Evraz Group S.A.

Consolidated Financial Statements

Year Ended 31 December 2017

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Independent auditor's report

To the Shareholders of
Evraz Group S.A.
13, avenue Monterey
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Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Evraz Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Regulation, Law and standards are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

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Why the matter was considered to be the most significant for the audit	How the matter was addressed during the audit
Goodwill and non-current asset impairment At 31 December 2017 the carrying value of goodwill was US$917 million (2016: US$880 million). The Group recognised a net impairment reversal in respect of other intangible assets and items of PP&E during the year of US$12 million (2016: US$465 million charge). In accordance with IAS 36 management disclosed that, in addition to the impairment charge already recognised, a reasonably possible change in discount rates, sales prices, sales volumes and cost control measures, could lead to impairments in other CGUs where no impairment is currently recognised. We focused on this area due to the significance of the carrying value of the assets being assessed, the number and size of recent impairments, the current economic environment in the Group's operating jurisdictions and because the assessment of the recoverable amount of the Group's Cash Generating Units ("CGUs") involves significant judgements about the future results of the business and the discount rates applied to future cash flow forecasts. In particular we focused our effort on those CGUs with the largest carrying values, those for which an impairment had been recognised in the year and those with the lowest headroom.	We performed audit procedures on all impairment models relating to material cash generating units. Our audit procedures were performed mainly by the Group audit team with the exception of certain location specific inputs to management's models which were assessed by the component teams. Our audit procedures included the evaluation of management's assumptions used in their impairment models. The assumptions to which the models were most sensitive and most likely to lead to further impairments were: - Decreases in steel prices; - Increases in production costs; and - Discount rates. We corroborated management's assumptions with reference to historical data and, where applicable, external benchmarks. We tested the integrity of models with the assistance of our own specialists and carried out audit procedures on management's sensitivity calculations. We assessed the historical accuracy of management's budgets and forecasts, and sought appropriate evidence for any anticipated improvements in major assumptions such as production volumes or cost reductions. We corroborated previous forecasts with actual data. We tested the appropriateness of the related disclosures provided in the Consolidated Financial Statements. In particular we tested the completeness of the disclosures regarding those CGUs with material goodwill balances and where a reasonably possible change in certain variables could lead to impairment charges.

Completeness of related party transactions	
At the end of 2015, management discovered that historic transactions with a company controlled by a key management person had been erroneously omitted from the prior year's disclosures of related party transactions in the Consolidated Financial Statements. Although the error itself was not material, given regulatory and investor interest in this area coupled with the risk that this might not be an isolated incident, we considered our audit risk had increased. We therefore reassessed the risk of completeness of related party transactions as significant and adapted our audit strategy accordingly.	At both a component team and group level, we have understood and tested management's process for identifying related parties and recording related party transactions. We have tested management's controls in relation to the assessment and approval of related party transactions. We assessed management's evaluation that the transactions are on an arm's length basis by reviewing a sample of agreements and comparing the related party transaction price to those quoted by comparable unrelated companies. Across the Russian components we obtained an understanding of unusual or high value transactions with unknown counterparties. We randomly selected a sample of key management personnel and ran a search for any companies controlled by those individuals (the search was performed via an independent register of all companies based in the CIS and their directors or shareholders). We compared the results of the research made with the list of entities included in related party listing provided to us by management and investigated the differences between the listings.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the corporate governance statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 28 April 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is thirteen years.
The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the consolidated management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings[1], as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Other matter

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Yves Even

Luxembourg, 28 February 2018

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

	Notes	2017	2016	2015
		Year ended 31 December		
Continuing operations				
Revenue				
Sale of goods	**3**	**$ 10,520**	$ 7,477	$ 8,552
Rendering of services	**3**	**307**	236	215
		10,827	7,713	8,767
Cost of revenue	**7**	**(7,485)**	(5,521)	(6,583)
Gross profit		**3,342**	2,192	2,184
Selling and distribution costs	**7**	**(717)**	(623)	(728)
General and administrative expenses	**7**	**(531)**	(462)	(545)
Social and social infrastructure maintenance expenses		**(31)**	(23)	(28)
Loss on disposal of property, plant and equipment		**(4)**	(22)	(41)
Impairment of assets	**6**	**12**	(465)	(441)
Foreign exchange gains/(losses), net		**(53)**	(44)	(376)
Other operating income		**39**	22	28
Other operating expenses	**7**	**(61)**	(101)	(78)
Profit/(loss) from operations		**1,996**	474	(25)
Interest income	**7**	**30**	21	9
Interest expense	**7**	**(441)**	(489)	(481)
Share of profits/(losses) of joint ventures and associates	**11**	**10**	5	4
Gain/(loss) on financial assets and liabilities, net	**7**	**(57)**	(9)	(48)
Gain/(loss) on disposal groups classified as held for sale, net	**12**	**(359)**	–	21
Loss of control over a subsidiary	**4**	**–**	–	(167)
Other non-operating gains/(losses), net	**7**	**(2)**	(14)	(3)
Profit/(loss) before tax		**1,177**	(12)	(690)
Income tax benefit/(expense)	**8**	**(396)**	(96)	(12)
Net profit/(loss)		**$ 781**	$ (108)	$ (702)
Attributable to:				
Equity holders of the parent entity		**$ 721**	$ (135)	$ (627)
Non-controlling interests		**60**	27	(75)
		$ 781	$ (108)	$ (702)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the parent entity, basic and diluted, US dollars	**20**	**$ 4.84**	$ (0.91)	$ (4.21)

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

Consolidated Statement of Comprehensive Income

(in millions of US dollars)

	Notes	Year ended 31 December 2017	2016	2015
Net profit/(loss)		**$ 781**	$ (108)	$ (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		**266**	543	(820)
Exchange differences recycled to profit or loss on disposal of subsidiaries	**4,12**	**747**	–	142
Net gains/(losses) on available-for-sale financial assets	**13**	**30**	–	–
Net gains/(losses) on cash flow hedges	**25**	**9**	–	–
		1,052	543	(678)
Effect of translation to presentation currency of the Group's joint ventures and associates	**11**	**3**	6	(9)
		3	6	(9)
Items not to be reclassified to profit or loss in subsequent periods				
Gains/(losses) on re-measurement of net defined benefit liability	**23**	**26**	11	1
Income tax effect	**8**	**(15)**	–	(5)
		11	11	(4)
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)		**1,066**	560	(692)
Total comprehensive income/(loss), net of tax		**$ 1,847**	$ 452	$ (1,394)
Attributable to:				
Equity holders of the parent entity		**$ 1,783**	$ 414	$ (1,305)
Non-controlling interests		**64**	38	(89)
		$ 1,847	$ 452	$ (1,394)

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 2017	2016	2015
ASSETS				
Non-current assets				
Property, plant and equipment	**9**	**$ 4,933**	$ 4,652	$ 4,302
Intangible assets other than goodwill	**10**	**259**	297	324
Goodwill	**5**	**917**	880	1,176
Investments in joint ventures and associates	**11**	**58**	45	34
Deferred income tax assets	**8**	**173**	156	119
Loans receivable from related parties	**16**	**630**	274	–
Other non-current financial assets	**13**	**151**	91	79
Other non-current assets	**13**	**39**	45	56
		7,160	6,440	6,090
Current assets				
Inventories	**14**	**1,198**	984	899
Trade and other receivables	**15**	**731**	502	447
Prepayments		**89**	60	50
Loans receivable		**11**	13	5
Loans receivable from related parties	**16**	**108**	10	5
Receivables from related parties	**16**	**13**	1	1
Income tax receivable		**50**	43	44
Other taxes recoverable	**17**	**225**	192	127
Other current financial assets	**18**	**47**	33	35
Cash and cash equivalents	**19**	**1,466**	1,155	1,359
		3,938	2,993	2,972
Assets of disposal groups classified as held for sale	**12**	**–**	27	1
		3,938	3,020	2,973
Total assets		**$ 11,098**	$ 9,460	$ 9,063
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	**20**	**$ 404**	$ 404	$ 404
Legal reserve	**20**	**39**	39	39
Additional paid-in capital		**3,159**	3,176	2,860
Revaluation surplus		**111**	112	124
Unrealised gains and losses	**13,25**	**39**	–	–
Accumulated profits		**1,493**	782	896
Translation difference		**(2,701)**	(3,713)	(4,251)
		2,544	800	72
Non-controlling interests	**32**	**242**	186	133
		2,786	986	205
Non-current liabilities				
Long-term loans	**22**	**5,243**	5,502	5,850
Deferred income tax liabilities	**8**	**328**	348	352
Employee benefits	**23**	**284**	317	301
Provisions	**24**	**269**	205	146
Other long-term liabilities	**25**	**27**	53	96
Amounts payable under put options for shares in subsidiaries	**4**	**61**	–	–
		6,212	6,425	6,745
Current liabilities				
Trade and other payables	**26**	**1,111**	918	1,062
Advances from customers		**272**	266	228
Short-term loans and current portion of long-term loans	**22**	**148**	392	497
Payables to related parties	**16**	**258**	231	179
Income tax payable		**67**	39	17
Other taxes payable	**27**	**212**	169	107
Provisions	**24**	**32**	26	23
		2,100	2,041	2,113
Liabilities directly associated with disposal groups classified as held for sale	**12**	**–**	8	–
		2,100	2,049	2,113
Total equity and liabilities		**$ 11,098**	$ 9,460	$ 9,063

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		
	2017	**2016**	**2015**
Cash flows from operating activities			
Net profit/(loss)	**$ 781**	$ (108)	$ (702)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**(89)**	(87)	(87)
Depreciation, depletion and amortisation *(Note 7)*	**561**	521	585
Loss on disposal of property, plant and equipment	**4**	22	41
Impairment of assets	**(12)**	465	441
Foreign exchange (gains)/losses, net	**53**	44	376
Interest income	**(30)**	(21)	(9)
Interest expense	**441**	489	481
Share of (profits)/losses of associates and joint ventures	**(10)**	(5)	(4)
(Gain)/loss on financial assets and liabilities, net	**57**	9	48
(Gain)/loss on disposal groups classified as held for sale, net	**359**	–	(21)
Loss of control over a subsidiary	**–**	–	167
Other non-operating (gains)/losses, net	**2**	14	3
Bad debt expense	**10**	1	18
Changes in provisions, employee benefits and other long-term assets and liabilities	**(26)**	(7)	(56)
Expense arising from equity-settled awards (*Note 21)*	**17**	16	20
Other	**2**	(3)	–
	2,120	1,350	1,301
Changes in working capital:			
Inventories	**(199)**	(17)	204
Trade and other receivables	**(201)**	(38)	54
Prepayments	**(27)**	(1)	9
Receivables from/payables to related parties	**11**	125	66
Taxes recoverable	**(32)**	(32)	(34)
Other assets	**(2)**	(3)	(3)
Trade and other payables	**151**	40	3
Advances from customers	**19**	20	100
Taxes payable	**124**	62	(72)
Other liabilities	**(2)**	1	1
Net cash flows from operating activities	**1,962**	1,507	1,629
Cash flows from investing activities			
Issuance of loans receivable to related parties	**(663)**	(307)	(2)
Proceeds from repayment of loans receivable from related parties, including interest	**217**	39	–
Issuance of loans receivable	**(2)**	–	(2)
Proceeds from repayment of loans receivable, including interest	**4**	2	7
Purchases of subsidiaries, net of cash acquired *(Note 4)*	**(5)**	–	–
Restricted deposits at banks in respect of investing activities	**(1)**	1	(3)
Short-term deposits at banks, including interest	**7**	4	4
Purchases of property, plant and equipment and intangible assets	**(595)**	(382)	(423)
Proceeds from disposal of property, plant and equipment	**15**	7	10
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**413**	27	44
Dividends received	**1**	1	–
Other investing activities, net	**(1)**	1	6
Net cash flows used in investing activities	**(610)**	(607)	(359)

Continued on the next page

(in millions of US dollars)

	Year ended 31 December		
	2017	**2016**	**2015**
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)	–
Contributions of non-controlling shareholders to the Group's subsidiaries	**2**	13	6
Sale of non-controlling interests *(Note 4)*	**–**	–	1
Proceeds from loans provided by related parties	**–**	–	19
Repayment of loans provided by related parties	**–**	–	(77)
Dividends paid by the parent entity to its shareholders *(Note 20)*	**–**	–	(350)
Proceeds from bank loans and notes	**2,441**	1,301	3,801
Repayment of bank loans and notes, including interest	**(3,344)**	(2,428)	(3,961)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(139)**	(5)	(9)
Payments under covenants reset	**–**	(4)	–
Restricted deposits at banks in respect of financing activities	**(13)**	–	–
Payments for purchase of property, plant and equipment on deferred terms	**–**	–	(5)
Gain/(loss) on derivatives not designated as hedging instruments *(Note 25)*	**2**	(250)	(464)
Gain/(loss) on hedging instruments *(Note 25)*	**14**	14	5
Collateral under swap contracts	**–**	–	7
Payments under finance leases, including interest	**(2)**	(1)	(1)
Other financing activities, net	**1**	–	(8)
Net cash flows used in financing activities	**(1,038)**	(1,092)	(948)
Effect of foreign exchange rate changes on cash and cash equivalents	**(3)**	(10)	(12)
Net increase/(decrease) in cash and cash equivalents	**311**	(202)	310
Cash and cash equivalents at the beginning of the year	**1,155**	1,359	1,049
Decrease/(increase) in cash of disposal groups classified as assets held for sale *(Note 12)*	**–**	(2)	–
Cash and cash equivalents at the end of the year	**$ 1,466**	$ 1,155	$ 1,359
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (402)**	$ (413)	$ (446)
Interest received	**22**	13	4
Income taxes paid by the Group	**(427)**	(149)	(204)

