Mining and Metallurgical Company Norilsk Nickel

Consolidated interim financial statements for the six months ended 30 June 2007 (unaudited)

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MINING AND METALLURGICAL COMPANY NORILSK NICKEL

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The following statement, which should be read in conjunction with the independent auditors' responsibilities as stated in the independent auditors' report on review of interim financial statements set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated interim financial statements of Open Joint Stock Company "Mining and Metallurgical Company Norilsk Nickel" and its subsidiaries (the "Group").

Management is responsible for the preparation of consolidated interim financial statements that present fairly the consolidated financial position of the Group at 30 June 2007, the results of its operations, cash flows and changes in equity for the six months then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated interim financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements; and
- preparing the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management, within its competencies, is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated interim financial statements for the six months ended 30 June 2007 were approved by:

D. S. Morozov
General Director

I. A. Komarov
Deputy General Director

Moscow
30 September 2007

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of Open Joint Stock Company “Mining and Metallurgical Company Norilsk Nickel”:

We have reviewed the accompanying consolidated interim balance sheet of Open Joint Stock Company “Mining and Metallurgical Company Norilsk Nickel” and its subsidiaries (the “Group”) as at 30 June 2007 and the related consolidated interim statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2007, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Moscow
30 September 2007

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)
US Dollars million

	Notes	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Metal sales	7	**7,645**	**4,191**	**11,550**
Cost of metal sales	8	(1,805)	(1,375)	(3,158)
Gross profit on metal sales		**5,840**	**2,816**	**8,392**
Selling, general and administrative expenses	14	(668)	(472)	(1,090)
Other net operating expenses	15	(148)	(133)	(272)
Operating profit		**5,024**	**2,211**	**7,030**
Net finance (cost)/benefit	16	(52)	2	(21)
Net income/(loss) from investments	17	68	(368)	(199)
Share of profits/(losses) of associates	22	34	6	(33)
Profit before income tax		**5,074**	**1,851**	**6,777**
Income tax	18	(1,266)	(477)	(1,805)
Profit for the period from continuing operations		**3,808**	**1,374**	**4,972**
Profit for the period from discontinued operation	43	-	993	993
Profit for the period		**3,808**	**2,367**	**5,965**
Attributable to:				
Shareholders of the parent company		3,792	2,370	5,989
Minority interest		16	(3)	(24)
		3,808	**2,367**	**5,965**

EARNINGS PER SHARE

	Notes	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Weighted average number of ordinary shares in issue during the period	28	181,417,913	188,750,738	188,767,177
Basic and diluted earnings per share from continuing and discontinued operations attributable to shareholders of the parent company (US Dollars)		20.9	12.6	31.7
Basic and diluted earnings per share from continuing operations attributable to shareholders of the parent company (US Dollars)		20.9	7.3	26.5

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007 (UNAUDITED)
US Dollars million

	Notes	30 June 2007	30 June 2006	31 December 2006
ASSETS				
Non-current assets				
Property, plant and equipment	19	15,644	7,580	8,134
Goodwill	20	26	15	25
Intangible assets	21	60	42	48
Investments in associates	22	4,209	257	208
Investments in securities and other financial assets	23	2,539	1,170	2,615
Taxes receivable	24	50	118	44
Deferred tax assets	18	26	12	-
Pension plans assets	31	37	-	-
		22,591	**9,194**	**11,074**
Current assets				
Inventories	25	2,235	1,533	1,471
Trade and other receivables	26	1,249	502	850
Investments in securities and other financial assets	23	390	133	104
Taxes receivable	24	679	518	602
Cash and cash equivalents	27	7,573	1,061	2,178
		12,126	**3,747**	**5,205**
TOTAL ASSETS		**34,717**	**12,941**	**16,279**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	28	8	8	8
Share premium		611	610	611
Treasury shares	28	(999)	-	(999)
Other reserves	29	3,348	1,740	2,562
Retained earnings		13,540	7,415	10,635
Equity attributable to shareholders of the parent company		**16,508**	**9,773**	**12,817**
Minority interest		955	302	319
		17,463	**10,075**	**13,136**
Non-current liabilities				
Long-term borrowings	30	4,119	629	632
Employee benefit obligations	31	11	65	57
Environmental obligations	32	412	288	322
Derivative financial liabilities	35	82	-	-
Liabilities associated with acquisition of business from OM Group	5	74	-	-
Deferred tax liabilities	18	2,739	592	881
		7,437	**1,574**	**1,892**
Current liabilities				
Short-term borrowings	33	2,368	12	158
Current portion of employee benefit obligations	31	275	230	259
Current portion of environmental obligations	32	26	-	-
Trade and other payables	34	5,847	389	421
Taxes payable	24	412	242	393
Derivative financial liabilities	35	13	46	15
Dividends payable		856	373	5
Liabilities associated with acquisition of business from OM Group	5	20	-	-
		9,817	**1,292**	**1,251**
TOTAL EQUITY AND LIABILITIES		**34,717**	**12,941**	**16,279**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)
US Dollars million

