes due 2018, 6.75% notes due 2018 and 7.75% bonds due 2017 at the tender offer settled on 17 June 2016 and to refinance other current indebtedness of the Group.

In March 2016, the Group completed a placement of bonds in the total amount of 15,000 million Russian roubles ($247 million at 31 December 2016), which bear interest of 12.60% per annum and mature on 23 March 2021. The currency risk exposure of these bonds was not hedged.

In December 2015, the Group issued 8.25% notes due 2021 in the amount of $750 million. The proceeds from the issue of the notes were used to finance the purchase of 7.40% notes due 2017, 9.50% notes due 2018 and 6.75% notes due 2018 at the tender offer settled on 18 December 2015 and to refinance other current indebtedness of the Group.

In July 2015, the Group completed a placement of bonds in the total amount of 15,000 million Russian roubles ($206 million at 31 December 2015), which bear interest of 12.95% per annum and have the next put date on 26 June 2019. The currency risk exposure of these bonds was hedged (Note 25).

In November 2014, the Group issued 7.5% senior secured notes due 2019 notes in the amount of $350 million. The proceeds from the issue of the notes were used for the partial repayment of the 8.25% notes maturing on 10 November 2015.

22. Loans and Borrowings (continued)

Repurchase of Rouble-Denominated Bonds

In 2016, the Group fully settled its 8.40% rouble bonds due 2016, there was no gain or loss on this transaction.

In March 2015, the Group fully settled the 8.75% bonds due 2015 with the nominal value of 3,885 million roubles ($65 million) at par. There was no gain or loss on this transaction.

In April 2015, the Group partially repurchased 9.95% bonds due 2015 for a cash consideration of $80 million. The nominal value of the repurchased notes was 4,150 million roubles ($81 million). As a result, the Group recognised a $1 million gain within gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations. In October 2015, the Group settled the remaining 10,850 million roubles ($175 million) at par. There was no gain or loss on this transaction.

In July 2015, the Group partially repurchased 8.40% bonds due 2016 with the principal of 4,792 million roubles ($84 million at the exchange rate as of the date of the transaction) for a cash consideration of 4,696 million roubles ($82.5 million at the exchange rate as of the date of the transaction). In September 2015, the Group repurchased additional 3,159 million roubles ($48 million) at par. There was no gain or loss on this transaction. At 31 December 2015, the amount of outstanding bonds was 12,049 million roubles ($165 million).

In April 2014, the Group repurchased 13.5% bonds due 2014 for a nominal amount totalling 2,258 million roubles ($64 million). In October 2014, the Group settled the remaining 17,742 million roubles ($440 million). There was no gain or loss on these transactions.

Repurchase of US Dollar-Denominated Notes

In 2016, the Group partially repurchased 9.50% notes due 2018 ($228 million), 6.75% notes due 2018 ($268 million) and 7.75% bonds due 2017 ($160 million). The premium over carrying value on the repurchase in the amount of $20 million, $7 million and $5 million, respectively, was charged to the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In 2016, the Group fully repurchased 7.40% notes due 2017 ($286 million) paying a premium over the carrying value of $14 million.

In December 2015, the Group partially repurchased 7.40% notes due 2017 ($314 million), 9.50% notes due 2018 ($156 million) and 6.75% notes due 2018 ($54 million). The premium over carrying value on the repurchase in the amount of $14 million, $11 million and $1 million, respectively, was charged the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In 2014, the Group partially repurchased 8.25% notes due 2015 for a cash consideration of $437 million. The nominal value of the notes was $439 million. As a result, the Group recognised a loss on extinguishment of debts in the amount of $6 million within gain/(loss) on financial assets and liabilities in the consolidated statement of operations. During 2015 the Group repurchased the remaining $138 million. There was no gain or loss on these transactions.

In 2014, EVRAZ plc partially repurchased 7.75% bonds due 2017 (issued by Raspadskaya) for a cash consideration of $6 million. The nominal value of the bonds was $8 million. In October and November 2015, the Group repurchased through a tender offer and market transactions an additional $206 million at par. The difference between the carrying value of these bonds and the purchase consideration amounting to $7 million was credited to the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

22. Loans and Borrowings (continued)

Compliance with Financial Covenants

Some of the loan agreements and terms and conditions of notes provide for certain covenants in respect of Evraz Group S.A., its parent EVRAZ plc, and its subsidiaries. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness and profitability. EBITDA used for covenants compliance calculations is determined based on the definitions of the respective loan agreements and may differ from that used by management for evaluation of performance.

Several bank credit facilities totalling $1,829 million contain certain financial maintenance covenants. These covenants require EVRAZ plc to maintain two key ratios, consolidated net indebtedness to 12-month consolidated EBITDA and 12-month consolidated EBITDA to adjusted 12-month consolidated interest expense, within certain limits. Also the covenants contain a limitation on the amount of EVRAZ plc total consolidated indebtedness. A breach of one or both of these ratios or excess of the indebtedness limit would constitute an event of default under the facility which in turn may trigger cross default events under other debt instruments of the Group. The terms of certain facilities also set certain limitations on dividend payments by EVRAZ plc, acquisitions and disposals.

In the first half of 2016, EVRAZ plc signed amendments to these facilities, whereby the testing of financial ratios was suspended for three semi-annual testing periods starting from 30 June 2016, subject to compliance with certain additional restrictions on indebtedness and dividends. As a result, as of 31 December 2016, only one of the outstanding facilities has the EBITDA to interest cover ratio tested against a comfortable level of minimum 1.5x. Transaction costs relating to these amendments amounted to $4 million.

Notes due 2018, 2020, 2021 and 2022 totalling $2,903 million issued by Evraz Group S.A., a holding company directly wholly owned by EVRAZ plc, have covenants restricting the incurrence of indebtedness by the issuer and its consolidated subsidiaries conditional on a gross leverage ratio. While the ratio level itself does not constitute a breach of covenants, exceeding the threshold triggers a restriction on incurrence of consolidated indebtedness, which is removed once the ratio goes back below the threshold. The effect of the restriction is such that Evraz Group S.A. and its subsidiaries are not allowed to increase the consolidated indebtedness at the level of Evraz Group S.A., but are allowed to refinance existing indebtedness subject to certain conditions.

The incurrence covenants are in line with the Group's financial strategy and, therefore, do not constitute any excessive restriction on its operations.

The $400 million 7.75% notes due 2017 issued by Raspadskaya in 2012, out of which $374 million are held by Evraz Group S.A. at 31 December 2016, have covenants similar to those of Evraz Group S.A., but with the ratio calculation based on the consolidated numbers of Raspadskaya and the restrictions applying only to Raspadskaya and its subsidiaries. These restrictions have the same effect on Raspadskaya, but no effect on EVRAZ plc and its other subsidiaries that are not part of the Raspadskaya Group.

The $350 million notes due 2019 issued by Evraz Inc NA Canada in November 2014 have certain covenants, that contain restrictions on the incurrence of new debt by EVRAZ North America plc, the parent company of Evraz Inc NA and Evraz Inc NA Canada, and its subsidiaries (together, "Evraz North America") and restrictions on certain types of payments, including dividends, from Evraz North America.

During 2016 the Group was in compliance with all financial and non-financial covenants.

Unamortised Debt Issue Costs

Unamortised debt issue costs represent agent commission and transaction costs paid by the Group in relation to the arrangement and reset of loans and notes.

22. Loans and Borrowings (continued)

Unutilised Borrowing Facilities

The Group had the following unutilised borrowing facilities as of 31 December:

US$ million	**2016**	**2015**	**2014**
Committed	**$ 187**	$ 317	$ 439
Uncommitted	**883**	663	1,225
Total unutilised borrowing facilities	**$ 1,070**	$ 980	$ 1,664

23. Employee Benefits

Russian Plans

Certain Russian subsidiaries of the Group provide regular lifetime pension payments and lump-sum amounts payable at retirement date. These benefits generally depend on years of service, level of remuneration and amount of pension payment under the collective bargaining agreements. Other post-employment benefits consist of various compensations and certain non-cash benefits. The Group funds the benefits when the amounts of benefits fall due for payment.