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	**Legal reserve**	**Additional paid-in capital**	**Revaluation surplus**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At 31 December 2016	**$ 404**	**$ 39**	**$ 3,176**	**$ 112**	**$ –**	**$ 782**	**$ (3,713)**	**$ 800**	**$ 186**	**$ 986**
Net profit/(loss)	**–**	**–**	**–**	**–**	**–**	**721**	**–**	**721**	**60**	**781**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**39**	**11**	**1,012**	**1,062**	**4**	**1,066**
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	**–**	**–**	**–**	**(1)**	**–**	**1**	**–**	**–**	**–**	**–**
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	**–**	**–**	**(34)**	**–**	**–**	**34**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the period	**–**	**–**	**(34)**	**(1)**	**39**	**767**	**1,012**	**1,783**	**64**	**1,847**
Derecognition of non-controlling interests on sale of subsidiaries *(Note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Derecognition of non-controlling interests under put options *(Note 4)*	**–**	**–**	**–**	**–**	**–**	**(56)**	**–**	**(56)**	**(4)**	**(60)**
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Share-based payments (Note 21)	**–**	**–**	**17**	**–**	**–**	**–**	**–**	**17**	**–**	**17**
At 31 December 2017	**$ 404**	**$ 39**	**$ 3,159**	**$ 111**	**$ 39**	**$ 1,493**	**$ (2,701)**	**$ 2,544**	**$ 242**	**$ 2,786**

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	**Legal reserve**	**Additional paid-in capital**	**Revaluation surplus**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At 31 December 2015	$ 404	$ 39	$ 2,860	$ 124	$ 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	$ 39	$ 3,176	$ 112	$ 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	Legal reserve	Additional paid-in capital	Revaluation surplus	Accumulated profits	Translation difference	Total	Non-controlling interests	Total Equity
At 31 December 2014	$ 404	$ 39	$ 2,261	$ 155	$ 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	$ 39	$ 2,860	$ 124	$ 896	$ (4,251)	$ 72	$ 133	$ 205

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 Board of Directors of Evraz Group S.A. on 28 February 2018.

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
	2017	**2016**	**2015**		
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 Dneprovsk Metallurgical Plant	**97.73**	97.73	96.94	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	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 2017, but not adopted by the European Union, do not have any significant 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.

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.

Changes in Accounting Policies

New/Revised Standards and Interpretations Adopted in 2017:

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 2017.

§ Amendments to IAS 7 – Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group disclosed additional information in Note 22 in these consolidated financial statements for the year ended 31 December 2017.

§ Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has no effect on the Group's financial position and performance as the Group followed the same principles in prior periods.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

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 standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued But Not Yet Effective in the European Union

	Standards not yet effective for the financial statements for the year ended 31 December 2017	Effective for annual periods beginning on or after
§	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
§	Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	1 January 2019*
§	Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	1 January 2019*
§	Amendments to IFRS 9 – Prepayment Features with Negative Compensation	1 January 2019*
§	IFRIC 23 “Uncertainty over Income Tax Treatments”	1 January 2019*
§	Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019*
§	IFRS 17 “Insurance Contracts”	1 January 2021*

*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 9 and IFRS 15 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.

IFRS 9 “Financial Instruments”

Starting from 2018, the Group will apply IFRS 9 “Financial Instruments” that replaces IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group will adopt the new standard on the required effective date and due to the exemption in IFRS 9 will not restate comparative periods in the year of initial application. As a consequence, any adjustments to the carrying amounts of financial assets or liabilities are to be recognised at 1 January 2018, with the difference recognised in the opening balance of accumulated profits.

During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018. Overall, the Group expects no significant impact on its statement of financial position and equity. The Group has assessed the impact of IFRS 9 to the Group’s consolidated financial statements as follows:

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

IFRS 9 "Financial Instruments" (continued)

(a) Classification and measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model, in which assets are managed and their cash flow characteristics. IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale financial assets.

Based on the assessment, the Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

The Group expects to continue measuring all financial assets, which are currently measured at fair value, at fair value through profit or loss with the exception of equity investments in Delong Holdings Limited, which were classified as available-for-sale with a fair value of $33 million at 31 December 2017 (Note 13). At 1 January 2018, the Group has irrevocably designated these investments as measured at fair value through other comprehensive income. Consequently, all subsequent changes in fair value will be reported in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be recycled to profit or loss upon derecognition.

Loans and trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

Under IFRS 9, the new impairment model requires the recognition of impairment provisions based on the expected credit losses rather than only incurred credit losses under IAS 39. The expected credit losses represent measures of an asset's credit risk. This will require considerable judgement about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

The new impairment model applies to the Group's financial assets, including, but not limited to, trade and other receivables, loans receivable, restricted deposits, cash and cash equivalents.

Loss allowances are measured on either of the following bases:

§ 12-month basis - these are expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date; or

§ lifetime basis - these are expected credit losses that result from all possible default events over the expected life of a financial instrument.

Based on the assessments undertaken to the date, the Group expects an insignificant change in the loss allowance for trade debtors and other financial assets held at amortised cost.

The Group's cash and cash equivalents have low credit risk based on the external credit ratings of banks and financial institutions. Therefore, the Group determined that no additional allowances are required at 31 December 2017 in connection with the adoption of the new impairment model under IFRS 9.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

IFRS 9 "Financial Instruments" (continued)

(c) Hedge accounting

The Group made a choice to continue applying IAS 39 "Financial Instruments: Recognition and Measurement" to all existing hedge contracts (Note 25).

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. The Group plans to adopt the new standard on the required effective date (from 1 January 2018) using the modified retrospective method, i.e. with the cumulative effect of applying this standard recognised at the date of initial recognition. During 2017, the Group performed a preliminary assessment of the impacts of IFRS 15. In preparing to adopt IFRS 15, the Group is considering the following:

(a) Sale of goods and services

For contracts with customers in which the sale of goods produced by the Group is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue to be recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch or shipping of the goods.

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of the estimated returns and allowances, trade discounts and volume rebates. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue, i.e. variable consideration should be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group expects that application of the constraint will not result in significant effects as the Group already applies similar principles.

(b) Advances received from customers

Under certain contracts, the Group produces steel products specifically for the needs of some customers with no alternative use. The Group has enforceable rights to payment of 100% of the contract price if the contract is cancelled after the pipe manufacturing process has begun. The Group recognises revenue from such contracts at the moment of the transfer of ownership rights. However, the Group has determined that IFRS 15 requires the recognition of revenue for such transactions over the period of manufacturing the products. This will affect the timing of revenue and cost recognition within the financial statements of the Group on the transition to IFRS 15.

The Group receives only short-term advances from its customers. No interest is accrued on the advances received under the Group's accounting policy. Under IFRS 15, the Group must determine whether there is a significant financing component in its contracts.

However, the Group decided to use the practical expedient provided in IFRS 15, which allows not to adjust the promised amount of consideration for the effects of a significant financing component in the contracts where the Group expects, at contract inception, that the period between the Group's transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short-term advances, the Group will not account for a financing component even if it is significant.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

IFRS 15 "Revenue from Contracts with Customers" (continued)

(c) Principal versus agent considerations

The Group enters into contracts with its customers, under which the Group provides transportation and handling services using third party providers (i.e. the Group selects suitable firms and manages the shipment and delivery). These services are provided to the customers before, or after, they obtain control over the goods. The cost of services is included in the contract price. According to the current accounting policies, these services are recognised at the moment when the right of ownership over the goods is passed to the customers and presented as revenue from the sale of goods with the corresponding expenses included in selling costs in the statement of operations.

Under IFRS 15, transportation and handling services rendered by the Group before control over the goods is transferred to the customers do not represent a separate performance obligation.

However, the Group has preliminarily concluded that when it provides such services after obtaining control over the goods by the customers, it acts as an agent rather than a principal in these contracts. As a result, the Group concluded that it transfers control over its services at a point in time. Consequently, the Group will need to allocate the transaction price to respective performance obligations and recognise revenue from these services and the associated costs on a net basis.

The Group is in the process of collecting information relating to the possible adjustments to the amounts of revenue reported according to the current accounting standards. The preliminary results of this assessment are the reduction of revenue with the same decrease in selling expense for the amount of transportation costs under contracts, in which the Group acted as an agent (at least $202 million and $168 million in 2017 and 2016, respectively).

(d) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. Also, extended disclosures are expected as a result of the significant judgements made when assessing the contracts if the Group conclude that it acts as an agent instead of a principal.

In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

(e) Other adjustments

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, the effect of these changes is not expected to be material for the Group.

2. Significant Accounting Policies (continued)

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.

§ At 31 December 2017, the Group has recognised deferred tax assets of $173 million (Note 8). Included within this balance is $73 million related to unutilised interest expenses in the USA previously incurred on intra-group loans. As a result of the recent enactment of the Tax Cuts and Jobs Act ("TCJA") in the USA, uncertainty exists as to whether these unutilised interest expenses will be deductible against future taxable earnings under the new tax law and, therefore, whether the deferred tax asset will be recoverable. The Group's interpretation of the new legislation is that the deferred tax asset will be recoverable and, consequently, it has not created an allowance against this balance.

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 2017, 2016 and 2015, the Group recognised a net impairment reversal/(loss) of $20 million, $(151) million and $(190) 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.

The useful lives of items of property, plant and equipment can be impacted to a significant degree by changes in expectations of long-term prices (which are subject to significant fluctuations even within a one year timeframe), the dollar-denominated value of the cost of production of each respective facility (which will move with the fluctuations in the USD/RUB exchange rate, because a significant portion of the Group's costs are incurred in the Russian roubles) and the resulting profitability of the specific facilities. These expectations may affect the planned timing and the level of repairs as well as the planned timing of decommissioning or replacement of the respective items of property, plant and equipment, thus affecting their useful lives. Significant changes in these variables may lead to a reassessment of useful lives of property, plant and equipment. In the past the Group had cases, when such reassessments significantly affected the Group's depreciation expense (the last case happened in 2014, when the reassessment led to a decrease in the depreciation expense by $52 million).

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 2017, 2016 and 2015 was $917 million, $880 million and $1,176 million, respectively. In 2017, 2016 and 2015, the Group recognised an impairment loss in respect of goodwill in the amount of $Nil, $316 million and $251 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.

The changes in the pricing environment and geology-related risk factors may lead to a revision of mining plans, decisions to abandon or to mothball certain parts of a mine, to a reassessment of the capital expenditures required for the extraction of the proved and probable reserves, as well as to the changes in the resources classified as proved and probable reserves. As the value of the Group's mining assets is very significant (Note 9), including $1,233 million of coal mining assets at 31 December 2017, these changes may have a material impact on the depletion charge and impairment, which may arise as a result of a decline in the recoverable amounts of the affected mines.

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.

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.

2. Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

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

	2017		2016		2015	
	31 December	average	31 December	average	31 December	average
USD/RUB	57.6002	58.3529	60.6569	67.0349	72.8827	60.9579
EUR/RUB	68.8668	65.9014	63.8111	74.2336	79.6972	67.7767
EUR/USD	1.1993	1.1297	1.0541	1.1069	1.0887	1.1095
USD/CAD	1.2530	1.2979	1.3427	1.3248	1.3840	1.2788
USD/UAH	28.0672	26.5947	25.5458	27.1909	24.0007	21.8290

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.

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.

2. Significant Accounting Policies (continued)

Basis of Consolidation (continued)

Acquisition of Subsidiaries (continued)

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.

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.

2. Significant Accounting Policies (continued)

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.

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.

2. Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

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	11
Transport and motor vehicles	7–20	6
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.

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.

2. Significant Accounting Policies (continued)

Leases (continued)

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.

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.

2. Significant Accounting Policies (continued)

Intangible Assets Other Than Goodwill (continued)

The table below presents the useful lives of intangible assets.

	Useful lives (years)	Weighted average remaining useful life (years)
Customer relationships	1–15	6
Contract terms	10	6
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.

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.