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Cash flows from operating activities			
Profit for the period	**3,808**	**2,367**	**5,965**
Adjustments for[1]:			
Income tax	1,266	489	1,817
Amortisation and depreciation	299	283	586
Interest expense	57	47	88
Change in provision for impairment of property, plant and equipment	12	(2)	87
Loss on disposal of property, plant and equipment	14	17	21
Change in allowance for promissory notes and loans advanced	5	79	83
Share of (profits)/losses of associates	(34)	(6)	33
Loss/(gain) on disposal of subsidiaries	18	(6)	(6)
Excess of interest in net assets acquired over consideration paid on increase of Group's share in a subsidiary	(9)	-	-
Interest income	(62)	(22)	(79)
Foreign exchange loss/(gain)	13	(31)	(32)
Gain on disposal of investments	-	(733)	(733)
Gain on disposal of associates	(6)	-	(117)
Other	2	(13)	(4)
Operating profit before working capital changes	**5,383**	**2,469**	**7,709**
Increase in inventories	(413)	(128)	(73)
Decrease/(increase) in trade and other receivables	22	56	(329)
(Increase)/decrease in taxes receivable	(2)	16	49
(Decrease)/increase in trade and other payables	(91)	(3)	82
(Decrease)/increase in employee benefit obligations	(77)	3	15
Decrease in taxes payable	(9)	(14)	(17)
Cash flows from operations	**4,813**	**2,399**	**7,436**
Interest paid	(34)	(37)	(63)
Income tax paid	(1,380)	(571)	(1,726)
Net cash generated from operating activities	**3,399**	**1,791**	**5,647**

[1] Adjustments are presented for continuing and discontinued operations on a combined basis

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)
US Dollars million

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	72	-	(269)
Purchase of property, plant and equipment	(306)	(276)	(743)
Purchase of intangible assets	(15)	(17)	(27)
Proceeds from sale of property, plant and equipment	68	12	46
Acquisition of associates	(3,287)	(100)	(151)
Advance payment on acquisition of a subsidiary	-	(18)	-
Proceeds from disposal of associates	7	-	156
Purchase of securities and other financial assets	(215)	(149)	(865)
Proceeds from sale of securities and other financial assets	159	2,096	2,231
Net cash (used in)/generated from investing activities	**(3,517)**	**1,548**	**378**
Cash flows from financing activities			
Proceeds from short-term borrowings	3,918	296	573
Repayments of short-term borrowings	(1,900)	(902)	(1,055)
Proceeds from long-term borrowings	3,432	-	-
Repayments of long-term borrowings	(1)	(10)	(11)
Proceeds from increase in share capital of a special purpose entity	-	28	28
Buy back of issued shares	-	-	(999)
Acquisition of a special purpose entity	(50)	-	-
Cash distributed to shareholders on disposal of Polyus Group	-	(2,366)	(2,366)
Dividends paid	(1)	(305)	(1,079)
Net cash generated from/(used in) financing activities	**5,398**	**(3,259)**	**(4,909)**
Net increase in cash and cash equivalents	**5,280**	**80**	**1,116**
Cash and cash equivalents at beginning of the period	**2,178**	**922**	**922**
Effect of translation to presentation currency	115	59	140
Cash and cash equivalents at end of the period	**7,573**	**1,061**	**2,178**

MINING AND METALLURGICAL COMPANY NORILSK NICKEL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)
US Dollars million