In addition, some subsidiaries have defined benefit plans under which contributions are made to a separately administered non-state pension fund. The Group matches 100% of the employees' contributions to the fund up to 4% of their monthly salary. The Group's contributions become payable at the participants' retirement dates. At the end of the reporting year the benefit obligation was valued based on the terms of the pension plan assuming that all defined benefit plan participants will continue to participate in the plan.

Defined contribution plans represent payments made by the Group to the Russian state pension, social insurance and medical insurance funds at the statutory rates in force, based on gross salary payments. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits.

Ukrainian Plans

The Ukrainian subsidiaries make regular contributions to the State Pension Fund thereby compensating 100% of preferential pensions paid by the fund to employees who worked under harmful and hard conditions. The amount of such pension depends on years of service and salary.

In addition, employees receive lump-sum payments on retirement and other benefits under collective labour agreements. These benefits are based on years of service and level of compensation. All these payments are considered as defined benefit plans.

The Ukrainian pension legislation provides for annual indexation of pensions, at least up to the level of CPI. The indexation of pensions in a particular year depends on the availability of financial resources in the State pension fund. The subsidiaries are obliged to pay preferential pensions indexed according to the government's decision. The Group determined the amount of defined benefit obligations based on the assumption that pensions will be indexed despite possible insufficiency of money in the State pension fund, which would result in a non-fulfilment of this law by the fund itself and, consequently, would cancel the obligations of Ukrainian enterprises to pay higher pensions.

23. Employee Benefits (continued)

US and Canadian Plans

The Group's subsidiaries in the USA and Canada have defined benefit pension plans that cover specified eligible employees. Benefits are based on pensionable years of service, pensionable compensation, or a combination of both depending on the individual plan. The subsidiaries also have U.S. and Canadian supplemental retirement plans ("SERP's"), which are non-qualified plans designed to maintain benefits for eligible employees at the plan formula level. The subsidiaries provide other unfunded post-retirement medical and life insurance plans ("OPEB's") for certain of their eligible employees upon retirement after completion of a specified number of years of service. For the pension plans, SERP's and OPEB's, the subsidiaries use a measurement date for plan assets and obligations of 31 December.

Certain employees that were hired after specified dates are no longer eligible to participate in the defined benefit pension plans. Those employees are instead enrolled in defined contribution plans and receive a contribution funded by the Group's subsidiaries equal to 3–7% of annual wages, including applicable bonuses. The defined contribution plans are funded annually and, depending on their work location, participants' benefits vesting dates range from immediate to after three years of service. In addition, the subsidiaries have defined contribution plans available for eligible U.S. and Canadian-based employees in which the subsidiaries generally match a percentage of the participants' contributions.

In the third quarter of 2015, a U.S. subsidiary made lump-sum settlement offers to former employees vested in one of its three U.S.-based pension plans. Eligible participants were provided with a one-time opportunity to choose either a lump-sum settlement immediately, or to begin receiving their annuity payments in December 2015, irrespective of the former employee's age or retirement status. Approximately 749 employees, or 61% of those eligible, elected to take the lump-sum settlement, triggering settlement accounting for two of the U.S. subsidiary's plans.

Other Plans

Defined benefit pension plans and defined contribution plans are maintained by the subsidiaries located in the Republic of South Africa and Italy.

Defined Contribution Plans

The Group's expenses under defined contribution plans were as follows:

US$ million	**2016**	**2015**	**2014**
Expense under defined contribution plans	**$ 212**	$ 254	$ 398

Defined Benefit Plans

The Russian, Ukrainian and other defined benefit plans are mostly unfunded and the US and Canadian plans are partially funded.

Except as disclosed above, in 2016 there were no significant plan amendments, curtailments or settlements.

The Group's defined benefit plans are exposed to the risks of unexpected growth in benefit payments as a result of increases in life expectancy, inflation, and salaries. As the plan assets include significant investments in quoted and unquoted equity shares, corporate and government bonds and notes, the Group is also exposed to equity market risk.

23. Employee Benefits (continued)

The components of net benefit expense recognised in the consolidated statement of operations for the years ended 31 December 2016, 2015 and 2014 and amounts recognised in the consolidated statement of financial position as of 31 December 2016, 2015 and 2014 for the defined benefit plans were as follows:

Net benefit expense (recognised in the statement of operations within cost of sales and selling, general and administrative expenses and interest expense)

Year ended 31 December 2016

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Current service cost	**$ (2)**	**$ (2)**	**$ (19)**	**$ –**	**$ (23)**
Net interest expense	**(9)**	**(5)**	**(8)**	**–**	**(22)**
Net actuarial gains/(losses) on other long-term employee benefits obligation	**1**	**–**	**–**	**–**	**1**
Past service cost	**(1)**	**1**	**–**	**–**	**–**
Curtailment/settlement gain	**1**	**–**	**–**	**–**	**1**
Net benefit expense	**$ (10)**	**$ (6)**	**$ (27)**	**$ –**	**$ (43)**

Year ended 31 December 2015

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Current service cost	$ (4)	$ (2)	$ (23)	$ –	$ (29)
Net interest expense	(11)	(6)	(7)	–	(24)
Net actuarial gains/(losses) on other long-term employee benefits obligation	–	–	–	(1)	(1)
Past service cost	7	2	(3)	–	6
Curtailment/settlement gain	2	–	1	–	3
Net benefit expense	$ (6)	$ (6)	$ (32)	$ (1)	$ (45)

Year ended 31 December 2014

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Current service cost	$ (7)	$ (3)	$ (19)	$ –	$ (29)
Net interest expense	(15)	(7)	(6)	(2)	(30)
Net actuarial gains/(losses) on other long-term employee benefits obligation	22	–	–	–	22
Curtailment gain	6	–	–	–	6
Net benefit expense	$ 6	$ (10)	$ (25)	$ (2)	$ (31)

23. Employee Benefits (continued)

Gains/(losses) recognised in other comprehensive income

Year ended 31 December 2016

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Return on plan assets, excluding amounts included in net interest expense	**$ (1)**	**$ –**	**$ 7**	**$ –**	**$ 6**
Net actuarial gains/(losses) on post-employment benefit obligation	**3**	**8**	**(6)**	**–**	**5**
	$ 2	**$ 8**	**$ 1**	**$ –**	**$ 11**

Year ended 31 December 2015

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Return on plan assets, excluding amounts included in net interest expense	$ –	$ –	$ (10)	$ –	$ (10)
Net actuarial gains/(losses) on post-employment benefit obligation	(8)	(5)	24	–	11
	$ (8)	$ (5)	$ 14	$ –	$ 1

Year ended 31 December 2014

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Return on plan assets, excluding amounts included in net interest expense	$ –	$ –	$ 46	$ –	$ 46
Net actuarial gains/(losses) on post-employment benefit obligation	15	(17)	(78)	(1)	(81)
Effect of asset ceiling	–	–	2	–	2
	$ 15	$ (17)	$ (30)	$ (1)	$ (33)

23. Employee Benefits (continued)

Actual return on plan assets was as follows:

US$ million	2016	2015	2014
Actual return on plan assets including:	**$ 25**	$ 13	$ 73
US & Canadian plans	**26**	13	73
Russian plans	**(1)**	–	–

Net defined benefit liability

31 December 2016

US$ million	Russian Plans	Ukrainian plans	US & Canadian plans	Other plans	Total
Benefit obligation	**$ 108**	**$ 31**	**$ 711**	**$ 2**	**$ 852**
Plan assets	**–**	**–**	**(535)**	**–**	**(535)**
	108	**31**	**176**	**2**	**317**