2. Significant Accounting Policies (continued)

Financial Assets (continued)

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. 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.

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.

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.

2. Significant Accounting Policies (continued)

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.

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.

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”.

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

2. Significant Accounting Policies (continued)

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.

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.

2. Significant Accounting Policies (continued)

Share-based Payments (continued)

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 if EBITDA-related conditions are not satisfied or participants lose the entitlement for the shares due to the termination of their employment. Accumulated share-based expense is adjusted to reflect the number of share options that eventually vest. For market-related performance conditions, such as TSR (Note 21), if the conditions are not met and the share options do not vest, then no reversal is made for the share-based expense previously recognised.

The TSR-related vesting condition of the Incentive Plan 2017 was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. Vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this will be taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

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.

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

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.

2. Significant Accounting Policies (continued)

Revenue (continued)

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, which usually occurs at a point in time.

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 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. 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, tax legislation and tax planning strategies.

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 included operations of Nakhodka Trade Sea Port (sold in June 2017) as it was 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 2017

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	**$ 8,093**	**$ 1,868**	**$ 796**	**$ 87**	**$ –**	**$ 10,844**
Inter-segment sales	**295**	**–**	**1,142**	**301**	**(1,738)**	**–**
Total revenue	**8,388**	**1,868**	**1,938**	**388**	**(1,738)**	**10,844**
Segment result – EBITDA	**$ 1,567**	**$ 77**	**$ 1,164**	**$ 20**	**$ (24)**	**$ 2,804**

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

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 2017

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	$ 8,388	$ 1,868	$ 1,938	$ 388	$ (1,738)	$ 10,844
Reclassifications and other adjustments	(645)	(4)	276	74	282	(17)
Revenue per IFRS financial statements	$ 7,743	$ 1,864	$ 2,214	$ 462	$ (1,456)	$ 10,827
EBITDA	$ 1,567	$ 77	$ 1,164	$ 20	$ (24)	$ 2,804
Unrealised profits adjustment	(49)	–	(4)	–	(9)	(62)
Reclassifications and other adjustments	(35)	(19)	66	1	–	13
	(84)	(19)	62	1	(9)	(49)
EBITDA based on IFRS financial statements	$ 1,483	$ 58	$ 1,226	$ 21	$ (33)	$ 2,755
Unallocated subsidiaries						(122)
						$ 2,633
Social and social infrastructure maintenance expenses	(29)	–	(1)	–	–	(30)
Depreciation, depletion and amortisation expense	(255)	(132)	(167)	(3)	–	(557)
Impairment of assets	31	(19)	–	–	–	12
Loss on disposal of property, plant and equipment and intangible assets	4	–	(7)	(1)	–	(4)
Foreign exchange gains/(losses), net	(31)	25	20	–	–	14
	$ 1,203	$ (68)	$ 1,071	$ 17	$ (33)	$ 2,068
Unallocated income/(expenses), net						(72)
Profit/(loss) from operations						$ 1,996
Interest income/(expense), net						$ (411)
Share of profits/(losses) of joint ventures and associates						10
Gain/(loss) on financial assets and liabilities						(57)
Gain/(loss) on disposal groups classified as held for sale						(359)
Other non-operating (gains)/losses, net						(2)
Profit/(loss) before tax						$ 1,177

3. Segment Information (continued)

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)

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

US$ million	2017	2016	2015
Steel			
Construction products	**$ 2,171**	$ 1,783	$ 1,999
Flat-rolled products	**313**	162	179
Railway products	**863**	584	550
Semi-finished products	**2,523**	1,694	1,867
Other steel products	**349**	246	257
Other products	**440**	331	366
Iron ore	**191**	155	167
Vanadium in slag	**77**	33	19
Vanadium in alloys and chemicals	**466**	268	285
Rendering of services	**30**	31	30
	7,423	5,287	5,719
Steel, North America			
Construction products	**159**	158	216
Flat-rolled products	**427**	372	438
Railway products	**309**	232	435
Tubular products	**875**	588	1,016
Other products	**67**	103	153
Rendering of services	**26**	10	12
	1,863	1,463	2,270
Coal			
Coal	**1,266**	756	601
Other products	**24**	12	4
Rendering of services	**93**	70	44
	1,383	838	649
Other operations			
Rendering of services	**158**	125	129
	158	125	129
	$ 10,827	$ 7,713	$ 8,767

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	2017	2016	2015
CIS			
Russia	**$ 4,255**	$ 3,080	$ 3,104
Ukraine	**368**	296	242
Kazakhstan	**254**	184	237
Belarus	**62**	45	60
Uzbekistan	**37**	41	35
Kyrgyzstan	**36**	12	8
Others	**55**	52	82
	5,067	3,710	3,768
America			
USA	**1,465**	826	1,566
Canada	**546**	682	779
Mexico	**156**	192	203
Others	**34**	22	18
	2,201	1,722	2,566
Asia			
Taiwan	**468**	376	323
Philippines	**345**	65	85
Indonesia	**330**	195	197
Republic of Korea	**321**	123	123
Thailand	**189**	138	121
Japan	**149**	117	97
China	**145**	67	131
Vietnam	**44**	47	28
Singapore	**41**	66	13
Mongolia	**28**	10	11
United Arab Emirates	**25**	18	40
Jordan	**2**	30	81
Others	**75**	120	104
	2,162	1,372	1,354
Europe			
Turkey	**328**	213	392
Czech Republic	**191**	100	28
Italy	**174**	85	114
Germany	**76**	38	45
Poland	**51**	34	27
Austria	**95**	26	50
Slovakia	**35**	19	38
Other members of the European Union	**153**	88	97
Others	**25**	37	24
	1,128	640	815
Africa			
Egypt	**100**	138	43
Kenya	**106**	78	44
Algeria	**36**	16	8
Republic of South Africa	**2**	4	100
Others	**20**	29	63
	264	265	258
Other countries	**5**	4	6
	$ 10,827	$ 7,713	$ 8,767

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	**2017**	2016	2015
Russia	**$ 3,858**	$ 3,534	$ 3,065
Canada	**1,332**	1,233	1,162
USA	**818**	877	1,347
Ukraine	**61**	144	195
Kazakhstan	**51**	53	60
Czech Republic	**37**	31	32
Italy	**45**	22	5
Republic of South Africa	**–**	17	15
Other countries	**4**	8	11
	$ 6,206	$ 5,919	$ 5,892

4. Changes in Composition of the Group

Business Combinations

In June 2017, the Group purchased the business of Western Canada Machining Inc. (Alberta, Canada), which produces couplings for use in the oil and gas industry. The consideration amounted to $5 million in cash. At the date of business combination the fair value of net assets of the acquired company was $5 million.

Purchase of Non-controlling Interests

Mezhegeyugol

On 14 March 2017, the Group signed an option agreement with a non-controlling shareholder in respect of shares of Mezhegeyugol, a coal mining subsidiary of the Group. Under the agreement, the non-controlling shareholder has the right to sell to the Group (the put option) all its shares in Mezhegeyugol (39.9841%) for $39 million and to settle the loan payable to the Group for $25 million. As a result, the Group would hold 100% ownership interest in the subsidiary. The option can be exercised from 1 December 2019 to 1 December 2020.

The Group determined that the terms of the option agreement give the Group the rights to the beneficial interests in Mezgegeyugol and derecognised the non-controlling interests and recognised a liability under the put option. The difference between the discounted value of the liability under the put option ($60 million) and the carrying value of non-controlling interest in the amount of $56 million was charged to the accumulated profits of the Group. In 2017, the Group accrued $1 million interest on this liability.

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.

Sale of Subsidiaries

Sales of subsidiaries are disclosed in Note 12.

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 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**
Sale of subsidiaries (Note 12)	(22)	16	(6)
Translation difference	58	(15)	43
At 31 December 2017	**$ 2,403**	**$ (1,486)**	**$ 917**

As explained in Note 6, the composition of cash generating units of Steel North America was reassessed in 2016 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	2017	2016	2015
EVRAZ Inc. NA/EVRAZ Inc. NA Canada	**$ 843**	$ 808	$ 1,109
Oregon Steel Portland Mill	**–**	–	*188*
Rocky Mountain Steel Mills	**–**	–	*410*
OSM Tubular – Camrose Mills	**–**	–	–
General Scrap	**–**	–	*16*
Others	**–**	–	*1*
Calgary	**–**	–	*92*
Red Deer	**–**	–	–
Regina Steel	**–**	–	*288*
Regina Tubular	**–**	–	*98*
Others	**–**	–	*16*
Large diameter pipes	**381**	355	–
Oil Country Tubular Goods	**146**	137	–
Long products	**316**	316	–
EVRAZ Vanady-Tula	**35**	33	28
EVRAZ Vametco Holdings	**–**	6	6
EVRAZ Nikom, a.s.	**35**	29	30
Others	**4**	4	3
	$ 917	$ 880	$ 1,176

6. Impairment of Assets

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

Year ended 31 December 2017

US$ million	**Goodwill and intangible assets**	**Property, plant and equipment**	**Taxes receivable**	**Total**
EVRAZ Inc. NA	**$ (13)**	**$ 6**	**$ –**	**$ (7)**
EVRAZ Inc. NA Canada	**–**	**(12)**	**–**	**(12)**
Raspadskaya	**–**	**9**	**–**	**9**
EVRAZ Palini e Bertoli	**–**	**20**	**–**	**20**
Yuzhkuzbassugol	**–**	**(9)**	**–**	**(9)**
Evrazruda	**–**	**8**	**–**	**8**
Others, net	**–**	**(2)**	**5**	**3**
	$ (13)	**$ 20**	**$ 5**	**$ 12**
Recognised in profit or loss	**(13)**	**20**	**5**	**12**

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)

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 goodwill was allocated or where indicators of impairment were identified. Given the market volatility, in 2015 the impairment test was performed as of 31 December. In 2016 and 2017, the impairment tests were 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 reversal in 2017 were improvements in net working capital and changes in expectations of iron ore and steel prices and production volumes.

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.

	Commodity	Period of forecast, years		Pre-tax discount rate, %		Average price of commodity per tonne in the next reporting year		Recoverable amount of CGU, US$ million		Carrying amount of CGU before impairment, US$ million	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Steel North America											
Large diameter pipes	*steel products*	*5*	*5*	*11.23*	*10.69*	*$913*	*$978*	*1,074*	*1,288*	*938*	*877*
Oil Country Tubular Goods	*steel products*	*5*	*5*	*10.85*	*10.36*	*$1,121*	*$887*	*547*	*362*	*383*	*379*
Long products	*steel products*	*5*	*5*	*11.02*	*10.08*	*$647*	*$572*	*591*	*686*	*520*	*549*
EVRAZ Vanady-Tula	vanadium products	5	*5*	*13.03*	12.98	*$23,403*	$10,990	*986*	393	*61*	58
EVRAZ Nikom, a.s.	ferrovanadium products	5	*5*	*11.00*	10.74	*$26,576*	$12,568	*47*	43	*34*	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 the next reporting year
EVRAZ Caspian Steel	5	12.55	steel products	$373
EVRAZ Palini e Bertoli	8	14.68	steel products	€467
EVRAZ Stratcor Inc.	5	12.92	ferrovanadium products	$35,823
Raspadskaya	18	13.09	coal	$57
Mezhegeyugol	25	12.31	coal	$67
Yuzhkuzbassugol	14	13.88	coal	$78
EVRAZ Kachkanarsky Mining-and-Processing Integrated Works	23	13.61	iron ore products	$47
Evrazruda - Sheregesh mine	22	14.36	iron ore	$55
Evrazruda - Tashtagol mine	22	13.68	iron ore	$54

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 2017	30 September 2016
Large diameter pipes	1,074	1,288
EVRAZ Palini e Bertoli	44	24
Evrazruda - Tashtagol mine	84	–

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 or reduced amount of an impairment reversal at EVRAZ Caspian Steel, EVRAZ Palini e Bertoli, EVRAZ Stratcor Inc., Large diameter pipes and Long products cash-generating units. If discount rates were 10% higher, this would lead to an additional net impairment loss of $37 million.

Sales Prices

The price assumptions for the products sold by the Group were estimated based on industry research using analysts' views published by Alfa-Bank, Balclays, Credit Suisse, Deutsche Bank, Goldman Sachs, Morgan Stanley, RBC, Sberbank, VTB Capital and Wood & Company during the period from September to December 2017. The Group expects that the nominal prices will fluctuate with a compound annual growth rate of (7.4)%-9.4% in 2018 – 2022, 2.5% in 2023 and thereafter. Reasonably possible changes in sales prices could lead to an additional impairment or reduced amount of an impairment reversal at EVRAZ Palini e Bertoli and EVRAZ Stratcor Inc. cash-generating units. If the prices assumed for 2018 and 2019 in the impairment test were 10% lower, this would lead to an additional net impairment loss of $5 million.