		Equity attributable to shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2005		**9**	**695**	**(1,457)**	**1,438**	**10,378**	**11,063**	**334**	**11,397**
Profit for the period		-	-	-	-	2,370	**2,370**	(3)	**2,367**
Dividends	36	-	-	-	-	(373)	**(373)**	-	**(373)**
Cancellation of treasury shares		(1)	(86)	1,457	(15)	(1,355)	**-**	-	**-**
Issuance of ordinary shares from treasury shares		-	1	-	-	-	**1**	(1)	**-**
Increase in fair value of available-for-sale investments		-	-	-	365	-	**365**	-	**365**
Realised gain on disposal of available-for-sale investments		-	-	-	(620)	7	**(613)**	-	**(613)**
Contribution to share capital of a special purpose entity		-	-	-	-	(17)	**(17)**	17	**-**
Net assets distributed to shareholders on disposal of Polyus Group	43	-	-	-	(103)	(3,595)	**(3,698)**	(31)	**(3,729)**
Loss on cash flow hedge		-	-	-	(46)	-	**(46)**	(21)	**(67)**
Translation of foreign operations		-	-	-	(18)	-	**(18)**	-	**(18)**
Effect of translation to presentation currency		-	-	-	739	-	**739**	7	**746**
Balance at 30 June 2006		**8**	**610**	**-**	**1,740**	**7,415**	**9,773**	**302**	**10,075**
Profit for the period		-	-	-	-	3,619	**3,619**	(21)	**3,598**
Dividends	36	-	-	-	-	(399)	**(399)**	-	**(399)**
Issuance of ordinary shares from treasury shares		-	1	-	-	-	**1**	(1)	**-**
Increase in fair value of available-for-sale investments		-	-	-	555	-	**555**	-	**555**
Buy back of issued shares		-	-	(999)	-	-	**(999)**	-	**(999)**
Gain on cash flow hedge		-	-	-	31	-	**31**	14	**45**
Translation of foreign operations		-	-	-	(37)	-	**(37)**	-	**(37)**
Effect of translation to presentation currency		-	-	-	273	-	**273**	25	**298**
Balance at 31 December 2006		**8**	**611**	**(999)**	**2,562**	**10,635**	**12,817**	**319**	**13,136**
Profit for the period		-	-	-	-	3,792	**3,792**	16	**3,808**
Dividends	36	-	-	-	-	(842)	**(842)**	-	**(842)**
Increase in fair value of available-for-sale investments		-	-	-	539	-	**539**	-	**539**
Acquisition of a special purpose entity		-	-	-	-	(50)	**(50)**	-	**(50)**
Decrease in minority interest due to increase of Group's share in subsidiary	5	-	-	-	-	-	**-**	(10)	**(10)**
Minority interest in subsidiaries acquired during the period	5	-	-	-	-	-	**-**	623	**623**
Transfer to retained earnings on disposal of subsidiaries		-	-	-	(5)	5	**-**	-	**-**
Loss on cash flow hedge		-	-	-	(14)	-	**(14)**	-	**(14)**
Translation of foreign operations		-	-	-	(9)	-	**(9)**	-	**(9)**
Effect of translation to presentation currency		-	-	-	275	-	**275**	7	**282**
Balance at 30 June 2007		**8**	**611**	**(999)**	**3,348**	**13,540**	**16,508**	**955**	**17,463**

1. GENERAL

Organisation

Open Joint Stock Company "Mining and Metallurgical Company Norilsk Nickel" (the "Company" or "MMC Norilsk Nickel") was incorporated in the Russian Federation on 4 July 1997. The principal activities of the Company and its subsidiaries (the "Group" or "Norilsk Group") are exploration, extraction, production and sale of base and precious metals. Further details regarding the nature of the business and structure of the Group are presented in note 45.

Major production facilities of the Group are located in Taimyr and Kola Peninsulas of the Russian Federation, Australia, Botswana, USA (Montana), Finland and South Africa. The registered office of the Company is located at 22, Voznesensky pereulok, Moscow, Russian Federation.

Shareholding structure of the Group is as follows:

	30 June 2007		31 December 2006	
Shareholders	**Number of shares**	**% held**	**Number of shares**	**% held**
CJSC "ING Bank (Eurasia)" (nominee)	81,349,427	44.84%	80,209,132	44.21%
OJSC AKB "Rosbank" (nominee)	62,217,695	34.30%	46,386,181	25.57%
CJSC "Depository Clearing Company"	15,298,114	8.43%	12,547,555	6.92%
Non-for-profit Partnership "National Depository Centre"	9,180,300	5.06%	10,713,585	5.91%
Dimosenco Holdings Co. Limited	-	-	6,920,313	3.81%
Pharanco Holdings Co. Limited	-	-	6,920,313	3.81%
J.P. Morgan Bank International Limited	2,424,825	1.34%	-	-
Other, less than 5%	10,947,552	6.03%	17,720,834	9.77%
Total	**181,417,913**	**100.00%**	**181,417,913**	**100.00%**

The principal beneficial shareholders of the Group are Mr. Vladimir O. Potanin and Mr. Mikhail D. Prokhorov.