31 December 2015

US$ million	Russian Plans	Ukrainian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 90	$ 45	$ 691	$ 2	$ 828
Plan assets	(1)	–	(526)	–	(527)
	89	45	165	2	301

31 December 2014

US$ million	Russian Plans	Ukrainian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 110	$ 58	$ 790	$ 14	$ 972
Plan assets	–	–	(608)	–	(608)
	110	58	182	14	364

23. Employee Benefits (continued)

Movements in net defined benefit liability/(asset)

US$ million	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Total
At 31 December 2013	**$ 231**	**$ 83**	**$ 164**	**$ 14**	**$ 492**
Net benefit expense recognised in the statement of operations	(6)	10	25	2	31
Contributions by employer	(13)	(6)	(34)	(2)	(55)
(Gains)/losses recognised in other comprehensive income	(15)	17	30	1	33
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(1)	–	–	–	(1)
Translation difference	(86)	(46)	(3)	(1)	(136)
At 31 December 2014	**$ 110**	**$ 58**	**$ 182**	**$ 14**	**$ 364**
Net benefit expense recognised in the statement of operations	6	6	32	1	45
Contributions by employer	(9)	(3)	(30)	(1)	(43)
(Gains)/losses recognised in other comprehensive income	8	5	(14)	–	(1)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(1)	–	–	(11)	(12)
Translation difference	(25)	(21)	(5)	(1)	(52)
At 31 December 2015	**$ 89**	**$ 45**	**$ 165**	**$ 2**	**$ 301**
Net benefit expense recognised in the statement of operations	10	6	27	–	43
Contributions by employer	(7)	(3)	(17)	–	(27)
(Gains)/losses recognised in other comprehensive income	(2)	(8)	(1)	–	(11)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(4)	–	–	(4)
Translation difference	18	(5)	2	–	15
At 31 December 2016	**$ 108**	**$ 31**	**$ 176**	**$ 2**	**$ 317**

23. Employee Benefits (continued)

Movements in benefit obligation

US$ million	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Total
At 31 December 2013	**$ 232**	**$ 83**	**$ 728**	**$ 14**	**$ 1,057**
Interest cost on benefit obligation	15	7	33	2	57
Current service cost	7	3	19	–	29
Benefits paid	(14)	(6)	(37)	(2)	(59)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	–	1	17	–	18
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	(21)	13	71	1	64
Actuarial (gains)/losses on benefit obligation related to experience adjustments	(16)	3	(10)	–	(23)
Curtailment gain	(6)	–	–	–	(6)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(1)	–	–	–	(1)
Translation difference	(86)	(46)	(31)	(1)	(164)
At 31 December 2014	**$ 110**	**$ 58**	**$ 790**	**$ 14**	**$ 972**
Interest cost on benefit obligation	11	6	30	–	47
Current service cost	4	2	23	–	29
Past service cost	(7)	(2)	3	–	(6)
Benefits paid	(8)	(3)	(35)	(1)	(47)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	(1)	–	(8)	–	(9)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	14	2	(17)	1	–
Actuarial (gains)/losses on benefit obligation related to experience adjustments	(5)	3	1	–	(1)
Curtailment/settlement gain	(2)	–	(1)	–	(3)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(1)	–	–	(11)	(12)
Settlement of lump-sum payments	–	–	(31)	–	(31)
Translation difference	(25)	(21)	(64)	(1)	(111)
At 31 December 2015	**$ 90**	**$ 45**	**$ 691**	**$ 2**	**$ 828**
Interest cost on benefit obligation	9	5	27	–	41
Current service cost	2	2	19	–	23
Past service cost	1	(1)	–	–	–
Benefits paid	(7)	(3)	(43)	–	(53)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	–	–	(10)	–	(10)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	(1)	(6)	14	–	7
Actuarial (gains)/losses on benefit obligation related to experience adjustments	(3)	(2)	2	–	(3)
Curtailment/settlement gain	(1)	–	–	–	(1)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(4)	–	–	(4)
Translation difference	18	(5)	11	–	24
At 31 December 2016	**$ 108**	**$ 31**	**$ 711**	**$ 2**	**$ 852**

23. Employee Benefits (continued)

The weighted average duration of the defined benefit obligation was as follows:

Years	**2016**	**2015**	**2014**
Russian plans	**11.21**	10.93	9.8
Ukrainian plans	**8.26**	8.76	10.4
US & Canadian plans	**13.79**	14.35	14.6
Other plans	**9.12**	9.66	20.3

Changes in the fair value of plan assets

US$ million	**Russian plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
At 31 December 2013	**$ 1**	**$ –**	**$ 564**	**$ –**	**$ 565**
Interest income on plan assets	–	–	27	–	27
Return on plan assets (excluding amounts included in net interest expense)	–	–	46	–	46
Contributions of employer	13	6	34	2	55
Benefits paid	(14)	(6)	(37)	(2)	(59)
Effect of asset ceiling	–	–	2	–	2
Translation difference	–	–	(28)	–	(28)
At 31 December 2014	**$ –**	**$ –**	**$ 608**	**$ –**	**$ 608**
Interest income on plan assets	–	–	23	–	23
Return on plan assets (excluding amounts included in net interest expense)	–	–	(10)	–	(10)
Contributions of employer	9	3	30	1	43
Benefits paid	(8)	(3)	(35)	(1)	(47)
Settlement of lump-sum payments	–	–	(31)	–	(31)
Translation difference	–	–	(59)	–	(59)
At 31 December 2015	**$ 1**	**$ –**	**$ 526**	**$ –**	**$ 527**
Interest income on plan assets	–	–	19	–	19
Return on plan assets (excluding amounts included in net interest expense)	(1)	–	7	–	6
Contributions of employer	7	3	17	–	27
Benefits paid	(7)	(3)	(43)	–	(53)
Translation difference	–	–	9	–	9
At 31 December 2016	**$ –**	**$ –**	**$ 535**	**$ –**	**$ 535**

The amount of contributions expected to be paid to the defined benefit plans during 2017 approximates $36 million.

The major categories of plan assets as a percentage of total plan assets were as follows at 31 December:

	2016		**2015**		**2014**	
	Quoted	**Unquoted**	**Quoted**	**Unquoted**	**Quoted**	**Unquoted**
US & Canadian plans:						
Equity funds and investment trusts	**45%**	**40%**	50%	34%	31%	49%
Corporate bonds and notes	**13%**	**–**	13%	1%	13%	1%
Property	**–**	**–**	–	–	–	–
Cash	**2%**	**–**	2%	–	6%	–
	60%	**40%**	65%	35%	50%	50%

23. Employee Benefits (continued)

The principal assumptions used in determining pension obligations for the Group's plans are shown below:

	2016				2015				2014			
	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Russian Plans	Ukrainian plans	US & Canadian plans	Other plans
Discount rate	8.2%	17.5%	3.9-4.2%	2.8-9.1%	9.6%	13.0%	3.9-4.5%	2.8-9%	11%	15.0%	3.6-4.9%	2.8-8.8%
Future benefits increases	7%	11%	–	3%	8%	8%	–	3%	8%	10%	–	3%
Future salary increase	7%	11%	3%	–	8%	8%	3–3.3%	–	8%	10%	3-3.3%	–
Average life expectation, male, years	68.6	65.5	85.8-86.6	77.1-81	68.5	65.5	86.3-87.5	78.1-79	68.0	65.2	86.4-87.8	74.9-79
Average life expectation, female, years	79.0	75.5	88.6-89.3	77.1-87	78.9	75.5	89-89.3	75.2-85	78.5	75.3	88.9-89.8	73.4-85
Healthcare costs increase rate	–	–	5-7%	8.6%	–	–	5.4-7%	8.8%	–	–	5.5-7%	7.5-7.7%

The following table demonstrates the sensitivity analysis of reasonable changes in the significant assumptions used for the measurement of the defined benefit obligations, with all other variables held constant.