Sales Volumes

Management assumed that the sales volumes of steel products in 2018 will increase by 2.2% 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 or reduced amount of an impairment reversal at EVRAZ Caspian Steel and EVRAZ Palini e Bertoli. If the sales volumes were 10% lower than those assumed for 2018 and 2019 in the impairment test, this would lead to an additional net impairment loss of $23 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 or reduced amount of an impairment reversal at EVRAZ Caspian Steel, EVRAZ Nikom, EVRAZ Palini e Bertoli and EVRAZ Stratcor Inc. If the actual costs were 10% higher than those assumed for 2018 and 2019 in the impairment test, this would lead to an additional net impairment loss of $57 million.

Sensitivity Analysis

For the cash-generating units, which were not impaired 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 Caspian Steel	5.1%	–	(3.5)%	4.8%
EVRAZ Inc NA – Long products	8%	–	–	–
EVRAZ Nikom	–	–	–	5.5%
EVRAZ Palini e Bertoli	–	–	–	8.2%
EVRAZ Stratcor Inc.	4.0%	(6.5)%	–	1.0%

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	2017	2016	2015
Cost of inventories recognised as expense	**$ (4,181)**	$ (2,761)	$ (3,295)
Staff costs, including social security taxes	**(1,360)**	(1,197)	(1,451)
Depreciation, depletion and amortisation	**(561)**	(521)	(585)

In 2017, 2016 and 2015, the Group recognised (expense)/income on allowance or net reversal of the allowance for net realisable value in the amount of $(4) million, $2 million and $(1) million, respectively.

Staff costs include the following:

US$ million	2017	2016	2015
Wages and salaries	**$ 996**	**$ 861**	$ 1,022
Social security costs	**246**	**212**	254
Net benefit expense	**42**	**43**	45
Share-based awards	**17**	**16**	20
Other compensations	**59**	**65**	110
	$ 1,360	**$ 1,197**	$ 1,451

The major components of other operating expenses were as follows:

US$ million	2017	2016	2015
Idling, reduction and stoppage of production, including termination benefits	**$ (26)**	$ (81)	$ (54)
Restoration works and casualty compensations in connection with accidents	**(2)**	(1)	(2)
Other	**(33)**	(19)	(22)
	$ (61)	$ (101)	$ (78)

7. Income and Expenses (continued)

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

US$ million		2017		2016		2015
Bank interest	**$**	**(115)**	$	(133)	$	(88)
Interest on bonds and notes		**(279)**		(306)		(342)
Finance charges payable under finance leases		**(1)**		–		–
Net interest expense on employee benefits obligations (Note 23)		**(19)**		(22)		(24)
Discount adjustment on provisions (Note 24)		**(16)**		(14)		(13)
Interest and guarantees fees on transactions with related parties		**(7)**		(11)		(9)
Other		**(4)**		(3)		(5)
	$	**(441)**	$	(489)	$	(481)

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

US$ million		2017		2016		2015
Interest on bank accounts and deposits	**$**	**8**	$	6	$	4
Interest on loans and accounts receivable		**6**		2		3
Interest on loans receivable from related parties (Note 16)		**16**		10		–
Other		**–**		3		2
	$	**30**	$	21	$	9

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

US$ million		2017		2016		2015
Impairment of available-for-sale financial assets (Note 13)	**$**	**–**	$	(2)	$	(11)
Loss on extinguishment of debts (Note 22)		**(78)**		(50)		(15)
Gain/(loss) on derivatives not designated as hedging instruments (Note 25)		**4**		23		(25)
Gain/(loss) on hedging instruments (Note 25)		**14**		14		5
Other		**3**		6		(2)
	$	**(57)**	$	(9)	$	(48)

In 2016, other non-operating losses included $39 million relating to the settlement of the Group's guarantee under a long-term take-or-pay supply contract of the Group's former subsidiary.

8. Income Taxes

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

	2017	2016	2015
Russia	**20.00%**	20.00%	20.00%
Canada	**26.25%**	26.06%	25.89%
Cyprus	**12.50%**	12.50%	12.50%
Czech Republic	**19.00%**	19.00%	19.00%
Italy	**27.90%**	31.40%	31.40%
South Africa	**28.00%**	28.00%	28.00%
Switzerland	**9.43%**	9.09%	9.72%
Ukraine	**18.00%**	18.00%	18.00%
USA	**37.83%**	37.72%	37.41%

On 22 December 2017, new tax legislation has been adopted in the USA, which introduced a reduction in federal income tax rate from 35% to 21% starting from 1 January 2018. In addition, the new legislation will further limit the deductibility of interest expense on intra-group loans for income tax purposes. At 31 December 2017, $73 million of the Group's deferred tax assets related to such unutilised interest expenses. Uncertainty exists as to whether these unutilised interest expenses will be deductible against future taxable earnings under the new tax law and, therefore, whether the deferred tax asset will be recoverable. The Group's subsidiaries measured the respective deferred tax assets and liabilities at 31 December 2017 using the enacted tax rates and based on the assumption that the deferred tax asset carried forward will be recoverable.

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

US$ million	2017	2016	2015
Current income tax expense	**$ (484)**	$ (185)	$ (100)
Adjustment in respect of income tax of previous years	**(1)**	2	1
Deferred income tax benefit/(expense) relating to origination and reversal of temporary differences	**89**	87	87
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (396)**	$ (96)	$ (12)

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	2017	2016	2015
Profit/(loss) before income tax	**$ 1,177**	$ (12)	$ (690)
At the Russian statutory income tax rate of 20%	**(235)**	2	138
Adjustment in respect of income tax of previous years	**(1)**	2	1
Deferred income tax expense resulting from the changes in tax rates and laws	**(6)**	–	–
Tax on dividends distributed by the Group's subsidiaries	**(26)**	–	–
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
Effect of non-deductible expenses and other non-temporary differences	**(250)**	(52)	(22)
Unrecognised temporary differences recognition/reversal	**100**	(157)	(220)
Effect of the difference in tax rates in countries other than the Russian Federation	**20**	110	88
Share of profits in joint ventures and associates	**2**	1	1
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (396)**	$ (96)	$ (12)

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 2017

US$ million	2017	Change recognised in statement of operations	Change recognised in other comprehensive income	Change due to disposal of subsidiaries	Transfer to disposal groups classified as held for sale	Translation difference	2016
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 546	(36)	–	(10)	–	25	$ 567
Valuation and amortisation of intangible assets	62	(21)	–	(1)	–	3	81
Other	80	19	–	(1)	–	4	58
	688	(38)	–	(12)	–	32	706
Deferred income tax assets:							
Tax losses available for offset	267	55	–	(25)	–	11	226
Accrued liabilities	126	8	(15)	(8)	–	3	138
Impairment of accounts receivable	12	1	–	–	–	1	10
Other	128	(13)	–	–	–	1	140
	533	51	(15)	(33)	–	16	514
Net deferred income tax asset	173	47	(10)	(24)	–	4	156
Net deferred income tax liability	$ 328	(42)	5	(3)	–	20	$ 348

Year ended 31 December 2016

US$ million	2016	Change recognised in statement of operations	Change recognised in other comprehensive 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 comprehensive 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

8. Income Taxes (continued)

As of 31 December 2017, 2016 and 2015, 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 2017, the unused tax losses carried forward approximated $9,871 million (2016: $9,718 million, 2015: $7,631 million). The Group recognised deferred tax assets of $267 million (2016: $226 million, 2015: $208 million) in respect of unused tax losses. Deferred tax assets in the amount of $2,335 million (2016: $2,327 million, 2015: $1,888 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 $8,689 million (2016: $8,582 million, 2015: $6,616 million) for which deferred tax assets were not recognised arose in companies registered in Canada, Cyprus, Italy, Luxembourg, Russia, Ukraine, the United Kingdom and the USA. Losses in the amount of $8,642 million (2016: $8,539 million, 2015: $6,384 million) are available indefinitely for offset against future taxable profits of the companies in which the losses arose and $47 million will expire in 2018 (2016: $44 million, 2015: $232 million).

9. Property, Plant and Equipment

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

US$ million	**2017**	2016	2015
Cost:			
Land	**$ 107**	$ 100	$ 97
Buildings and constructions	**1,894**	1,755	1,512
Machinery and equipment	**4,812**	4,446	3,961
Transport and motor vehicles	**255**	223	193
Mining assets	**2,461**	2,440	2,100
Other assets	**37**	38	37
Assets under construction	**549**	424	302
	10,115	9,426	8,202
Accumulated depreciation, depletion and impairment losses:			
Buildings and constructions	**(968)**	(872)	(690)
Machinery and equipment	**(2,906)**	(2,637)	(2,163)
Transport and motor vehicles	**(168)**	(144)	(114)
Mining assets	**(1,112)**	(1,093)	(908)
Other assets	**(28)**	(28)	(25)
	(5,182)	(4,774)	(3,900)
	$ 4,933	$ 4,652	$ 4,302

9. Property, Plant and Equipment (continued)

The movement in property, plant and equipment for the year ended 31 December 2017 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 2016, cost, net of accumulated depreciation	**$ 100**	**$ 883**	**$ 1,809**	**$ 79**	**$ 1,347**	**$ 10**	**$ 424**	**$ 4,652**
Assets acquired in business combinations	**3**	**1**	**3**	**–**	**–**	**–**	**–**	**7**
Additions	**–**	**–**	**7**	**–**	**–**	**–**	**622**	**629**
Assets put into operation	**–**	**74**	**344**	**32**	**50**	**2**	**(502)**	**–**
Disposals	**(1)**	**(3)**	**(11)**	**(2)**	**(3)**	**–**	**–**	**(20)**
Depreciation and depletion charge	**–**	**(84)**	**(325)**	**(25)**	**(85)**	**(3)**	**–**	**(522)**
Impairment losses recognised in statement of operations	**(1)**	**(2)**	**(13)**	**–**	**(21)**	**–**	**(11)**	**(48)**
Impairment losses reversed through statement of operations	**3**	**9**	**25**	**–**	**30**	**–**	**1**	**68**
Transfer to assets held for sale	**–**	**(6)**	**(11)**	**(1)**	**(76)**	**–**	**(10)**	**(104)**
Change in site restoration and decommissioning provision	**–**	**8**	**–**	**–**	**36**	**–**	**–**	**44**
Translation difference	**3**	**46**	**78**	**4**	**71**	**–**	**25**	**227**
At 31 December 2017, cost, net of accumulated depreciation	**$ 107**	**$ 926**	**$ 1,906**	**$ 87**	**$ 1,349**	**$ 9**	**$ 549**	**$ 4,933**

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

9. Property, Plant and Equipment (continued)

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

Assets under construction include prepayments to constructors and suppliers of property, plant and equipment in the amount of $60 million, $34 million and $24 million as of 31 December 2017, 2016 and 2015, respectively.

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 2017 was $6 million (2016: $9 million, 2015: $16 million).

10. Intangible Assets Other Than Goodwill

Intangible assets consisted of the following as of 31 December:

US$ million	2017	2016	2015
Cost:			
Customer relationships	**$ 693**	$ 663	$ 651
Water rights and environmental permits	**57**	57	57
Contract terms	**26**	25	20
Other	**65**	90	83
	841	835	811
Accumulated amortisation and impairment:			
Customer relationships	**(513)**	(460)	(419)
Water rights and environmental permits	**(13)**	–	–
Contract terms	**(11)**	(8)	(4)
Other	**(45)**	(70)	(64)
	(582)	(538)	(487)
	$ 259	$ 297	$ 324

10. Intangible Assets Other Than Goodwill (continued)

As of 31 December 2017, 2016 and 2015, water rights and environmental permits with a carrying value of $44 million, $57 million and $57 million, respectively, had an indefinite useful life.

