

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Balance sheet as of 31 March 2007

In thousands of Russian Roubles

31 March 2007 31 December 2006

(Unaudited)

ASSETS

Non-current assets

| | | |
|-----------------------------------|------------------|------------------|
| Property, plant and equipment | 7 146 737 | 7 061 332 |
| Advances for capital construction | 111 612 | 134 693 |
| Goodwill | 841 813 | 831 986 |
| Other intangible assets | 51 331 | 22 584 |
| Other non-current assets | 200 681 | 603 181 |
| Total non-current assets | 8 352 174 | 8 653 776 |

Current assets

| | | |
|----------------------------------|------------------|------------------|
| Inventories, net | 2 153 882 | 2 252 927 |
| Trade and other receivables, net | 1 414 453 | 1 321 947 |
| Loans receivable | 574 639 | 589 064 |
| Profit tax for recovery | 242 734 | - |
| Cash and cash equivalents | 544 937 | 443 553 |
| Deposit in banks | 1 100 139 | 500 343 |
| Restricted cash | 179 859 | 402 707 |
| Total current assets | 6 210 653 | 5 510 804 |

TOTAL ASSETS

14 562 817 14 164 580

Equity

| | | |
|--------------------------------|------------------|------------------|
| Share capital | 78 860 | 78 860 |
| Share premium | 1 375 231 | 1 375 231 |
| Legal reserve | 572 | 572 |
| Cumulative translation reserve | -160 853 | -189 515 |
| Retained earnings | 7 653 146 | 7 102 628 |
| TOTAL EQUITY | 8 946 956 | 8 367 776 |

LIABILITIES

Non-current liabilities

| | | |
|--|------------------|------------------|
| Borrowings | 2 550 958 | 2 767 959 |
| Provision for asset retirement obligation and site restoration | 42 131 | 38 386 |
| Deferred income tax liability | 1 329 229 | 1 350 619 |
| Other non-current liabilities | 3 634 | 4 122 |
| Total non-current liabilities | 3 925 952 | 4 161 086 |

Current liabilities

| | | |
|--|------------------|------------------|
| Borrowings | 835 737 | 702 312 |
| Accounts payable, accrued expenses and advances from customers | 499 683 | 729 761 |
| Current income tax payable | 310 731 | 131 846 |
| Other taxes payable | 43 759 | 71 799 |
| TOTAL CURRENT LIABILITIES | 1 689 909 | 1 635 718 |

TOTAL LIABILITIES

5 615 861 5 796 804

TOTAL LIABILITIES AND EQUITY

14 562 817 14 164 580

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Statement of Income for three months ended 31 March 2007

| In thousands of Russian Roubles | Three months ended 31 March 2007 | Three months ended 31 March 2006 |
|--|--|--|
| | (Unaudited) | |
| Revenues | 3 642 826 | 2 148 964 |
| Cost of sales | -2 667 660 | -1 518 470 |
| Gross profit | 975 166 | 630 494 |
| Distribution costs | -74 476 | -27 082 |
| General and administrative expenses | -138 519 | -155 088 |
| Operating profit/(loss) | 762 172 | 448 324 |
| Finance income | 32 956 | 4 755 |
| Finance costs | -81 906 | -40 954 |
| Net foreign exchange gain/(loss) | 23 381 | -4 910 |
| Profit before income tax | 736 603 | 407 215 |
| Tax profit expense | -186 085 | -96 875 |
| Profit for the year | 550 518 | 310 340 |
| Profit is attributable to: Equity holders of the Company | | |
| Net profit for the year | 550 518 | 310 340 |
| Earnings per share – basic and diluted (in RR) | 102 | 60 |