		Impact on the defined benefit obligation at 31 December 2016, US$ million				Impact on the defined benefit obligation at 31 December 2015, US$ million				Impact on the defined benefit obligation at 31 December 2014, US$ million			
	Reasonable change in assumption	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Russian plans	Ukrainian plans	US & Canadian plans	Other plans
Discount rate	10%	$(8)	$(4)	$(41)	$–	$(8)	$(5)	$(35)	$–	$(11)	$(6)	$(53)	$(6)
	(10%)	10	5	44	–	10	6	37	–	14	7	58	6
Future benefits increases	10%	7	1	–	–	7	1	–	–	9	2	–	–
	(10%)	(7)	(1)	–	–	(6)	(1)	–	–	(8)	(2)	–	–
Future salary increase	10%	1	1	1	–	1	2	2	–	1	3	3	–
	(10%)	(1)	(1)	(1)	–	(1)	(2)	(2)	–	(1)	(2)	(2)	–
Average life expectation, male, years	1	1	–	13	–	1	–	14	–	1	–	15	–
	(1)	(1)	–	(13)	–	(1)	–	(14)	–	(1)	–	(15)	–
Average life expectation, female, years	1	1	–	5	–	1	–	4	–	1	–	4	–
	(1)	(1)	–	(5)	–	(1)	–	(4)	–	(1)	–	(4)	–
Healthcare costs increase rate	10%	–	–	1	–	–	–	–	–	–	–	–	3
	(10%)	–	–	(1)	–	–	–	–	–	–	–	–	–

24. Provisions

At 31 December the provisions were as follows:

US$ million	2016		2015		2014	
	Non-current	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
Site restoration and decommissioning costs	**$ 204**	**$ 20**	$ 145	$ 20	$ 171	$ 34
Legal claims	**–**	**3**	–	2	–	3
Other provisions	**1**	**3**	1	1	2	4
	$ 205	**$ 26**	$ 146	$ 23	$ 173	$ 41

In the years ended 31 December 2016, 2015 and 2014, the movement in provisions was as follows:

US$ million	**Site restoration and decom-missioning costs**	**Legal claims**	**Other provisions**	**Total**
At 31 December 2013	**$ 280**	**$ 9**	**$ 10**	**$ 299**
Additional provisions	56	4	19	79
Increase from passage of time	15	–	–	15
Effect of change in the discount rate	(40)	–	–	(40)
Effect of changes in estimated costs and timing	72	–	–	72
Utilised in the year	(39)	(2)	(16)	(57)
Unused amounts reversed	(2)	(6)	(6)	(14)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(41)	–	–	(41)
Translation difference	(96)	(2)	(1)	(99)
At 31 December 2014	**$ 205**	**$ 3**	**$ 6**	**$ 214**
Additional provisions	13	3	4	20
Increase from passage of time	13	–	–	13
Effect of change in the discount rate	35	–	–	35
Effect of changes in estimated costs and timing	19	–	–	19
Utilised in the year	(20)	(1)	(6)	(27)
Unused amounts reversed	(4)	(2)	(2)	(8)
Loss of control over a subsidiary (Note 4)	(54)	–	–	(54)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(4)	–	–	(4)
Translation difference	(38)	(1)	–	(39)
At 31 December 2015	**$ 165**	**$ 2**	**$ 2**	**$ 169**
Additional provisions	15	5	8	28
Increase from passage of time	14	–	–	14
Effect of change in the discount rate	17	–	–	17
Effect of changes in estimated costs and timing	5	–	–	5
Utilised in the year	(9)	(1)	(5)	(15)
Unused amounts reversed	(9)	(3)	(1)	(13)
Translation difference	26	–	–	26
At 31 December 2016	**$ 224**	**$ 3**	**$ 4**	**$ 231**

24. Provisions (continued)

Site Restoration Costs

Under the legislation, mining companies and steel mills have obligations to restore mining sites and contaminated land. The respective liabilities were measured based on estimates of restoration costs which are expected to be incurred in the future discounted at the annual rate ranging from 1.5% to 13.2% in 2016 (2015: 1.5% to 12.8%, 2014: from 1.5% to 22.6%). The majority of costs are expected to be paid after 2061.

25. Other Long-Term Liabilities

Other long-term liabilities consisted of the following as of 31 December:

US$ million	**2016**	2015	2014
Derivatives not designated as hedging instruments	**$ –**	$ 274	$ 713
Hedging instruments	**22**	59	–
Contingent consideration payable for the acquisition of Stratcor	**–**	–	2
Dividends payable under cumulative preference shares of a subsidiary to a related party	**18**	16	15
Employee income participation plans and compensations	**5**	2	6
Tax liabilities	**3**	5	5
Finance lease liabilities	**5**	5	4
Consideration payable to EVRAZ plc for Corber (Note 4)	**–**	–	491
Consideration payable to EVRAZ plc for Mezhegeyugol (Note 4)	**–**	32	32
Other liabilities to related parties	**1**	1	9
Other liabilities	**8**	15	11
	62	409	1,288
Less: current portion (Note 16)	**–**	(32)	(491)
Less: current portion (Note 26)	**(9)**	(281)	(333)
	$ 53	$ 96	$ 464

Derivatives Not Designated as Hedging Instruments

To manage the currency exposure on the rouble-denominated bonds, the Group partially economically hedged these transactions: in 2010-2013, the Group concluded currency and interest rate swap contracts under which it agreed to deliver US dollar-denominated interest payments at the rates ranging from 3.06% to 8.90% per annum plus the US dollar notional amount, in exchange for rouble-denominated interest payments plus the rouble notional amount. The exchange is exercised on approximately the same dates as the payments under the bonds.

The swap contracts, which were effective at 31 December 2014-2016, are summarised in the table below.

	Year of issue	**Bonds principal, millions of roubles**	**Hedged amount, millions of roubles**	**Swap amount, US$ million**	**Interest rates on the swap amount**
13.5 per cent bonds due 2014	2009	20,000	14,019	475	7.50% - 8.90%
9.95 per cent bonds due 2015	2010	15,000	14,997	491	5.65% - 5.88%
8.40 per cent bonds due 2016	2011	20,000	19,996	711	4.45% - 4.60%
8.75 per cent bonds due 2015	2013	3,885	3,735	121	3.06% - 3.33%

25. Other Long-Term Liabilities (continued)

Derivatives Not Designated as Hedging Instruments (continued)

The aggregate amounts under swap contracts translated at the year end exchange rates are summarised in the table below.

US$ million	2016	2015	2014
Bonds principal	$ –	$ 165	$ 692
Hedged amount	–	165	688
Swap amount	–	430	1,323

These swap contracts were not designated as cash flow or fair value hedges. The Group accounted for these derivatives at fair value which was determined using valuation techniques. The fair value was calculated as the present value of the expected cashflows under the contracts at the reporting dates. Future rouble-denominated cashflows were translated into US dollars using the USD/RUB implied yield forward curve. The discount rates used in the valuation were the non-deliverable forward rate curve and the interest rate swap curve for US dollar at the reporting dates.

In 2016, 2015 and 2014, the change in fair value of the derivatives of $273 million, $439 million and $(494) million, respectively, together with a realised gain/(loss) on the swap transactions, amounting to $(250) million, $(464) million and $(94) million, respectively, was recognised within gain/(loss) on financial assets and liabilities in the consolidated statement of operations (Note 7).

In 2014–2016, upon repayment of the 8.40%, 9.95%, 8.75% and 13.5% bonds, the related swap contracts matured.