Statement of compliance

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The entities of the Group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdictions in which they are incorporated and registered. Accounting principles in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, financial statements of individual entities of the Group have been adjusted to ensure that the consolidated interim financial statements are presented in accordance with IFRS.

The consolidated interim financial statements of the Group are prepared on the historical cost basis, except for:

- fair value of subsidiaries acquired, in accordance with IFRS 3 "Business Combinations";
- mark-to-market valuation of by-products, in accordance with IAS 2 "Inventories"; and
- mark-to-market valuation of financial instruments, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

The impact of adoption of new or revised standards and interpretations issued by IASB and IFRIC in the preparation of the consolidated financial statements in future periods is currently being assessed by management. No material effect on the Group's accounting policies is anticipated, however, adoption of IFRS 7 "Financial Instruments: Disclosures" will require more comprehensive disclosure of the Group's financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated annual financial statements for the year ended 31 December 2006.

Basis of consolidation

Subsidiaries

The consolidated interim financial statements incorporate financial statements of the Company and its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The assets and liabilities of all subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's share of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interest of the parent company, except to the extent that the minority has binding obligations and is able to make an additional investment to cover the losses.

The financial statements of subsidiaries are prepared for the same reporting period as those of the parent company; where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used by them into line with those of the Group.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Associates

An associate is an entity over which the Group exercises significant influence, but not control, through participation in financing and operating policy decisions, in which it normally owns between 20% and 50% of the voting equity. Associates are equity accounted for from the date significant influence commenced until the date that significant influence effectively ceased.

The results of associates are equity accounted for based on their most recent financial statements. Any losses of associates are recorded in the consolidated financial statements until the investment in such associates is written down to nil value. Thereafter losses are only accounted for to the extent that the Group is committed to providing financial support to such associates.

The carrying value of investments in associates represents the cost of each investment, including goodwill, the share of post-acquisition retained earnings and any other movements in reserves. The carrying value of investments in associates is reviewed on a regular basis and if any impairment in value has occurred, it is written down in the period in which these circumstances are identified.

Profits and losses resulting from transactions with associates are eliminated to the extent of the Group's interest in these associates.

Special purpose entities

Special purpose entities ("SPEs") are those undertakings that are created to satisfy specific business needs of the Group and the Group has the right to the majority of the benefits of the SPE, or is exposed to risks associated with the activities of the SPE.

SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the Group.

Accounting for acquisitions

Where an investment in a subsidiary or an associate is made, any excess of the purchase consideration over the fair value of the identifiable assets, liabilities, contingent liabilities and attributable ore reserves at the date of acquisition is recognised as goodwill. Goodwill in respect of mining subsidiaries, which represents mineral resources, is amortised on a systematic basis to recognise the depletion of the resources over the life of mine.

Goodwill in respect of non-mining subsidiaries is disclosed separately and goodwill relating to associates is included within the carrying value of the investment in associates.

Goodwill is reviewed for impairment at least annually and if impairment has occurred, it is recognised in the income statement during the period in which the circumstances are identified and is not subsequently reversed.

On disposal of a subsidiary or an associate the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where an investment in a subsidiary or an associate is made, any excess of the Group's share in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised in the income statement immediately.

Functional and presentation currency

The individual financial statements of each group entity are presented in its functional currency.

It was determined that the Russian Rouble ("RUR") is the functional currency of the Company and all foreign subsidiaries of the Group, except for Stillwater Mining Company, Norilsk Nickel Harjavalta Oy, Norilsk Nickel Finland Oy, LionOre Mining International Limited, Norilsk Nickel Cawse Proprietary Limited and MPI Nickel Proprietary Limited. These entities have a significant degree of autonomy and use the functional currencies of the economies in which they operate, US Dollar ("USD" or "US Dollar"), Botswana Pula ("BWP"), South African Rand ("ZAR") and Australian Dollar ("AUD" or "AU Dollar"), respectively.

The presentation currency of the consolidated interim financial statements is the United States of America Dollar. Using USD as a presentation currency is common practice for global mining companies. In addition, USD is a more relevant presentation currency for international users of the consolidated interim financial statements of the Group.