The movement in intangible assets for the year ended 31 December 2017 was as follows:

US$ million	Customer relation-ships	Water rights and environ-mental permits	Contract terms	Other	Total
At 31 December 2016, cost, net of accumulated amortisation	**$ 203**	**$ 57**	**$ 17**	**$ 20**	**$ 297**
Additions	**–**	**–**	**–**	**5**	**5**
Amortisation charge	**(36)**	**–**	**(3)**	**(5)**	**(44)**
Impairment losses recognised in statement of operations	**–**	**(13)**	**–**	**–**	**(13)**
Translation difference	**13**	**–**	**1**	**–**	**14**
At 31 December 2017, cost, net of accumulated amortisation	**$ 180**	**$ 44**	**$ 15**	**$ 20**	**$ 259**

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

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 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**
Additional investments	–	1	1
Share of profit/(loss)	8	2	10
Dividends paid	–	(1)	(1)
Translation difference	2	1	3
Investment at 31 December 2017	**$ 47**	**$ 11**	**$ 58**

Share of profit/(loss) of joint ventures and associates which is reported in the statement of operations comprised the following:

US$ million	**2017**	**2016**	**2015**
Share of profits/(losses) of joint ventures and associates recognised in the consolidated statement of operations	**$ 10**	$ 5	$ 4

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	**2017**	**2016**	**2015**
Property, plant and equipment	**$ 24**	$ 24	$ 19
Inventories	**60**	4	3
Accounts receivable	**104**	91	51
Total assets	**188**	119	73
Deferred income tax liabilities	**2**	1	1
Current liabilities	**92**	44	20
Total liabilities	**94**	45	21
Net assets	**$ 94**	$ 74	$ 52
Net assets attributable to 50% ownership interest	**$ 47**	$ 37	$ 26

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

US$ million	**2017**	**2016**	**2015**
Revenue	**$ 458**	$ 286	$ 278
Cost of revenue	**(432)**	(270)	(263)
Other expenses, including income taxes	**(9)**	(6)	(7)
Net profit	**$ 17**	$ 10	$ 8
Group's share of profit of the joint venture	**$ 8**	$ 5	$ 4

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	**2017**	2016	2015
Property, plant and equipment	**$ –**	$ 15	$ 1
Other non-current assets	**–**	3	–
Inventories	**–**	1	–
Accounts receivable	**–**	6	–
Cash and cash equivalents	**–**	2	–
Assets classified as held for sale	**–**	27	1
Non-current liabilities	**–**	5	–
Current liabilities	**–**	3	–
Liabilities directly associated with assets classified as held for sale	**–**	8	–
Non-controlling interests	**–**	–	–
Net assets classified as held for sale	**$ –**	$ 19	$ 1

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

US$ million	**2017**	2016	2015
Assets classified as held for sale	**$ –**	$ 27	$ 1
Steel production	**–**	27	–
Coal	**–**	–	1
Liabilities directly associated with assets classified as held for sale	**–**	8	–
Steel production	**–**	8	–

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 2015–2017.

US$ million	**2017**	2016	2015
Property, plant and equipment	**$ 119**	$ 9	$ 25
Goodwill	**6**	–	–
Other non-current assets	**34**	–	–
Inventories	**27**	–	13
Accounts receivable	**38**	–	–
Cash and cash equivalents	**12**	–	–
Total assets	**236**	9	38
Employee benefits	**23**	–	–
Other non-current liabilities	**35**	–	17
Current liabilities	**38**	–	–
Total liabilities	**96**	–	17
Non-controlling interests	**6**	–	–
Net assets	**$ 134**	$ 9	$ 21

12. Disposal Groups Held for Sale (continued)

The net assets of disposal groups sold in 2015–2017 related to the following reportable segments:

US$ million	2017	2016	2015
Assets classified as held for sale	**$ 236**	$ 9	$ 38
Steel	**196**	9	6
Steel, North America	**–**	–	31
Coal	**40**	–	1
Liabilities directly associated with assets classified as held for sale	**96**	–	17
Steel	**79**	–	4
Coal	**17**	–	13
Non-controlling interests	**6**	–	–
Steel	**6**	–	–

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

US$ million	2017	2016	2015
Net cash disposed of with subsidiaries	**$ (12)**	$ –	$ (13)
Cash received	**489**	27	57
Tax and transaction costs paid	**(64)**	–	–
Net cash inflow	**$ 413**	$ 27	$ 44

The disposal groups sold during 2015–2017 are described below.

Yuzhkoks

On 19 December 2017, the Group sold a Ukrainian coking plant Yuzhkoks, in which it had a 94.96% ownership interest, to a third party for cash consideration of $63 million, including $16 million of prepayment for the sale of this subsidiary received in 2016.

Prior to disposal the subsidiary was included in the steel segment. The Group recognised a $(91) million loss on sale of the subsidiary, including $(132) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included in the Gain on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil.

Nakhodka Trade Sea Port

On 15 June 2017, the Group sold its wholly-owned subsidiary EVRAZ Nakhodka Trade Sea Port ("NMTP") to a wholly-owned subsidiary of Lanebrook Limited (the ultimate controlling shareholder of the Group) for cash consideration of $332 million.

In connection with the sale transaction the Group entered into an agreement with NMTP pursuant to which the latter will transship cargo of the Group's coal and metals in specified volumes for 5 years on terms specified in the agreement. The Group received a consideration of $8 million in respect of the transshipment agreement, which was recognised as deferred income with a 5-year period of amortisation.

Prior to disposal the subsidiary was included in the coal segment. The Group recognised a $285 million gain on sale of the subsidiary, including $(4) million of transaction costs and $(20) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included in the Gain on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil. In addition, the Group paid income tax on the sale transaction in the amount of $60 million.

12. Disposal Groups Held for Sale (continued)

Sukha Balka

On 1 June 2017, the Group sold a Ukrainian iron ore mine Sukha Balka, in which it had a 99.42% ownership interest, to a third party for cash consideration of $109 million. In 2017, the Group received $94 million. At 31 December 2017, the unpaid amount was $15 million plus $3 million of interest accrued, which are expected to be paid in the 1st quarter of 2018.

Prior to disposal the subsidiary was included in the steel segment. The Group recognised a $(555) million loss on sale of the subsidiary, including $(586) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included in the Gain on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil.

Strategic Minerals Corporation

Following the sale agreement signed in 2016, on 6 April 2017, the Group sold Strategic Minerals Corporation (USA), in which it had a 78.76% ownership interest, to a third party for cash consideration of $16 million. Strategic Minerals Corporation owns a 75% share in the Vametco vanadium mine and plant located in the Republic of South Africa. Prior to disposal both subsidiaries were included in the steel segment.

The Group recognised a $2 million gain on sale of the subsidiary, including $(3) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included in the Gain on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $12 million.

EVRAZ Portland Structural Tubing

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

13. Other Non-current Assets

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

Non-current Financial Assets

US$ million	**2017**	2016	2015
Available-for-sale financial assets	**$ 33**	$ 3	$ 5
Hedging instruments (Note 25)	**4**	–	–
Restricted deposits	**6**	11	5
Receivables from related parties (Note 16)	**8**	–	1
Loans receivable	**20**	21	23
Trade and other receivables	**23**	4	5
Other	**57**	52	40
	$ 151	$ 91	$ 79

Other Non-current Assets

US$ million	**2017**	2016	2015
Income tax receivable	**$ 2**	$ 7	$ 18
Input VAT	**1**	2	6
Other	**36**	36	32
	$ 39	$ 45	$ 56

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 ($33 million, $3 million and $5 million at 31 December 2017, 2016 and 2015, respectively). The change in the fair value of these shares is initially recorded in other comprehensive income.

In 2016 and 2015, impairment losses relating to the decline in market quotations of Delong shares in the amount of $2 million and $11 million, respectively, were recognised in the statement of operations. In 2017, the Group recognised a $30 million gain on the increase in market quotations in other comprehensive income.

14. Inventories

Inventories consisted of the following as of 31 December:

US$ million	**2017**	**2016**	**2015**
Raw materials and spare parts	**$ 548**	$ 434	$ 402
Work-in-progress	**245**	173	188
Finished goods	**405**	377	309
	$ 1,198	$ 984	$ 899

As of 31 December 2017, 2016 and 2015, the net realisable value allowance was $40 million, $34 million and $35 million, respectively.

As of 31 December 2017, 2016 and 2015, certain items of inventory with an approximate carrying amount of $438 million, $315 million and $383 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	**2017**	**2016**	**2015**
Trade accounts receivable	**$ 722**	$ 518	$ 472
Other receivables	**63**	31	23
	785	549	495
Allowance for doubtful accounts	**(54)**	(47)	(48)
	$ 731	$ 502	$ 447

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	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Loans						
Timir (Note 13)	**$ –**	$ 7	$ 5	**$ –**	$ –	$ –
Dividends receivable						
Yuzhny GOK	**6**	–	–	**–**	–	–
Settlements with parent						
Consideration to EVRAZ plc for the transfer of interests in subsidiaries	**–**	–	–	**–**	–	32
Loans	**738**	277	–	**–**	–	–
Other balances	**1**	–	–	**2**	5	4
Less: non-current portion	**(630)**	(274)	–	**–**	–	–
Trade balances						
Nakhodka Trade Sea Port	**–**	–	–	**6**	–	–
Vtorresource-Pererabotka	**2**	1	1	**52**	39	10
Yuzhny GOK	**4**	–	–	**195**	185	129
Other entities	**–**	–	–	**3**	2	4
	121	11	6	**258**	231	179
Less: allowance for doubtful accounts	**–**	–	–	**–**	–	–
	$ 121	$ 11	$ 6	**$ 258**	$ 231	$ 179

At 31 December 2017, the loan receivable from Timir amounting to $8 million was classified as a non-current financial asset (Note 13).

In 2017 and 2016, 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	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Genalta Recycling Inc.	**$ –**	$ –	$ –	**$ 14**	$ 8	$ 14
Interlock Security Services	**–**	–	–	**11**	19	24
Nakhodka Trade Sea Port	**–**	–	–	**36**	–	–
Vtorresource-Pererabotka	**8**	7	8	**452**	281	274
Yuzhny GOK	**37**	25	29	**107**	77	70
Other entities	**–**	–	–	**1**	11	12
	$ 45	$ 32	$ 37	**$ 621**	$ 396	$ 394

In addition to the disclosures presented in this note, some of the balances and transactions with related parties are disclosed in Notes 11, 12 (sale of Nakhodka Trade Sea Port), 13 and 25.

16. Related Party Disclosures (continued)

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.

Lanebrook Limited is a controlling shareholder of the Company. At 31 December 2017, the Group had other receivables from Lanebrook, amounting to $32 million, in connection with the acquisition of a 1% ownership interest in Yuzhny GOK in 2008 (Note 18).

Nakhodka Trade Sea Port ("NTSP") is a former subsidiary of the Group (Note 12). NTSP renders handling services to the Group.

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 2017, 2016 and 2015, the purchases of scrap metal from Vtorresource-Pererabotka amounted to $422 million (1,601,320 tonnes), $256 million (1,437,411 tonnes) and $219 million (1,339,101 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 2017, 2016 and 2015, the volume of purchases was 1,639,306 tonnes, 1,619,745 tonnes and 1,517,580 tonnes, respectively. In 2017, Yuzhny GOK declared dividends for 2014-2016 in the amount of 10.16 Ukrainian hryvnias per share. The Group recognised $6 million of dividend income within the other non-operating gains/(losses) caption in the consolidated statement of operations. At 31 December 2017, these dividends were unpaid.

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 2016	Loans issued to related parties	Interest income	Receipts from repayment of loans	Translation difference	Balance at 31 December 2017
EVRAZ plc	6.31%	USD	18/03/2021	**$ 203**	**$ –**	**$ 4**	**$ (207)**	**$ –**	**$ –**
EVRAZ plc	3.75%	USD	01/06/2018	**68**	**–**	**3**	**(5)**	**–**	**66**
EVRAZ plc	3.13%	USD	31/05/2018	**6**	**32**	**1**	**(2)**	**–**	**37**
EVRAZ plc	3.32%	USD	30/06/2020	**–**	**200**	**4**	**(3)**	**–**	**201**
EVRAZ plc	2.73%	USD	31/08/2019	**–**	**430**	**4**	**–**	**–**	**434**
Timir	0.5%	RUB	26/12/2016	**7**	**1**	**–**	**–**	**–**	**8**
				$ 284	**$ 663**	**$ 16**	**$ (217)**	**$ –**	**$ 746**

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

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.

16. Related Party Disclosures (continued)

Compensation to Key Management Personnel (continued)

In 2017, 2016 and 2015, key management personnel totalled 25, 27 and 39 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		2017		2016		2015
Salary	**$**	**12**	$	11	$	13
Performance bonuses		**14**		9		9
Social security taxes		**3**		3		4
Share-based payments (Note 21)		**9**		8		10
Termination benefits		**1**		–		–
	$	**39**	$	31	$	36

17. Other Taxes Recoverable

Taxes recoverable consisted of the following as of 31 December:

US$ million		2017		2016		2015
Input VAT	**$**	**140**	$	89	$	61
Other taxes		**85**		103		66
	$	**225**	$	192	$	127

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		2017		2016		2015
Other receivables from Lanebrook (Note 16)	**$**	**32**	$	32	$	32
Restricted deposits at banks		**15**		1		3
	$	**47**	$	33	$	35

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		2017		2016		2015
US dollar	**$**	**1,253**	$	1,056	$	1,180
Russian rouble		**163**		71		121
Euro		**31**		14		4
Canadian dollar		**9**		2		29
Ukrainian hryvnia		**7**		2		20
Other		**3**		10		5
	$	**1,466**	$	1,155	$	1,359

At 31 December 2017, 2016 and 2015, the assets of disposal groups classified as held for sale included cash amounting to $Nil, $2 million and $Nil, respectively.

20. Equity

Share Capital

Number of shares	2017	2016	2015
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	148,882,619

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. 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.

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.