Hedging Instruments

In July 2015, the Group completed a placement of bonds in the total amount of 15,000 million Russian roubles ($247 million at 31 December 2016), which bear interest of 12.95% per annum and have the next put date on 26 June 2019. The Group used an intercompany loan to transfer the proceeds from the bonds within the Group. To manage the currency exposure, the Group entered into a series of cross currency swap contracts with several banks under which it agreed to deliver US-dollar denominated interest payments at rates ranging from 5.90% to 6.55% per annum plus the notional amount, totaling approximately $265 million, in exchange for rouble-denominated interest payments at the rate of 12.95% per annum plus notional, totaling 14,948 million roubles ($246 million at 31 December 2016).

	Year of issue	Bonds principal, millions of roubles	Hedged amount, millions of roubles	Swap amount, US$ million	Interest rates on the swap amount
12.95 per cent bonds due 2019	2015	15,000	14,948	265	5.90% - 6.55%

The Group accounted for these swap contracts as cash flow hedges. In 2016 and 2015, the change in fair value of these derivatives amounted to $37 million and $(59) million, respectively. The realised gain on the swap transactions amounting to $14 million (2015: $5 million) was related to the interest portion of the change in fair value of the swap. Under IFRS the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge is recognised in other comprehensive income and the remaining loss on the hedging instrument is recorded through the statement of operations. In 2016 and 2015, the Group did not recognise any amounts in other comprehensive income. All the swaps were assessed as effective. In 2016 and 2015, $37 and $(59) million, respectively, were recorded in the Foreign exchange gains/(losses) caption in the consolidated statement of operations.

Contingent Consideration Payable

Contingent consideration represents additional payments for the acquisition of Stratcor in 2006. This consideration could be paid each year up to 2019. The payments depend on the deviation of the average prices for vanadium pentoxide from certain levels and the amounts payable for each year are limited to maximum amounts. In 2014–2016, the Group was not required to pay this consideration due to the movements in the vanadium pentoxide market relative to the levels set in the agreement.

26. Trade and Other Payables

Trade and other payables consisted of the following as of 31 December:

US$ million	2016	2015	2014
Trade accounts payable	**$ 737**	$ 621	$ 774
Accrued payroll	**134**	122	196
Other long-term obligations with current maturities (Note 25)	**9**	281	333
Other payables	**38**	38	57
	$ 918	$ 1,062	$ 1,360

The maturity profile of the accounts payable is shown in Note 28.

27. Other Taxes Payable

Taxes payable were mainly denominated in roubles and consisted of the following as of 31 December:

US$ million	2016	2015	2014
VAT	**$ 104**	$ 51	$ 78
Social insurance taxes	**39**	30	40
Property tax	**9**	10	15
Land tax	**4**	4	4
Personal income tax	**7**	7	7
Other taxes, fines and penalties	**6**	5	7
	$ 169	$ 107	$ 151

28. Financial Risk Management Objectives and Policies

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and trade accounts receivable.

To manage credit risk related to cash, the Group maintains its available cash, mainly in US dollars, in reputable international banks and major Russian banks. Management periodically reviews the creditworthiness of the banks in which it deposits cash.

The Group's trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. There are no significant concentrations of credit risk within the Group. The Group defines counterparties as having similar characteristics if they are related entities. In 2016, the major customers were Russian Railways and Enbridge Inc. (4% and 3.5% of total sales, respectively).

Part of the Group's sales is made on terms of letter of credit. In addition, the Group requires prepayments from certain customers. The Group does not require collateral in respect of trade and other receivables, except when a customer applies for credit terms which are longer than normal. In this case, the Group requires bank guarantees or other collateral. The Group has developed standard credit terms and constantly monitors the status of accounts receivable collection and the creditworthiness of the customers.

Certain of the Group's long-standing Russian customers for auxiliary products, such as heat and electricity, represent municipal enterprises and governmental organisations that experience financial difficulties. The significant part of doubtful debts allowance consists of receivables from such customers. The Group has no practical ability to terminate the supply to these customers and negotiates with regional and municipal authorities the terms of recovery of these receivables.

28. Financial Risk Management Objectives and Policies (continued)

Credit Risk (continued)

At 31 December the maximum exposure to credit risk is equal to the carrying amount of financial assets, which is disclosed below.

US$ million	**2016**	2015	2014
Restricted deposits at banks (Notes 13 and 18)	**$ 12**	$ 8	$ 8
Financial instruments included in other non-current and current assets (Notes 13 and 18)	**52**	40	55
Long-term and short-term investments (Notes 13 and 18)	**35**	37	49
Trade and other receivables (Notes 13 and 15)	**506**	452	658
Loans receivable	**34**	28	45
Receivables from related parties (Notes 13 and 16)	**285**	7	44
Cash and cash equivalents (Note 19)	**1,155**	1,359	1,049
	$ 2,079	$ 1,931	$ 1,908

Receivables from related parties in the table above do not include prepayments in the amount of $Nil, $Nil and $11 million as of 31 December 2016, 2015 and 2014, respectively.

The ageing analysis of trade and other receivables, loans receivable and receivables from related parties at 31 December is presented in the table below.

US$ million	**2016**		2015		2014	
	Gross amount	**Impairment**	**Gross amount**	**Impairment**	**Gross amount**	**Impairment**
Not past due	**$ 685**	**$ (1)**	$ 385	$ –	$ 549	$ –
Past due	**187**	**(46)**	150	(48)	266	(57)
less than six months	**130**	**(2)**	95	(8)	178	(13)
between six months and one year	**7**	**(2)**	9	(2)	46	(8)
over one year	**50**	**(42)**	46	(38)	42	(36)
	$ 872	**$ (47)**	$ 535	$ (48)	$ 815	$ (57)

In the years ended 31 December 2016, 2015 and 2014, the movement in allowance for doubtful accounts was as follows:

US$ million	**2016**	2015	2014
At 1 January	**$ (48)**	$ (57)	$ (60)
Charge for the year	**(1)**	(18)	(40)
Utilised	**5**	5	14
Disposal of subsidiaries	**5**	8	1
Translation difference	**(8)**	14	28
At 31 December	**$ (47)**	$ (48)	$ (57)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

28. Financial Risk Management Objectives and Policies (continued)

Liquidity Risk (continued)

The Group prepares a rolling 12-month financial plan which ensures that the Group has sufficient cash on demand to meet expected operational expenses, financial obligations and investing activities as they arise. The Group exercises a daily monitoring of cash proceeds and payments. The Group maintains credit lines and overdraft facilities that can be drawn down to meet short-term financing needs. If necessary, the Group refinances its short-term debt by long-term borrowings. The Group also uses forecasts to monitor potential and actual financial covenants compliance issues (Note 22). Where compliance is at risk, the Group considers options including debt repayment, refinancing or covenant reset. The Group has developed standard payment periods in respect of trade accounts payable and monitors the timeliness of payments to its suppliers and contractors.

The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including interest payments.