The translation into presentation currency is made as follows:

- all assets and liabilities, both monetary and non-monetary, are translated at closing exchange rates at the dates of each balance sheet presented;
- all income and expenses in each income statement are translated at the average exchange rates for the periods presented; and
- all resulting exchange differences are recognised as a separate component in equity.

The RUR is not a freely convertible currency outside the Russian Federation and, accordingly, any translation of RUR denominated assets and liabilities into USD for the purpose of this consolidated interim financial statements does not imply that the Group could or will in the future realise or settle in USD the translated values of these assets and liabilities.

Exchange rates were as follows (RUR to 1 US Dollar):

	30 June 2007	**30 June 2006**	**31 December 2006**
Period-end rates	25.8162	27.0789	26.3311
Average for the period	26.0827	27.6799	27.1852

Foreign currency transactions

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the date of the transactions. At each balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing at the date of transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing at the date on which the most recent fair value was determined. Exchange differences arising from changes in exchange rates are recognised in the income statement.

Property, plant and equipment

Mining assets

Mining assets are recorded at cost less accumulated amortisation and impairment losses. Mining assets include the cost of acquiring and developing mining properties, pre-production expenditure, mine infrastructure, mineral rights and mining and exploration licenses and the present value of future decommissioning costs. Amortisation of mining assets is charged from the date on which a new mine reaches commercial production quantities and is included in the cost of production.

Mineral rights, mineral resources and reserves

Mineral rights, mineral resources and reserves are recorded as assets when acquired as part of a business combination and are then amortised on a straight-line basis over the life of mine, which is based on estimated proven and probable ore reserves. Estimated proven and probable ore reserves reflect the economically recoverable quantities which can be legally recovered in the future from known mineral deposits.

Mine development costs

Mine development costs are recorded as capital construction-in-progress and transferred to mining property, plant and equipment when a new mine reaches commercial production quantities.

Capitalised mine development costs include expenditures incurred in:

- acquiring mineral rights and mining and exploration licenses;
- developing new mining operations;
- defining further mineralisation in existing ore bodies; and
- expanding the capacity of a mine.

Mine development costs include interest capitalised during the construction period, when financed by borrowings, and the present value of future decommissioning costs.

Mine development costs are amortised on a straight-line basis over the lives of mines varying from 7 to 40 years.

Mine infrastructure

Processing plant and equipment are recorded at cost and amortised on a straight-line basis over the lesser of their economic useful lives or the life of mine, varying from 5 to 40 years.

Non-mining assets

Non-mining assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the economic useful lives of these assets at the following annual rates:

- buildings and equipment 2% to 10%;
- motor vehicles 9% to 25%;
- office equipment 10% to 20%.

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at the lower of fair value or present value of future minimum lease payments at the date of acquisition, with the related lease obligation recognised at the same value. Assets held under finance leases are depreciated over their estimated economic useful lives or over the term of the lease, if shorter. If there is reasonable certainty that the lessee will obtain ownership at the end of the lease term, the period of expected use is useful life of the asset.

Finance lease payments are allocated using the effective interest rate method, between the lease finance cost, which is included in finance costs, and the capital repayment, which reduces the related lease obligation to the lessor.

Capital construction-in-progress

Capital construction-in-progress comprises costs directly related to mine development, construction of buildings, infrastructure, processing plant, machinery and equipment. Cost also includes finance charges capitalised during the development and construction periods where such costs are financed by borrowings. Amortisation or depreciation of these assets commences when the assets are put into production.

Intangible assets, excluding goodwill

Intangible assets are reported at cost less accumulated amortisation and impairment losses. Intangible assets mainly include software, patents and licenses. Amortisation is charged on a straight-line basis over the economic useful lives of these assets at the following annual rates:

- software 33% to 50%;
- patents and licenses 5% to 50%.

Impairment of tangible and intangible assets, excluding goodwill

An impairment review of tangible and intangible assets is carried out when there is an indication that those assets have suffered an impairment loss by comparing the carrying amount of the assets to their respective recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value-in-use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognised in prior periods.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

Research and exploration expenditure

Research and exploration expenditure, including geophysical, topographical, geological and similar types of expenditure, is expensed in the period in which it is incurred, unless it is deemed that such expenditure will lead to an economically viable capital project. In this case the expenditure is capitalised and amortised over the life of mine, when a mine reaches commercial production quantities.