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Statement of Cash Flows for three months ended 31 March 2007

| <i>In thousands of Russian Roubles</i> | Three months ended 31 March 2007 | Three months ended 31 March 2006 |
|--|--|--|
| | (Unaudited) | |
| Cash flows from operating activities | | |
| Profit before income tax | 736 603 | 407 215 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 233 693 | 78 182 |
| Net loss on disposal of property, plant and equipment | 8 493 | |
| Impairment of trade and other receivables | -2 022 | |
| Write-Off to net realizable value | 237 | 5 616 |
| Finance gains and losses, net | 47 754 | |
| Precious metals revaluation | -22 631 | |
| Foreign exchange (gains)/losses | -12 211 | |
| Operating cash flows before working capital changes | 989 916 | 491 013 |
| (Increase)/decrease in trade and other receivables | -333 218 | -273 990 |
| (Increase)/decrease in inventories | 121 440 | 128 633 |
| Increase/(decrease) in trade and other payables | -230 079 | -47 095 |
| Increase/(decrease) in taxes payable | 150 845 | 65 039 |
| Increase/(decrease) in deposits in banks | -599 796 | |
| Decrease/(increase) in restricted cash | 222 848 | |
| Cash generated from operations | 321 956 | 363 600 |
| Interest paid | -79 297 | |
| Income taxes paid | -207 476 | -90 108 |
| Net cash generated from operating activities | 35 183 | 273 492 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | -324 136 | -2 204 151 |
| Proceeds from sale of property, plant and equipment | 388 | |
| Loans provided/returned, net | 27 596 | |
| Interest received | 19 785 | |
| Banks deposits given | 402 500 | |
| Net cash (used in)/generated from investing activities | 126 133 | -2 204 151 |
| Cash flows from financing activities | | |
| Repayments of borrowings | -75 629 | -79 530 |
| Proceeds from borrowings | | 1 954 256 |
| Finance lease payments | -7948 | |
| Acquisition of treasury shares, net | | -20 208 |
| Net cash generated from/(used in) financing activities | -83 577 | 1 854 518 |
| Effect of translation and foreign exchange rate changes on cash and cash equivalents | 23 381 | |
| Net (decrease)/increase in cash and cash equivalents | 101 121 | -76 141 |
| Cash and cash equivalents at the beginning of the period | 443 816 | 131 740 |
| Cash and cash equivalents at the end of the period | 544 937 | 55 599 |

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Statement of Changes in Equity for the three months ended 31 March 2007

| <i>In thousands of Russian Roubles</i> | Share capital | Treasury shares | Share premium/ discount | Legal reserve | Cumulative translation reserve | Retained earnings | Total equity |
|---|---------------|-----------------|----------------------------|---------------|--------------------------------|-------------------|------------------|
| Balance at 1 January 2005 | 74 077 | — | 48 192 | 397 | — | 4 088 299 | 4 210 965 |
| Net income for the year | — | — | — | — | — | 38 494 | 38 494 |
| Total recognised income for the period | — | — | — | — | — | 38 494 | 38 494 |
| Balance at 1 January 2006 | 74 077 | — | 48 192 | 397 | — | 4 235 524 | 4 358 190 |
| Translation movement | — | — | — | — | -189 515 | — | -189 515 |
| Net income recognised directly in equity | — | — | — | — | -189 515 | — | -189 515 |
| Net income for the year | — | — | — | — | — | 2 871 737 | 2 871 737 |
| Total recognised income for the period | — | — | — | — | — | 2 871 737 | 2 682 222 |
| Acquisition of treasury shares (Note 13) | — | -21 804 | — | — | — | — | -21 804 |
| Sale of treasury shares (Note 13) | — | 21 804 | 3 634 | — | — | — | 25 438 |
| Reserve capital construction | — | — | — | 175 | — | -175 | — |
| Share issue | 325 | — | 1 323 405 | — | — | — | 1 323 730 |
| Share issue by capitalization of retained earning | 4 458 | — | — | — | — | -4 458 | 0 |
| Balance at 31 December 2006 | 78 860 | 0 | 1 375 231 | 572 | -189 515 | 7 102 628 | 8 367 776 |
| Translation movement | — | — | — | — | 28 662 | — | 28 662 |
| Net income recognised directly in equity | — | — | — | — | 28 662 | — | 28 662 |
| Net income for the year | — | — | — | — | — | 550 518 | 550 518 |
| Total recognised income for the period | — | — | — | — | — | 550 518 | 550 518 |
| Balance at 31 March 2007 | 78 860 | 0 | 1 375 231 | 572 | -160 853 | 7 653 146 | 8 946 956 |