Year ended 31 December 2016

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed –rate debt							
Loans and borrowings							
Principal	$ –	$ –	$ 26	$ 656	$ 2,763	$ 726	$ 4,171
Interest	–	74	250	295	563	28	1,210
Finance lease liabilities	–	–	–	–	1	5	6
Financial instruments included in long-term liabilities	–	3	2	2	32	15	54
Total fixed-rate debt	–	77	278	953	3,359	774	5,441
Variable-rate debt							
Loans and borrowings							
Principal	142	12	114	196	893	312	1,669
Interest	1	25	74	91	154	21	366
Finance lease liabilities	–	–	1	–	–	–	1
Total variable-rate debt	143	37	189	287	1,047	333	2,036
Non-interest bearing debt							
Financial instruments included in other liabilities	2	–	–	1	1	1	5
Trade and other payables	118	650	7	–	–	–	775
Payables to related parties	211	16	–	–	–	–	227
Total non-interest bearing debt	331	666	7	1	1	1	1,007
	$ 474	$ 780	$ 474	$ 1,241	$ 4,407	$ 1,108	$ 8,484

28. Financial Risk Management Objectives and Policies (continued)

Liquidity Risk (continued)

Year ended 31 December 2015

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed –rate debt							
Loans and borrowings							
Principal	$ –	$ 4	$ 188	$ 498	$ 3,012	$ 780	$ 4,482
Interest	–	8	301	309	517	35	1,170
Finance lease liabilities	–	–	–	–	1	5	6
Financial instruments included in long-term liabilities	–	1	278	2	107	17	405
Total fixed-rate debt	–	13	767	809	3,637	837	6,063
Variable-rate debt							
Loans and borrowings							
Principal	85	80	86	197	1,353	45	1,846
Interest	–	26	73	93	133	1	326
Finance lease liabilities	–	–	1	1	–	–	2
Total variable-rate debt	85	106	160	291	1,486	46	2,174
Non-interest bearing debt							
Financial instruments included in other liabilities	3	–	–	2	1	1	7
Trade and other payables	152	502	5	–	–	–	659
Payables to related parties	131	15	32	–	–	–	178
Total non-interest bearing debt	286	517	37	2	1	1	844
	$ 371	$ 636	$ 964	$ 1,102	$ 5,124	$ 884	$ 9,081

Year ended 31 December 2014

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed –rate debt							
Loans and borrowings							
Principal	$ –	$ 73	$ 430	$ 410	$ 2,836	$ 1,032	$ 4,781
Interest	–	9	358	320	589	70	1,346
Loans from related parties							
Principal	–	–	–	55	–	–	55
Interest	–	–	3	3	–	–	6
Finance lease liabilities	–	–	–	–	–	2	2
Financial instruments included in long-term liabilities	–	63	283	447	15	24	832
Total fixed-rate debt	–	145	1,074	1,235	3,440	1,128	7,022
Variable-rate debt							
Loans and borrowings							
Principal	82	86	25	606	543	71	1,413
Interest	–	13	36	43	33	3	128
Finance lease liabilities	–	–	1	1	1	–	3
Total variable-rate debt	82	99	62	650	577	74	1,544
Non-interest bearing debt							
Financial instruments included in other liabilities	–	–	–	1	2	2	5
Trade and other payables	174	615	42	–	–	–	831
Payables to related parties	78	29	492	–	–	–	599
Total non-interest bearing debt	252	644	534	1	2	2	1,435
	$ 334	$ 888	$ 1,670	$ 1,886	$ 4,019	$ 1,204	$ 10,001

Payables to related parties in the tables above do not include advances received in the amount of $4 million, $1 million and $Nil as of 31 December 2016, 2015 and 2014, respectively.

28. Financial Risk Management Objectives and Policies (continued)

Market Risk

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

Interest Rate Risk

The Group borrows on both a fixed and variable rate basis and has other interest-bearing liabilities, such as finance lease liabilities and other obligations.

The Group incurs interest rate risk on liabilities with variable interest rates. The Group's treasury function performs analysis of current interest rates. In case of changes in market fixed or variable interest rates management may consider the refinancing of a particular debt on more favourable terms.

The Group does not have any financial assets with variable interest rates.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the Group's profits.

The Group does not account for any fixed rate financial assets as assets available for sale. Therefore, a change in interest rates at the reporting date would not affect the Group's equity.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

Based on the analysis of exposure during the years presented, reasonably possible changes in floating interest rates at the reporting date would affect profit before tax ("PBT") by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In estimating reasonably possible changes the Group assessed the volatility of interest rates during the reporting periods.

	2016		2015		2014	
	Basis points	**Effect on PBT**	**Basis points**	**Effect on PBT**	**Basis points**	**Effect on PBT**
		US$ millions		*US$ millions*		*US$ millions*
Liabilities denominated in US dollars						
Decrease in LIBOR	**(11)**	**$ 1**	(12)	$ 2	(2)	$ –
Increase in LIBOR	**11**	**(1)**	50	(8)	2	–
Liabilities denominated in euro						
Decrease in EURIBOR	**(4)**	**–**	(25)	–	(7)	–
Increase in EURIBOR	**4**	**$ –**	25	$ –	7	$ –
Liabilities denominated in roubles						
Decrease in Bank of Russia key rate	**(200)**	**6**	(525)	13	–	–
Increase in Bank of Russia key rate	**700**	**$ (21)**	550	$ (14)	–	$ –

Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of the respective Group's subsidiaries. The currencies in which these transactions are denominated are primarily US dollars, Canadian dollars and euro. The Group does not have formal arrangements to mitigate currency risks of the Group's operations. However, management believes that the Group is partly secured from currency risks as foreign currency denominated sales are used to cover repayment of foreign currency denominated borrowings.

28. Financial Risk Management Objectives and Policies (continued)

Market Risk (continued)

Currency Risk (continued)

The Group's exposure to currency risk determined as the net monetary position in the respective currencies was as follows at 31 December:

US$ million	**2016**	2015	2014
USD/RUB	**$ 1,215**	$ 304	$ (439)
EUR/RUB	**(75)**	(399)	(220)
CAD/RUB	**335**	312	372
EUR/USD	**(116)**	119	109
USD/CAD	**(672)**	(499)	(469)
EUR/CZK	**(1)**	(1)	(1)
USD/CZK	**6**	6	1
USD/ZAR	**(4)**	(5)	(34)
EUR/ZAR	**–**	–	10
USD/UAH	**(136)**	(113)	(248)
RUB/UAH	**4**	1	2
USD/KZT	**(161)**	(157)	(150)

Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes in the respective currencies, with all other variables held constant, of the Group's profit before tax. In estimating reasonably possible changes the Group assessed the volatility of foreign exchange rates during the reporting periods.

	2016		**2015**		**2014**	
	Change in exchange rate	**Effect on PBT**	**Change in exchange rate**	**Effect on PBT**	**Change in exchange rate**	**Effect on PBT**
	%	*US$ millions*	*%*	*US$ millions*	*%*	*US$ millions*
USD/RUB	**(20.02)**	**(315)**	(13.00)	(60)	(28.74)	126
	20.02	**187**	40.00	3	28.74	(126)
EUR/RUB	**(20.68)**	**16**	(15.00)	60	(29.58)	65
	20.68	**(16)**	43.00	(172)	29.58	(65)
CAD/RUB	**(22.38)**	**(75)**	(14.00)	(44)	(28.37)	(105)
	22.38	**75**	35.00	109	28.37	105
EUR/USD	**(9.16)**	**10**	(12.50)	(16)	(6.23)	(7)
	9.16	**(11)**	12.50	14	6.23	7
USD/CAD	**(9.16)**	**62**	(6.00)	30	(6.21)	29
	9.16	**(61)**	14.50	(72)	6.21	(29)
EUR/CZK	**(0.65)**	**–**	(3.50)	–	(2.43)	–
	0.65	**–**	3.50	–	2.43	–
USD/CZK	**(9.17)**	**(1)**	(12.50)	(1)	(6.84)	–
	9.17	**1**	12.50	1	6.84	–
USD/ZAR	**(21.23)**	**1**	(8.00)	–	(11.33)	4
	21.23	**(1)**	38.00	(1)	11.33	(4)
EUR/ZAR	**(19.62)**	**–**	(10.00)	–	(11.34)	(1)
	19.62	**–**	43.00	–	11.34	1
USD/UAH	**(9.88)**	**13**	(18.00)	20	(28.90)	72
	9.88	**(13)**	67.00	(76)	28.90	(72)
RUB/UAH	**(22.29)**	**(1)**	(33.50)	–	(39.93)	(1)
	22.29	**1**	50.00	–	39.93	1
USD/KZT	**(12.13)**	**20**	(20.00)	31	(17.37)	26
	12.13	**(20)**	60.00	(94)	17.37	(26)

28. Financial Risk Management Objectives and Policies (continued)

Market Risk (continued)

Currency Risk (continued)

Sensitivity Analysis (continued)

In addition to the effects of changes in the exchange rates disclosed above, the Group is exposed to currency risk on derivatives (Note 25). The impact of currency risk on the fair value of these derivatives is disclosed below.