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**	148,882,619	148,882,040
Profit/(loss) for the year attributable to equity holders of the parent, US$ million	**$ 721**	$ (135)	$ (627)
Earnings/(losses) per share, basic and diluted	**$ 4.84**	$ (0.91)	$ (4.21)

20. Equity (continued)

Dividends

During 2015–2017 Evraz Group S.A. declared to its parent the following aggregate amounts of dividends:

	Dividends declared, US$ million	US$ per share
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 in 2015–2017.

21. Share-based Payments

In 2015-2017, the Group had several Incentive Plans under which certain senior executives and employees ("participants") could be gifted shares of EVRAZ plc upon vesting. These plans were adopted on 6 September 2012, 24 September 2013, 8 August 2014, 26 October 2015, 15 September 2016 and 25 September 2017.

The vesting under Incentive Plans adopted before 2017 does not depend on the achievement of any performance conditions. The new Plan adopted in 2017 provides that the number of shares transferred to participants upon vesting is dependent on the Group's performance versus the selected group of peers. EBITDA and total shareholder return ("TSR") are used as the key performance indicators. If the Group's EBITDA achieves a specific ranking in the peer group, then 50% of the shares of a particular tranche become vested, otherwise they are forfeited. If the Group's TSR achieves a specific ranking in the peer group, then the other 50% of the shares of a particular tranche become vested, otherwise they are forfeited. Subject to the resolution of the Remuneration Committee, EBITDA can become the only metric in the performance evaluation (in case if the net debt to EBITDA ratio is equal to 3 or higher). The TSR-related vesting condition of the Incentive Plan 2017 was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. Vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this will be taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

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 2017 are presented below:

Number of Shares of EVRAZ plc	Total	Incentive Plan 2017	Incentive Plan 2016	Incentive Plan 2015	Incentive Plan 2014
March 2018	11,704,880	1,472,241	1,963,834	4,427,044	3,841,761
March 2019	8,845,167	1,472,241	2,945,758	4,427,168	–
March 2020	5,154,227	2,208,348	2,945,879	–	–
March 2021	2,208,336	2,208,336	–	–	–
	27,912,610	**7,361,166**	**7,855,471**	**8,854,212**	**3,841,761**

The plans are administered 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 2015–2017.

21. Share-based Payments (continued)

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 2017, 2016 and 2015 was $2.54, $1.73 and $1.12 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 the 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 2015-2017:

	Incentive Plan 2017	**Incentive Plan 2016**	**Incentive Plan 2015**	**Incentive Plan 2014**	**Incentive Plan 2013**	**Incentive Plan 2012**
Dividend yield (%)	2.1 – 2.9	n/a	7.3 – 9.1	3.6 – 4.8	4.0 – 8.8	1.9 – 5.4
Expected life (years)	0.5 – 3.5	0.5 – 3.5	0.6 – 3.6	0.6 – 3.6	0.6 – 3.6	0.6 – 2.6
Market prices of the shares of EVRAZ plc at the grant dates	$3.86	$1.73	$1.36	$1.68	$2.13	$3.61

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

	2017	**2016**	**2015**
Outstanding at 1 January	**34,581,349**	43,767,553	36,608,052
Granted during the year	**7,361,166**	10,383,528	20,610,611
Forfeited during the year	**(1,488,690)**	(8,104,361)	(3,473,851)
Vested during the year	**(12,541,215)**	(11,465,371)	(9,977,259)
Outstanding at 31 December	**27,912,610**	34,581,349	43,767,553

The weighted average share price at the dates of exercise was $2.62, $1.78 and $2.59 in 2017, 2016 and 2015, respectively.

The weighted average remaining contractual life of the share-based awards outstanding as of 31 December 2017, 2016 and 2015 was 1.2, 1.2 and 1.5 years, respectively.

In the years ended 31 December 2017, 2016 and 2015, the expense arising from the equity-settled share-based compensations was as follows:

US$ million	**2017**	**2016**	**2015**
Expense arising from equity-settled share-based payment transactions	**$ 17**	$ 16	$ 20

22. Loans and Borrowings

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

US$ million	**2017**	**Non-current**	**Current**	**2016**	**Non-current**	**Current**	**2015**	**Non-current**	**Current**
Bank loans	**$2,113**	**$2,051**	**$ 62**	$2,067	$1,799	$ 268	$2,236	$1,958	$ 278
US dollar-denominated									
7.40% notes due 2017	**–**	**–**	**–**	–	–	–	286	286	–
7.75% bonds due 2017	**–**	**–**	**–**	26	–	26	186	186	–
9.5% notes due 2018	**–**	**–**	**–**	125	125	–	353	353	–
6.75% notes due 2018	**–**	**–**	**–**	528	528	–	796	796	–
7.5% senior secured notes due 2019	**–**	**–**	**–**	350	350	–	350	350	–
6.50% notes due 2020	**700**	**700**	**–**	1,000	1,000	–	1,000	1,000	–
8.25% notes due 2021	**750**	**750**	**–**	750	750	–	750	750	–
6.75% notes due 2022	**500**	**500**	**–**	500	500	–	–	–	–
5.375% notes due 2023	**750**	**750**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Rouble-denominated									
8.40% rouble bonds due 2016	**–**	**–**	**–**	–	–	–	165	–	165
12.95% rouble bonds due 2019	**260**	**260**	**–**	247	247	–	206	206	–
12.60% rouble bonds due 2021	**260**	**260**	**–**	247	247	–	–	–	–
Other liabilities	**–**	**–**	**–**	–	–	–	–	–	–
Fair value adjustment to liabilities assumed in business combination	**–**	**–**	**–**	1	–	1	7	7	–
Unamortised debt issue costs	**(28)**	**(28)**	**–**	(44)	(44)	–	(54)	(54)	–
Interest payable	**86**	**–**	**86**	97	–	97	66	12	54
	$5,391	**$ 5,243**	**$ 148**	$5,894	$ 5,502	$ 392	$6,347	$5,850	$ 497

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

	Long-term borrowings			**Short-term borrowings**		
	2017	**2016**	**2015**	**2017**	**2016**	**2015**
US dollar	**6.00%**	6.85%	6.87%	**1.85%**	3.31%	2.86%
Russian rouble	**12.78%**	12.71%	11.84%	**–**	–	–
Euro	**3.77%**	3.94%	5.57%	**–**	–	–

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

US$ million	**2017**	**2016**	**2015**
US dollar	**$ 4,604**	$ 4,911	$ 5,412
Russian rouble	**530**	809	621
Euro	**242**	217	368
Other	**43**	1	–
Unamortised debt issue costs	**(28)**	(44)	(54)
	$ 5,391	$ 5,894	$ 6,347

22. Loans and Borrowings (continued)

The movement in loans and borrowings were as follows:

US$ million	**2017**	2016	2015
1 January	**$ 5,894**	$ 6,347	$ 6,231
Cash changes:			
Cash proceeds from bank loans and notes, net of debt issues costs	**2,441**	1,301	3,801
Repayment of bank loans and notes, including interest	**(3,344)**	(2,428)	(3,961)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(139)**	(5)	(9)
Payments under covenants reset	**–**	(4)	–
Non-cash changes:			
Change in the balance of debt issues costs paid in subsequent reporting period	**(1)**	7	(7)
Non-cash proceeds (Note 29)	**8**	46	–
Interest and other charges expensed (Note 7)	**394**	439	430
Interest capitalised (Note 9)	**6**	9	16
Accrual of premiums and other charges on early repayment of borrowings (Note 7)	**78**	50	15
Transfer to disposal groups held for sale	**(6)**	–	–
Effect of exchange rate changes	**60**	132	(169)
31 December	**$ 5,391**	$ 5,894	$ 6,347

Pledged Assets

At 31 December 2016 and 2015, 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. In addition, at 31 December 2016, property, plant and equipment and inventory of these subsidiaries amounting to $1,013 million and $315 million, respectively (2015: $1,052 million and $382 million, respectively) were pledged as collateral under the notes. In 2017, these notes were fully repaid (*Repurchase of Notes and Bonds*).

At 31 December 2015, 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 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	**2017**	2016	2015
Property, plant and equipment	**$ 66**	$ 1,013	$ 1,107
Inventory	**438**	315	383

22. Loans and Borrowings (continued)

Issue of Notes and Bonds

In March 2017, the Group issued 5.375% notes due 2023 in the amount of $750 million. The proceeds from the issue of the notes were used to finance the purchase of 9.50% notes due 2018, 6.75% notes due 2018 and 6.50% bonds due 2020 at the tender offers settled in March 2017 and to refinance other current indebtedness of the Group.

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).

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 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 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).

22. Loans and Borrowings (continued)

Repurchase of US Dollar-Denominated Notes

In 2017, the Group partially repurchased 9.50% notes due 2018 ($125 million), 6.75% notes due 2018 ($528 million) and 6.50% bonds due 2020 ($300 million). The premium over the carrying value on the repurchase and other costs relating to the transaction in the total amount of $8 million, $23 million and $23 million, respectively, were charged to the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In 2017, the Group also fully settled $350 million under 7.5% senior secured notes due 2019. Loss on this transaction amounted to $17 million, including $13 million of premium.

In addition, the Group fully settled its 7.75% bonds due 2017 issued by Raspadskaya ($26 million), there was no gain or loss on this transaction. Previously, in 2015, the Group repurchased through a tender offer and market transactions $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.

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.

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 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 $1,772 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 acquisitions and disposals by EVRAZ plc.

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. Transaction costs relating to these amendments amounted to $4 million. In 2017, the Group sent notices to all respective creditors to resume testing of covenants from 31 December 2017.

Notes due 2020, 2021, 2022 and 2023, totalling $2,700 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 of 3.5 times 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. As of 31 December 2017, gross leverage ratio for Evraz Group S.A. was below 3.5.

Several bank credit facilities totalling $326 million provide for certain covenants restricting the incurrence of indebtedness by Evraz North America plc and its subsidiaries conditional on a fixed charge ratio. Once the threshold for the ratio is exceeded, it triggers restrictions on incurrence of additional indebtedness by Evraz North America plc and its subsidiaries.

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

During 2017 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		**2017**		2016		2015
Committed	**$**	**131**	$	187	$	317
Uncommitted		**1,251**		883		663
Total unutilised borrowing facilities	**$**	**1,382**	$	1,070	$	980

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. Starting from 2018 the minimum annual indexation of pensions, which takes into account 50% of CPI and 50% of salary growth, becomes obligatory.The indexation of pensions at a level higher than minimally required depends on the availability of financial resources in the State pension fund. The subsidiaries are obliged to pay indexed preferential pensions. The Group determined the amount of defined benefit obligations based on the assumption that pensions will be indexed at a minimum required level.

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 throughout the year 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.

Some Canadian employees participate in a retirement savings plan. For these employees, the participation may be voluntary, employee contributions are matched by the employer at 1-3% of annual wages, including applicable bonuses, and depending on the group of employees, are funded either annually or throughout the year.

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 Italy and the Republic of South Africa.

Defined Contribution Plans

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

US$ million	**2017**	2016	2015
Expense under defined contribution plans	**$ 246**	$ 212	$ 254

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 2017 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 2017, 2016 and 2015 and amounts recognised in the consolidated statement of financial position as of 31 December 2017, 2016 and 2015 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 2017

US$ million	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Total
Current service cost	**$ (2)**	**$ (1)**	**$ (18)**	**$ –**	**$ (21)**
Net interest expense	**(9)**	**(4)**	**(6)**	**–**	**(19)**
Net actuarial gains/(losses) on other long-term employee benefits obligation	**2**	**–**	**–**	**–**	**2**
Past service cost	**(3)**	**3**	**(3)**	**–**	**(3)**
Curtailment/settlement gain	**–**	**–**	**2**	**–**	**2**
Other	**–**	**–**	**(3)**	**–**	**(3)**
Net benefit expense	**$ (12)**	**$ (2)**	**$ (28)**	**$ –**	**$ (42)**

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)

23. Employee Benefits (continued)

Gains/(losses) recognised in other comprehensive income

Year ended 31 December 2017

US$ million	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	**$ –**	**$ –**	**$ 48**	**$ –**	**$ 48**
Net actuarial gains/(losses) on post-employment benefit obligation	**6**	**(4)**	**(23)**	**–**	**(21)**
	$ 6	**$ (4)**	**$ 25**	**$ –**	**$ 27**

In addition to the amounts presented in the table above, actuarial gains/(losses) recognised in other comprehensive income include $(1) million relating to a subsidiary classified as a disposal group held for sale.