Research and exploration expenditure written-off before development and construction starts is not subsequently capitalised, even if a commercial discovery subsequently occurs.

Inventories

Refined metals

Joint products, i.e. nickel, copper, palladium, platinum and gold, are measured at the lower of net cost of production on the average basis, or net realisable value. The net cost of production per unit of a joint product is determined by dividing the total production cost, less net revenue from sales of by-products and valuation of by-product inventories on hand, allocated in the ratio of the contribution of these joint products to total relative sales value, by the saleable mine output of a joint product.

Production costs include on-mine and concentrating costs, smelting costs, treatment and refining costs, other cash costs and amortisation and depreciation of operating assets.

By-products, i.e. cobalt, ruthenium, rhodium, iridium, silver and other minor metals, are measured at net realisable value, through a mark-to-market valuation.

Work-in-process

Work-in-process is valued at the net unit cost of production based on the percentage of completion method.

Stores and materials

Stores and materials consist of consumable stores and are valued at the weighted average cost less allowance for obsolete and slow-moving items.

Financial instruments

Financial instruments recognised on the Group's balance sheet include investments, trade and other receivables, borrowings, trade and other payables and derivative financial instruments. Financial instruments are initially measured at cost, including transaction costs, when the Group has become a party to the contractual arrangement of the instrument. The subsequent measurement of financial instruments is dealt with below.

A financial instrument or a portion of a financial instrument is derecognised, when the Group loses its contractual rights or extinguishes the obligation associated with such an instrument.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in the income statement.

On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments over the expected life of the financial asset or liability.

Investments

Investments, other than investments in subsidiaries and associates, are initially measured at fair value on a trade date basis, including directly attributable transaction costs.

Investments are classified into the following categories:

- held-to-maturity;
- at fair value through profit and loss; and
- available-for-sale.

The classification depends on the nature and purpose of the investments and is determined at the time of initial recognition.

Investments with fixed or determinable payments and fixed maturity, which the Group has the positive intention and ability to hold to maturity, other than loans and receivables, are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortised cost using the effective interest rate method less any allowance for impairment.

Amortisation of discount or premium on the acquisition of a held-to-maturity investment is recognised in interest income over the term of the investment. Held-to-maturity investments are included in non-current assets, unless they mature within twelve months of the balance sheet date.

Investments at fair value through profit and loss include investments held for trading and investments that are part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.

All other investments, other than loans and receivables, are classified as available-for-sale.

Investments at fair value through profit and loss and investments available-for-sale are subsequently measured at fair value by reference to their quoted market price at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal. Gain or loss arising from a change in the fair value of investments at fair value through profit and loss is recognised in the income statement for the period. Gain or loss arising from a change in fair value of investments available-for-sale is recognised directly in equity through the statement of changes in equity, until such investments are derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

When a decline in fair value of an available-for-sale investment has been recognised directly in equity and there is objective evidence that investment is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement even though the investment has not been derecognised.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recorded at management's estimate of fair value.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts, calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition, are recognised in the income statement when there is the objective evidence the asset is impaired.

Borrowings

Loans and borrowings are initially measured at fair value, net of direct transaction costs. Subsequently loans and borrowing are measured at amortised cost, which is calculated by taking into account any discount or premium on settlement.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to manage its exposure to the risk of changes in metal prices.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as a cash flow hedge.

The effective portion of changes in the fair value of derivative financial instruments that are designated as cash flow hedges is recognised directly in equity. The ineffective portion of cash flow hedges is recognised in profit or loss. When a hedging instrument is expired or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity is transferred to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Employee benefit obligations

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period.

Defined contribution plans

The Group contributes to the following defined contribution plans:

- Pension fund of the Russian Federation;
- Stillwater Mining Company savings plan; and
- Corporate pension option program.

The only obligation of the Group with respect to these defined contribution plans is to make the specified contributions in the period in which they arise. These contributions are expensed as incurred.

Defined benefit plans

The Group operates a number of funded defined benefit plans for its employees. At management's discretion and within the established annual budgets, the Group admits employees, who have met certain criteria, into one of the following retirement benefit plans:

- *Six pensions plan,* whereby a retired employee receives a monthly allowance equal to 600% of the Russian Federation state pension for the immediate two years subsequent to retirement; or
- *Lifelong professional pension plan,* whereby a retired employee receives a monthly allowance equal to 200% of the Russian Federation state pension for the rest of his/her life; or
- *Joint corporate pension plan,* whereby a retired employee receives a monthly allowance equal to 1/150th of the total Starting and Counter capital for the rest of his/her life. Starting capital is determined on an individual basis taking into account seniority, salary level, etc. The Counter capital consists of a contribution funded by the Group of 3% of salaries paid to an employee during the period of participation in the plan.