	2016		2015		2014	
	Change in exchange rate	**Effect on PBT**	**Change in exchange rate**	**Effect on PBT**	**Change in exchange rate**	**Effect on PBT**
	%	*US$ millions*	*%*	*US$ millions*	*%*	*US$ millions*
USD/RUB	**(20.02)**	**65**	(13)	55	(28.74)	228
	20.02	**(43)**	40	(104)	28.74	(126)

Fair Value of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

§ Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

§ Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

§ Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

The carrying amounts of financial instruments, such as cash, short-term and long-term investments, short-term accounts receivable and payable, short-term loans receivable and payable and promissory notes, approximate their fair value.

At 31 December the Group held the following financial instruments measured at fair value:

	2016			2015			2014		
US$ million	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value									
Available-for-sale financial assets (Note 13)	**3**	**–**	**–**	5	–	–	17	–	–
Liabilities measured at fair value									
Derivatives not designated as hedging instruments (Note 25)	**–**	**–**	**–**	–	274	–	–	713	–
Hedging instruments (Note 25)	–	**22**	–	–	59	–	–	–	–
Contingent consideration payable for the acquisition of Stratcor (Note 25)	**–**	**–**	**–**	–	–	–	–	–	2

28. Financial Risk Management Objectives and Policies (continued)

Fair Value of Financial Instruments (continued)

During the reporting period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows financial instruments for which carrying amounts differ from fair values at 31 December.

US$ million	2016		2015		2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Long-term fixed-rate bank loans	**$ 390**	**$ 402**	$ 397	$ 385	$ 254	$ 251
Long-term variable-rate bank loans	**1,516**	**1,528**	1,680	1,564	1,235	1,059
USD-denominated						
8.25% notes due 2015	**–**	**–**	–	–	139	140
7.40% notes due 2017	**–**	**–**	290	299	606	531
7.75% bonds due 2017	**27**	**26**	195	190	417	278
9.50% notes due 2018	**126**	**137**	354	379	507	471
6.75% notes due 2018	**533**	**554**	802	804	856	730
7.50% bonds due 2019	**349**	**359**	347	328	345	345
6.50% notes due 2020	**1,010**	**1,066**	1,009	955	1,008	801
8.25% notes due 2021	**772**	**856**	746	747	–	–
6.75% notes due 2022	**515**	**544**	–	–	–	–
Rouble-denominated						
8.75% rouble bonds due 2015	**–**	**–**	–	–	71	70
9.95% rouble bonds due 2015	**–**	**–**	–	–	271	250
8.40% rouble bonds due 2016	**–**	**–**	167	165	358	299
12.95% rouble bonds due 2019	**247**	**260**	205	208	–	–
12.60% rouble bonds due 2021	**255**	**269**	–	–	–	–
	$ 5,740	**$ 6,001**	$ 6,192	$ 6,024	$ 6,067	$ 5,225

The fair value of the non-convertible bonds and notes was determined based on market quotations (Level 1). The fair value of long-term bank loans was calculated based on the present value of future principal and interest cash flows, discounted at the Group's market rates of interest at the reporting dates (Level 3). The discount rates used for valuation of financial instruments were as follows:

Currency in which financial instruments are denominated	**2016**	**2015**	**2014**
USD	**3.7 – 6.4%**	4.1 – 9.8%	8.9 – 14.7%
EUR	**1.8 – 4.0%**	1.8 – 6.2%	1.9%
RUB	**11.03%**	12.77%	–

28. Financial Risk Management Objectives and Policies (continued)

Capital Management

Capital includes equity attributable to the equity holders of the parent entity. Revaluation surplus which is included in capital is not subject to capital management because of its nature.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the return to shareholders. The Board of Directors reviews the Group's performance and establishes key performance indicators. There were no changes in the objectives, policies and processes during 2016.

The Group manages its capital structure and makes adjustments to it by the issue of new shares, dividend payments to shareholders, and the purchase of treasury shares. In addition, the Group monitors distributable profits on a regular basis and determines the amounts and timing of dividend payments taking into account cashflow and other constraints.

29. Non-cash Transactions

Transactions that did not require the use of cash or cash equivalents, not disclosed in the notes above, were as follows in the years ended 31 December:

US$ million	**2016**	2015	2014
Liabilities for purchases of property, plant and equipment	**$ 71**	$ 63	$ 45
Loans provided in the form of payments by banks for property, plant and equipment	**46**	–	–

30. Commitments and Contingencies

Operating Environment of the Group

The Group is one of the largest vertically integrated steel producers globally and the largest steel producer in Russia. The Group's major subsidiaries are located in Russia, Ukraine, the USA and Canada. Russia and Ukraine are considered to be developing markets with higher economic and political risks. Steel consumption is affected by the cyclical nature of demand for steel products and the sensitivity of that demand to worldwide general economic conditions.

The global economic recession resulted in a significantly lower demand for steel products and decreased profitability. In addition, the political crisis over Ukraine led to an additional uncertainty in the global economy. The unrest in the Southeastern region of Ukraine and the economic sanctions imposed on Russia caused the depreciation of national currencies, economic slowdown, deterioration of liquidity in the banking sector, and tighter credit conditions within Russia and Ukraine. In addition, a significant drop in crude oil prices negatively impacted the Russian economy. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth. If the Ukrainian crisis broadens and further sanctions are imposed on Russia, this could have an adverse impact on the Group's business.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

The global economic climate continues to be unstable and this may negatively affect the Group's results and financial position in a manner not currently determinable.

30. Commitments and Contingencies (continued)

Taxation

Russian and Ukrainian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Further, the interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Group's entities may not coincide with that of management. As a result, tax authorities may challenge transactions and the Group's entities may be assessed for additional taxes, penalties and interest. In Russia and Ukraine the periods remain open to review by the tax and customs authorities with respect to tax liabilities for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on its best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities. Possible liabilities which were identified by management at the end of the reporting period as those that can be subject to different interpretations of the tax laws and other regulations and are not accrued in these financial statements could be up to approximately $23 million.

Contractual Commitments

At 31 December 2016, the Group had contractual commitments for the purchase of production equipment and construction works for an approximate amount of $172 million.

In 2010, the Group concluded a contract with PraxAir (Note 2, *Accounting Judgements*) for the construction of an air separation plant and for the supply of oxygen and other gases produced by a third party at this plant for a period of 20 years (extended to 25 years in 2015). Due to a change in plans of the third party provider and in management's assessment of the extent of sales of gases to third parties, effective from 2015 the Group no longer considers this supply contract to fall within the scope of IFRIC 4 "Determining whether an Arrangement Contains a Lease". At 31 December 2016, the Group has committed expenditure of $552 million over the life of the contract.

Social Commitments

The Group is involved in a number of social programmes aimed to support education, healthcare and social infrastructure development in towns where the Group's assets are located. The Group budgeted to spend approximately $63 million under these programmes in 2017.

Environmental Protection

In the course of the Group's operations, the Group may be subject to environmental claims and legal proceedings. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, improvements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement.

The Group has a number of environmental claims and proceedings which are at an early stage of investigation. Environmental provisions in relation to these proceedings that were recognised at 31 December 2016 amounted to $12 million. Preliminary estimates available of the incremental costs indicate that such costs could be up to $263 million. The Group has insurance agreements, which are expected to provide reimbursement of the costs to be actually incurred. Management believes that, as of now, an economic outflow of the additional costs is not probable and any pending environmental claims or proceedings will not have a material adverse effect on its financial position and results of operations.