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

23. Employee Benefits (continued)

Actual return on plan assets was as follows:

US$ million	**2017**	2016	2015
Actual return on plan assets	**$ 66**	$ 25	$ 13
including:			
US & Canadian plans	**66**	26	13
Russian plans	–	(1)	–

Net defined benefit liability

31 December 2017

US$ million	**Russian Plans**	**Ukrainian plans**	**US & Canadian plans**	**Other plans**	**Total**
Benefit obligation	**$ 111**	**$ 19**	**$ 765**	**$ –**	**$ 895**
Plan assets	**–**	**–**	**(611)**	**–**	**(611)**
	111	**19**	**154**	**–**	**284**

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

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 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**
Net benefit expense recognised in the statement of operations	12	2	28	–	42
Contributions by employer	(8)	(2)	(27)	–	(37)
(Gains)/losses recognised in other comprehensive income	(6)	4	(25)	–	(27)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(16)	–	(2)	(18)
Translation difference	5	–	2	–	7
At 31 December 2017	**$ 111**	**$ 19**	**$ 154**	**$ –**	**$ 284**

23. Employee Benefits (continued)

Movements in benefit obligation

US$ million	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Total
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**
Interest cost on benefit obligation	9	4	24	–	37
Current service cost	2	1	18	–	21
Past service cost	3	(3)	3	–	3
Benefits paid	(8)	(2)	(37)	–	(47)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	–	–	(19)	–	(19)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	(11)	4	48	–	41
Actuarial (gains)/losses on benefit obligation related to experience adjustments	3	–	(6)	–	(3)
Curtailment/settlement gain	–	–	(2)	–	(2)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(16)	–	(2)	(18)
Translation difference	5	–	25	–	30
At 31 December 2017	**$ 111**	**$ 19**	**$ 765**	**$ –**	**$ 895**

23. Employee Benefits (continued)

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

Years	2017	2016	2015
Russian plans	**10.11**	11.21	10.93
Ukrainian plans	**8.00**	8.26	8.76
US & Canadian plans	**13.09**	13.79	14.35
Other plans	**7.46**	9.12	9.66

Changes in the fair value of plan assets

US$ million	Russian plans	Ukrainian plans	US & Canadian plans	Other plans	Total
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**
Interest income on plan assets	–	–	18	–	18
Return on plan assets (excluding amounts included in net interest expense)	–	–	48	–	48
Contributions of employer	8	2	27	–	37
Benefits paid	(8)	(2)	(37)	–	(47)
Other	–	–	(3)	–	(3)
Translation difference	–	–	23	–	23
At 31 December 2017	**$ –**	**$ –**	**$ 611**	**$ –**	**$ 611**

The amount of contributions expected to be paid to the defined benefit plans during 2018 approximates $44 million.

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

	2017		2016		2015	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
US & Canadian plans:						
Equity funds and investment trusts	**47%**	**39%**	45%	40%	50%	34%
Corporate bonds and notes	**12%**	**–**	13%	–	13%	1%
Property	**–**	**–**	–	–	–	–
Cash	**2%**	**–**	2%	–	2%	–
	61%	**39%**	60%	40%	65%	35%

23. Employee Benefits (continued)

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

	2017				2016				2015			
	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	**7.6%**	**11.6%**	**3.6-4.0%**	**3%**	8.2%	17.5%	3.9-4.2%	2.8-9.1%	9.6%	13.0%	3.9-4.5%	2.8-9%
Future benefits increases	**5%**	**6%**	**–**	**3%**	7%	11%	–	3%	8%	8%	–	3%
Future salary increase	**5%**	**6%**	**3%**	**–**	7%	11%	3%	–	8%	8%	3–3.3%	–
Average life expectation, male, years	**68.6**	**65**	**85.3-87**	**81**	68.6	65.5	85.8-86.6	77.1-81	68.5	65.5	86.3-87.5	78.1-79
Average life expectation, female, years	**79.0**	**75**	**88-89**	**87**	79.0	75.5	88.6-89.3	77.1-87	78.9	75.5	89-89.3	75.2-85
Healthcare costs increase rate	**–**	**–**	**6.7%**	**–**	–	–	5-7%	8.6%	–	–	5.4-7%	8.8%

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 2017, US$ million				Impact on the defined benefit obligation at 31 December 2016, US$ million				Impact on the defined benefit obligation at 31 December 2015, 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%	**$(7)**	**$(2)**	**$(37)**	**$–**	$(8)	$(4)	$(41)	$–	$(8)	$(5)	$(35)	$–
	(10%)	**8**	**2**	**40**	**–**	10	5	44	–	10	6	37	–
Future benefits increases	10%	**5**	**–**	**–**	**–**	7	1	–	–	7	1	–	–
	(10%)	**(4)**	**–**	**–**	**–**	(7)	(1)	–	–	(6)	(1)	–	–
Future salary increase	10%	**–**	**1**	**1**	**–**	1	1	1	–	1	2	2	–
	(10%)	**–**	**(1)**	**(1)**	**–**	(1)	(1)	(1)	–	(1)	(2)	(2)	–
Average life expectation, male, years	1	**1**	**–**	**12**	**–**	1	–	13	–	1	–	14	–
	(1)	**(1)**	**–**	**(12)**	**–**	(1)	–	(13)	–	(1)	–	(14)	–
Average life expectation, female, years	1	**1**	**–**	**6**	**–**	1	–	5	–	1	–	4	–
	(1)	**(1)**	**–**	**(6)**	**–**	(1)	–	(5)	–	(1)	–	(4)	–
Healthcare costs increase rate	10%	**–**	**–**	**1**	**–**	–	–	1	–	–	–	–	–
	(10%)	**–**	**–**	**(1)**	**–**	–	–	(1)	–	–	–	–	–

24. Provisions

At 31 December the provisions were as follows:

US$ million	2017		2016		2015	
	Non-current	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
Site restoration and decommissioning costs	**$ 260**	**$ 29**	$ 204	$ 20	$ 145	$ 20
Legal claims	**7**	**–**	–	3	–	2
Other provisions	**2**	**3**	1	3	1	1
	$ 269	**$ 32**	$ 205	$ 26	$ 146	$ 23

In the years ended 31 December 2017, 2016 and 2015, the movement in provisions was as follows:

US$ million	Site restoration and decom-missioning costs	Legal claims	Other provisions	Total
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**
Additional provisions	11	8	6	25
Increase from passage of time	16	–	–	16
Effect of change in the discount rate	33	–	–	33
Effect of changes in estimated costs and timing	15	–	–	15
Utilised in the year	(11)	–	(5)	(16)
Unused amounts reversed	(1)	(4)	–	(5)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(9)	–	–	(9)
Translation difference	11	–	–	11
At 31 December 2017	**$ 289**	**$ 7**	**$ 5**	**$ 301**

24. Provisions (continued)

Site Restoration Costs

Under the legislation, mining companies and steel mills have obligations to restore mining sites and contaminated land. The majority of costs are expected to be paid after 2061.

At 31 December the respective liabilities were measured based on estimates of restoration costs, which are expected to be incurred in the future discounted at the following annual rates:

	2017	2016	2015
Russia	**8%**	9%	10%
Ukraine	**13.2%**	13.2%	12.8%
USA	**2.2%**	1.5%	1.5%
Others	**5%**	4.9-7.4%	5-7.5%

25. Other Long-Term Liabilities

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

US$ million	2017	2016	2015
Derivatives not designated as hedging instruments	**$ –**	$ –	$ 274
Hedging instruments	**3**	22	59
Dividends payable under cumulative preference shares of a subsidiary to a related party	**–**	18	16
Employee income participation plans and compensations	**5**	5	2
Tax liabilities	**1**	3	5
Finance lease liabilities	**8**	5	5
Consideration payable to EVRAZ plc for Mezhegeyugol (Note 4)	**–**	–	32
Other liabilities to related parties	**1**	1	1
Other financial liabilities	**1**	4	15
Other non-financial liabilities	**11**	4	–
	30	62	409
Less: current portion (Note 16)	**–**	–	(32)
Less: current portion (Note 26)	**(3)**	(9)	(281)
	$ 27	$ 53	$ 96

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 2015-2016, 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
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)

In 2017, one of the swaps with a notional amount of $26 million did not meet the criteria for effectiveness for hedging instruments and ceased to be classified as a hedging instrument. This swap was reclassified into Derivatives Not Designated as Hedging Instruments.

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

US$ million	**2017**	2016	2015
Bonds principal	**$ 28**	$ –	$ 165
Hedged amount	**28**	–	165
Swap amount	**26**	–	430

These swap contracts were not designated as cash flow or fair value hedges or excluded from such hedging instruments due to hedge inefficiency. 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 2017, 2016 and 2015, a change in fair value of the derivatives of $2 million, $273 million and $439 million, respectively, together with a realised gain/(loss) on the swap transactions, amounting to $2 million, $(250) million and $(464) million, respectively, was recognised within gain/(loss) on financial assets and liabilities in the consolidated statement of operations (Note 7).

In 2015–2016, upon repayment of the 8.40%, 9.95% and 8.75% 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 ($260 million at 31 December 2017), 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 ($260 million at 31 December 2017).

	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	13,310	239	5.90% - 6.55%

The Group accounted for these swap contracts as cash flow hedges. In 2017, one of these swap contracts with the notional amount of $26 million did not meet the criteria for efficiency and ceased to be classified as hedging instruments. In 2017, 2016 and 2015, the change in fair value of these derivatives amounted to $20 million, $37 million and $(59) million, respectively. The realised gain on the swap transactions amounting to $14 million, $14 million and $5 million, respectively, 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 2017, the Group recognised a $9 million gain in other comprehensive income (2016 and 2015: $Nil). Most of the swaps were assessed as effective. Those swaps, which ceased to be effective, were reclassified into Derivatives Not Designated as Hedging Instruments. In 2017, 2016 and 2015, $11 million, $37 and $(59) million, respectively, were recorded in the Foreign exchange gains/(losses) caption in the consolidated statement of operations.

26. Trade and Other Payables

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

US$ million	**2017**	2016	2015
Trade accounts payable	**$ 822**	$ 737	$ 621
Accrued payroll	**158**	134	122
Other long-term obligations with current maturities (Note 25)	**3**	9	281
Other payables	**128**	38	38
	$ 1,111	$ 918	$ 1,062

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	**2017**	2016	2015
VAT	**$ 129**	$ 104	$ 51
Social insurance taxes	**42**	39	30
Property tax	**12**	9	10
Land tax	**6**	4	4
Personal income tax	**7**	7	7
Other taxes, fines and penalties	**16**	6	5
	$ 212	$ 169	$ 107

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 2017, the major customers were Russian Railways, Sibuglemet Trading and Enbridge Inc. (4.1%, 1.7% and 1.5% 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	**2017**	2016	2015
Restricted deposits at banks (Notes 13 and 18)	**$ 21**	$ 12	$ 8
Financial instruments included in other non-current and current assets (Notes 13 and 18)	**61**	52	40
Long-term and short-term investments (Notes 13 and 18)	**65**	35	37
Trade and other receivables (Notes 13 and 15)	**754**	506	452
Loans receivable	**31**	34	28
Receivables from related parties (Notes 13 and 16)	**758**	285	7
Cash and cash equivalents (Note 19)	**1,466**	1,155	1,359
	$ 3,156	$ 2,079	$ 1,931

Receivables from related parties in the table above do not include prepayments in the amount of $1 million, $Nil and $Nil as of 31 December 2017, 2016 and 2015, 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	**2017**		2016		2015	
	Gross amount	**Impairment**	**Gross amount**	**Impairment**	**Gross amount**	**Impairment**
Not past due	**$ 1,410**	**$ (1)**	$ 685	$ (1)	$ 385	$ –
Past due	**187**	**(53)**	187	(46)	150	(48)
less than six months	**114**	**(2)**	130	(2)	95	(8)
between six months and one year	**20**	**(10)**	7	(2)	9	(2)
over one year	**53**	**(41)**	50	(42)	46	(38)
	$ 1,597	**$ (54)**	$ 872	$ (47)	$ 535	$ (48)

In the years ended 31 December 2017, 2016 and 2015, the movement in allowance for doubtful accounts was as follows:

US$ million	**2017**	2016	2015
At 1 January	**$ (47)**	$ (48)	$ (57)
Charge for the year	**(10)**	(1)	(18)
Utilised	**4**	5	5
Disposal of subsidiaries	**1**	5	8
Translation difference	**(2)**	(8)	14
At 31 December	**$ (54)**	$ (47)	$ (48)

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.

31 December 2017

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	$ 269	$ 2,580	$ 799	$ 3,652
Interest	–	90	179	252	416	22	959
Finance lease liabilities	–	–	1	4	1	6	12
Financial instruments included in long-term liabilities	–	–	–	4	–	4	8
Amounts payable under put options for shares in subsidiaries							
Principal	–	–	–	60	–	–	60
Interest	–	–	–	4	–	–	4
Total fixed-rate debt	–	90	184	593	2,997	831	4,695
Variable-rate debt							
Loans and borrowings							
Principal	–	1	57	408	1,013	202	1,681
Interest	–	19	57	64	113	4	257
Total variable-rate debt	–	20	114	472	1,126	206	1,938
Non-interest bearing debt							
Financial instruments included in long-term liabilities	–	–	1	–	1	–	2
Trade and other payables	143	770	37	–	–	–	950
Payables to related parties	237	20	–	–	–	–	257
Total non-interest bearing debt	380	790	38	–	1	–	1,209
	$ 380	$ 900	$ 336	$ 1,065	$ 4,124	$ 1,037	$ 7,842

28. Financial Risk Management Objectives and Policies (continued)

Liquidity Risk (continued)

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

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

Payables to related parties in the tables above do not include advances received in the amount of $1 million, $4 million and $1 million as of 31 December 2017, 2016 and 2015, 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.

	2017		**2016**		**2015**	
	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)**	**$ 2**	(11)	$ 1	(12)	$ 2
Increase in LIBOR	**11**	**(2)**	11	(1)	50	(8)
Liabilities denominated in euro						
Decrease in EURIBOR	**(1)**	**–**	(4)	–	(25)	–
Increase in EURIBOR	**1**	**$ –**	4	$ –	25	$ –
Liabilities denominated in roubles						
Decrease in Bank of Russia key rate	**(225)**	**–**	(200)	6	(525)	13
Increase in Bank of Russia key rate	**300**	**$ –**	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	**2017**	2016	2015
USD/RUB	**$ 2,570**	$ 1,215	$ 304
EUR/RUB	**(276)**	(75)	(399)
CAD/RUB	–	335	312
EUR/USD	**(11)**	(116)	119
USD/CAD	**(892)**	(672)	(499)
EUR/CZK	**(6)**	(1)	(1)
USD/CZK	**5**	6	6
USD/ZAR	–	(4)	(5)
USD/UAH	**(199)**	(136)	(113)
RUB/UAH	**(4)**	4	1
USD/KZT	**(163)**	(161)	(157)

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.

	2017		**2016**		**2015**	
	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	**(10.01)**	**(279)**	(20.02)	(315)	(13.00)	(60)
	10.01	**239**	20.02	187	40.00	3
EUR/RUB	**(11.35)**	**31**	(20.68)	16	(15.00)	60
	11.35	**(31)**	20.68	(16)	43.00	(172)
CAD/RUB	**(12.03)**	**–**	(22.38)	(75)	(14.00)	(44)
	12.03	**–**	22.38	75	35.00	109
EUR/USD	**(7.36)**	**1**	(9.16)	10	(12.50)	(16)
	7.36	**(1)**	9.16	(11)	12.50	14
USD/CAD	**(6.76)**	**61**	(9.16)	62	(6.00)	30
	6.76	**(60)**	9.16	(61)	14.50	(72)
EUR/CZK	**(3.08)**	**–**	(0.65)	–	(3.50)	–
	3.08	**–**	0.65	–	3.50	–
USD/CZK	**(7.95)**	**–**	(9.17)	(1)	(12.50)	(1)
	7.95	**–**	9.17	1	12.50	1
USD/ZAR	**–**	**–**	(21.23)	1	(8.00)	–
	–	**–**	21.23	(1)	38.00	(1)
EUR/ZAR	**–**	**–**	(19.62)	–	(10.00)	–
	–	**–**	19.62	–	43.00	–
USD/UAH	**(5.78)**	**12**	(9.88)	13	(18.00)	20
	5.78	**(11)**	9.88	(13)	67.00	(76)
RUB/UAH	**(11.99)**	**–**	(22.29)	(1)	(33.50)	–
	11.99	**–**	22.29	1	50.00	–
USD/KZT	**(6.30)**	**10**	(12.13)	20	(20.00)	31
	6.30	**(10)**	12.13	(20)	60.00	(94)

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.

	2017		2016		2015	
	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	**(10.01)**	**66**	(20.02)	65	(13)	55
	10.01	**(49)**	20.02	(43)	40	(104)

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:

	2017			2016			2015		
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									
Derivatives not designated as hedging instruments (Note 25)	**–**	**3**	**–**	–	–	–	–	–	–
Hedging instruments (Note 25)	**–**	**1**	**–**	–	–	–	–	–	–
Available-for-sale financial assets (Note 13)	**33**	**–**	**–**	3	–	–	5	–	–
Liabilities measured at fair value									
Derivatives not designated as hedging instruments (Note 25)	**–**	**–**	**–**	–	–	–	–	274	–
Hedging instruments (Note 25)	**–**	**3**	**–**	–	22	–	–	59	–

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	**2017**		**2016**		**2015**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Long-term fixed-rate bank loans	**$ 427**	**$ 442**	$ 390	$ 402	$ 397	$ 385
Long-term variable-rate bank loans	**1,668**	**1,665**	1,516	1,528	1,680	1,564
USD-denominated						
7.40% notes due 2017	**–**	**–**	–	–	290	299
7.75% bonds due 2017	**–**	**–**	27	26	195	190
9.50% notes due 2018	**–**	**–**	126	137	354	379
6.75% notes due 2018	**–**	**–**	533	554	802	804
7.50% bonds due 2019	**–**	**–**	349	359	347	328
6.50% notes due 2020	**707**	**752**	1,010	1,066	1,009	955
8.25% notes due 2021	**774**	**873**	772	856	746	747
6.75% notes due 2022	**512**	**560**	515	544	–	–
5.375% notes due 2023	**757**	**792**	–	–	–	–
Rouble-denominated						
8.40% rouble bonds due 2016	**–**	**–**	–	–	167	165
12.95% rouble bonds due 2019	**260**	**280**	247	260	205	208
12.60% rouble bonds due 2021	**269**	**302**	255	269	–	–
	$ 5,374	**$ 5,666**	$ 5,740	$ 6,001	$ 6,192	$ 6,024

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	**2017**	**2016**	**2015**
USD	**3.6 – 4.5%**	3.7 – 6.4%	4.1 – 9.8%
EUR	**1.7 – 3.9%**	1.8 – 4.0%	1.8 – 6.2%
RUB	**7.97%**	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 2017.

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	**2017**	**2016**	**2015**
Liabilities for purchases of property, plant and equipment	**$ 80**	$ 71	$ 63
Loans provided in the form of payments by banks for property, plant and equipment	**8**	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 political crisis over Ukraine led to 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 in 2014-2015, 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 in 2015 continues to have a negative impact on 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 2017, the Group had contractual commitments for the purchase of production equipment and construction works for an approximate amount of $148 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 2017, the Group has committed expenditure of $612 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 $33 million under these programmes in 2018.

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 a stage of investigation. Environmental provisions in relation to these proceedings that were recognised at 31 December 2017 amounted to $21 million. Preliminary estimates available of the incremental costs indicate that such costs could be up to $186 million. The Group has insurance agreements, which will provide reimbursement of the costs to be actually incurred up to $228 million, of which $21 million relate to the accrued environmental provisions and have been recognised in non-current receivables at 31 December 2017. Management believes that 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 2018 to 2022, under which the Group will perform works aimed at reductions in environmental pollution and contamination. As of 31 December 2017, the costs of implementing these programmes are estimated at $102 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 2017, 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	**2017**	**2016**	**2015**
Audit of the parent company of the Group	**$ 1**	$ 2	$ 2
Audit of the subsidiaries	**2**	2	3
Total assurance services	**3**	4	5
Other services	**1**	–	–
	$ 4	$ 4	$ 5

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**	**2017**	**2016**	**2015**
Raspadskaya	Russia	**18.05%**	18.05%	18.05%
New CF&I (subsidiary of EVRAZ Inc NA)	USA	**10.00%**	10.00%	10.00%

US$ million	**2017**	**2016**	**2015**
Accumulated balances of material non-controlling interest			
Raspadskaya	**$ 149**	$ 92	$ 56
New CF&I (subsidiary of EVRAZ Inc NA)	**99**	98	101
Others	**(6)**	(4)	(24)
	242	186	133
Profit allocated to material non-controlling interest			
Raspadskaya	**51**	23	(32)
EVRAZ Highveld Steel and Vanadium Limited	**–**	–	1
New CF&I (subsidiary of EVRAZ Inc NA)	**1**	(3)	3
Others	**8**	7	(47)
	$ 60	$ 27	$ (75)

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

32. Material Partly-Owned Subsidiaries (continued)

Summarised statement of profit or loss

Raspadskaya

US$ million	**2017**	2016	2015
Revenue	**$ 868**	$ 503	$ 420
Cost of revenue	**(430)**	(306)	(334)
Gross profit/(loss)	**438**	197	86
Operating costs	**(74)**	(67)	(79)
Impairment of assets	**9**	(17)	(91)
Foreign exchange gains/(losses), net	**13**	77	(114)
Profit/(loss) from operations	**386**	190	(198)
Non-operating gains/(losses)	**(21)**	(31)	(24)
Profit/(loss) before tax	**365**	159	(222)
Income tax benefit/(expense)	**(75)**	(33)	44
Net profit/(loss)	**$ 290**	$ 126	$ (178)
Other comprehensive income/(loss)	**36**	90	(152)
Total comprehensive income/(loss)	**326**	216	(330)
attributable to non-controlling interests	**56**	36	(51)
dividends paid to non-controlling interests	**–**	–	–

EVRAZ Highveld Steel and Vanadium Limited

US$ million	**2017**	2016	**From 1 January to 14 April 2015**
Revenue	**$ –**	$ –	$ 145
Cost of revenue	**–**	–	(138)
Gross profit/(loss)	**–**	–	7
Operating costs	**–**	–	(21)
Impairment of assets	**–**	–	–
Foreign exchange gains/(losses), net	**–**	–	(2)
Profit/(loss) from operations	**–**	–	(16)
Non-operating gains/(losses)	**–**	–	20
Profit/(loss) before tax	**–**	–	4
Income tax benefit/(expense)	**–**	–	–
Net profit/(loss)	**$ –**	$ –	$ 4
Other comprehensive income/(loss)	**–**	–	(1)
Total comprehensive income/(loss)	**–**	–	3
attributable to non-controlling interests	**–**	–	–
dividends paid to non-controlling interests	**–**	–	–

32. Material Partly-Owned Subsidiaries (continued)

Summarised statement of profit or loss (continued)

New CF&I

US$ million	2017	2016	2015
Revenue	**$ 558**	$ 384	$ 635
Cost of revenue	**(533)**	(391)	(565)
Gross profit/(loss)	**25**	(7)	70
Operating costs	**(54)**	(48)	(52)
Impairment of assets	**(2)**	–	–
Foreign exchange gains/(losses), net	**–**	–	–
Profit/(loss) from operations	**(31)**	(55)	18
Non-operating gains/(losses)	**18**	21	20
Profit/(loss) before tax	**(13)**	(34)	38
Income tax benefit/(expense)	**21**	9	(12)
Net profit/(loss)	**$ 8**	$ (25)	$ 26
Other comprehensive income/(loss)	**(3)**	(4)	4
Total comprehensive income/(loss)	**5**	(29)	30
attributable to non-controlling interests	**1**	(3)	3
dividends paid to non-controlling interests	**–**	–	–

Summarised statement of financial position as at 31 December

Raspadskaya

US$ million	2017	2016	2015
Property, plant and equipment	**$ 1,047**	$ 1,004	$ 883
Other non-current assets	**11**	30	51
Current assets	**590**	655	279
Total assets	**1,648**	1,689	1,213
Deferred income tax liabilities	**72**	65	54
Non-current liabilities	**31**	52	507
Current liabilities	**599**	952	247
Total liabilities	**702**	1,069	808
Total equity	**946**	620	405
attributable to:			
equity holders of parent	**797**	528	348
non-controlling interests	**149**	92	57

New CF&I

US$ million	2017	2016	2015
Property, plant and equipment	**$ 167**	$ 184	$ 214
Other non-current assets	**921**	957	967
Current assets	**155**	117	125
Total assets	**1,243**	1,258	1,306
Deferred income tax liabilities	**12**	30	42
Non-current liabilities	**89**	81	81
Current liabilities	**156**	166	173
Total liabilities	**257**	277	296
Total equity	**986**	981	1,010
attributable to:			
equity holders of parent	**887**	883	909
non-controlling interests	**99**	98	101

32. Material Partly-Owned Subsidiaries (continued)

Summarised cash flow information

Raspadskaya

US$ million		2017		2016		2015
Operating activities	**$**	**406**	$	176	$	107
Investing activities		**19**		(100)		(32)
Financing activities		**(413)**		(89)		(49)

EVRAZ Highveld Steel and Vanadium Limited

US$ million		2017		2016		From 1 January to 14 April 2015
Operating activities	**$**	**–**	$	–	$	–
Investing activities		**–**		–		(5)
Financing activities		**–**		–		(2)

New CF&I

US$ million		2017		2016		2015
Operating activities	**$**	**(16)**	$	5	$	101
Investing activities		**16**		(5)		(101)
Financing activities		**–**		–		–

33. Subsequent Events

There were no significant events after the reporting date.