In addition, the Group has committed to various environmental protection programmes covering periods from 2017 to 2022, under which the Group will perform works aimed at reductions in environmental pollution and contamination. As of 31 December 2016, the costs of implementing these programmes are estimated at $119 million.

30. Commitments and Contingencies (continued)

Legal Proceedings

The Group has been and continues to be the subject of legal proceedings, none of which has had, individually or in aggregate, a significant effect on the Group's operations or financial position.

The Group exercises judgement in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants. As of 31 December 2016, possible legal risks approximate $21 million.

31. Auditor's Remuneration

The remuneration of the Group's auditor in respect of the services provided to the Group was as follows.

US$ million	**2016**	**2015**	**2014**
Audit of the parent company of the Group	**$ 2**	$ 2	$ 2
Audit of the subsidiaries	**2**	3	5
Total assurance services	**4**	5	7
Services in connection with capital market transactions	–	–	2
Total other services	–	–	2
	$ 4	$ 5	$ 9

32. Material Partly-Owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below.

		Non-controlling interests		
Name	**Country of incorporation**	**2016**	**2015**	**2014**
Raspadskaya	Russia	**18.05%**	18.05%	18.05%
EVRAZ Highveld Steel and Vanadium Limited	Republic of South Africa	**–**	–	14.89%
New CF&I (subsidiary of EVRAZ Inc NA)	USA	**10.00%**	10.00%	10.00%

32. Material Partly-Owned Subsidiaries (continued)

US$ million	2016	2015	2014
Accumulated balances of material non-controlling interest			
Raspadskaya	**$ 92**	$ 56	$ 108
EVRAZ Highveld Steel and Vanadium Limited	**–**	–	4
New CF&I (subsidiary of EVRAZ Inc NA)	**98**	101	98
Others	**(4)**	(24)	8
	186	133	218
Profit allocated to material non-controlling interest			
Raspadskaya	**23**	(32)	(58)
EVRAZ Highveld Steel and Vanadium Limited	**–**	1	(19)
New CF&I (subsidiary of EVRAZ Inc NA)	**(3)**	3	9
Others	**7**	(47)	(35)
	$ 27	$ (75)	$ (103)

The summarised financial information regarding these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss

Raspadskaya

US$ million	2016	2015	2014
Revenue	**$ 503**	$ 420	$ 444
Cost of revenue	**(306)**	(334)	(437)
Gross profit/(loss)	**197**	86	7
Operating costs	**(67)**	(79)	(85)
Impairment of assets	**(17)**	(91)	(9)
Foreign exchange gains/(losses), net	**77**	(114)	(277)
Profit/(loss) from operations	**190**	(198)	(364)
Non-operating gains/(losses)	**(31)**	(24)	(32)
Profit/(loss) before tax	**159**	(222)	(396)
Income tax benefit/(expense)	**(33)**	44	77
Net profit/(loss)	**$ 126**	$ (178)	$ (319)
Other comprehensive income/(loss)	**90**	(152)	(598)
Total comprehensive income/(loss)	**216**	(330)	(917)
attributable to non-controlling interests	**1**	(51)	(154)
dividends paid to non-controlling interests	**–**	–	–

32. Material Partly-Owned Subsidiaries (continued)

EVRAZ Highveld Steel and Vanadium Limited

US$ million	**2016**	**From 1 January to 14 April 2015**	2014
Revenue	**$ –**	**$ 145**	$ 544
Cost of revenue	**–**	**(138)**	(539)
Gross profit/(loss)	**–**	**7**	5
Operating costs	**–**	**(21)**	(81)
Impairment of assets	**–**	**–**	(58)
Foreign exchange gains/(losses), net	**–**	**(2)**	(3)
Profit/(loss) from operations	**–**	**(16)**	(137)
Non-operating gains/(losses)	**–**	**20**	(7)
Profit/(loss) before tax	**–**	**4**	(144)
Income tax benefit/(expense)	**–**	**–**	13
Net profit/(loss)	**$ –**	**$ 4**	$ (131)
Other comprehensive income/(loss)	**–**	**(1)**	(7)
Total comprehensive income/(loss)	**–**	**3**	(138)
attributable to non-controlling interests	**–**	**–**	(20)
dividends paid to non-controlling interests	**–**	**–**	–

New CF&I

US$ million	**2016**	**2015**	**2014**
Revenue	**$ 384**	$ 635	$ 922
Cost of revenue	**(391)**	(565)	(768)
Gross profit/(loss)	**(7)**	70	154
Operating costs	**(48)**	(52)	(49)
Impairment of assets	**–**	–	–
Foreign exchange gains/(losses), net	**–**	–	–
Profit/(loss) from operations	**(55)**	18	105
Non-operating gains/(losses)	**21**	20	18
Profit/(loss) before tax	**(34)**	38	123
Income tax benefit/(expense)	**9**	(12)	(37)
Net profit/(loss)	**$ (25)**	$ 26	$ 86
Other comprehensive income/(loss)	**(4)**	4	(10)
Total comprehensive income/(loss)	**(29)**	30	76
attributable to non-controlling interests	**(3)**	3	8
dividends paid to non-controlling interests	**–**	–	–

32. Material Partly-Owned Subsidiaries (continued)

Summarised statement of financial position as at 31 December

Raspadskaya

US$ million	**2016**	2015	2014
Property, plant and equipment	**$ 1,004**	$ 883	$ 1,316
Other non-current assets	**30**	51	32
Current assets	**655**	279	117
Total assets	**1,689**	1,213	1,465
Deferred income tax liabilities	**65**	54	93
Non-current liabilities	**52**	507	530
Current liabilities	**952**	247	107
Total liabilities	**1,069**	808	730
Total equity	**620**	405	735
attributable to:			
equity holders of parent	**528**	348	627
non-controlling interests	**92**	57	108

EVRAZ Highveld Steel and Vanadium Limited

US$ million	**2016**	2015	2014
Property, plant and equipment	**$ –**	$ –	$ 80
Other non-current assets	**–**	–	30
Current assets	**–**	–	149
Total assets	**–**	–	259
Deferred income tax liabilities	**–**	–	–
Non-current liabilities	**–**	–	64
Current liabilities	**–**	–	169
Total liabilities	**–**	–	233
Total equity	**–**	–	26
attributable to:			
equity holders of parent	**–**	–	22
non-controlling interests	**–**	–	4

New CF&I

US$ million	**2016**	2015	2014
Property, plant and equipment	**$ 184**	$ 214	$ 237
Other non-current assets	**957**	967	929
Current assets	**117**	125	186
Total assets	**1,258**	1,306	1,352
Deferred income tax liabilities	**30**	42	85
Non-current liabilities	**81**	81	86
Current liabilities	**166**	173	201
Total liabilities	**277**	296	372
Total equity	**981**	1,010	980
attributable to:			
equity holders of parent	**883**	909	882
non-controlling interests	**98**	101	98

32. Material Partly-Owned Subsidiaries (continued)

Summarised cash flow information

Raspadskaya

US$ million	**2016**	2015	2014
Operating activities	**$ 176**	$ 107	$ 120
Investing activities	**(100)**	(32)	(61)
Financing activities	**(89)**	(49)	(41)

EVRAZ Highveld Steel and Vanadium Limited

US$ million	**2016**	**From 1 January to 14 April 2015**	**2014**
Operating activities	**$ –**	$ –	$ (15)
Investing activities	**–**	(5)	(15)
Financing activities	**–**	(2)	7

New CF&I

US$ million	**2016**	2015	2014
Operating activities	**$ 5**	$ 101	$ 154
Investing activities	**(5)**	(101)	(154)
Financing activities	**–**	–	–

33. Subsequent Events

There were no significant events after the reporting date.