In addition, the Group operates the *Mother's rights program*, whereby a qualified mother with a child between the ages of three and seven receives a monthly benefit equal to her average salary, but limited to 150% of minimum basic salary.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with an actuarial valuation being carried out on a regular basis. Actuarial gains and losses that exceed 10% of the present value of the Group's defined benefit obligation are amortised over the expected average remaining lives of the participating employees. Past service cost is recognised immediately in the income statement to the extent that the benefits are already vested, and otherwise amortised on the straight-line basis over the average period until the benefit becomes vested.

The Group's obligation in respect of these defined benefit plans relating to post employment benefits is recognised in the balance sheet and represents the present value of the defined benefit obligations as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

Income tax

Income tax on the profit or loss for the period comprises current and deferred taxation.

Current tax is the tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustment to tax payable in respect of previous periods.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group intends to settle its tax assets and liabilities on a net basis.

Deferred taxation is calculated at rates that are expected to apply to the period when the asset is realised or the liability is settled. It is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case deferred taxation is also dealt with in equity.

Government grants

Government grants related to assets are deducted from the cost of these assets in arriving at their carrying value.

Revenue recognition

Revenue consists of the sale of joint product metals, and is recognised when the risks and rewards of ownership are transferred to the buyer. Metal sales revenue represents the net invoiced value of all joint products shipped to customers, net of value-added tax. Revenues from the sale of by-products are netted-off against production costs.

Revenue from contracts that are entered into and continue to meet the Group's expected sale requirements designated for that purpose at their inception, and are expected to be settled by physical delivery, are recognised in the consolidated financial statements as and when they are delivered.

Segmental information

The Group predominantly operates in a single business segment, being exploration, extraction, production and sale of base and precious metals. Reportable segments are based on the geographic location of the Group's operations, which are the Russian Federation, North America, Australia, Africa and Europe.

Provisions

Provisions are recognised when the Group has a legal or constructive obligations as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligations, and the amount of the obligations can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Interest on borrowings

Interest on borrowings relating to major qualifying capital projects under construction is capitalised during the construction period in which they are incurred. Once a qualifying capital project has been fully commissioned, the associated interest is expensed in the income statement as and when incurred.

Interest relating to operating activities is expensed in the income statement as and when incurred.

Operating lease payments

Payments made under operating leases are recognised in the income statement in the period in which they are due in accordance with lease terms. Lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases.

Dividends declared

Dividends and related taxation thereon are recognised as a liability in the period in which they have been declared and become legally payable.

Accumulated profits legally distributable are based on the amounts available for distribution in accordance with the applicable legislation and as reflected in the statutory financial statements of the individual entities of the Group. These amounts may differ significantly from the amounts calculated on the basis of IFRS.

Environmental obligations

Environmental obligations include decommissioning and land restoration costs.

Future decommissioning costs, discounted to net present value, are capitalised and the corresponding decommissioning obligations raised as soon as the constructive obligation to incur such costs arises and the future decommissioning cost can be reliably estimated. Decommissioning assets are amortised on a straight-line basis over the life of mine. The unwinding of the decommissioning obligations is included in the income statement. Decommissioning obligations are periodically reviewed in light of current laws and regulations, and adjustments made as necessary.

Provision for land restoration, representing the cost of restoring land damage after the commencement of commercial production, is estimated at net present value of the expenditures expected to settle the obligation. Increases in provision are charged to the income statement as a cost of production.
The unwinding of restoration costs are expensed over the life of mine.

Ongoing rehabilitation costs are expensed when incurred.

Discontinued operations

Discontinued operations are disclosed when a component of the Group either has been disposed of during the reporting period, or is classified as held for sale or other type of disposal at the balance sheet date. This condition is regarded as met only when the disposal is highly probable within one year from the date of classification.

Comparative information related to the discontinued operations is amended in the income statement for the prior period.

Assets and liabilities of a disposal group are presented in the balance sheet separately from other assets and liabilities. Comparative information related to discontinued operations is not amended in the balance sheet for the prior period.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions relate to:

- useful economic lives of property, plant and equipment;
- impairment of assets;
- allowances for doubtful debts, obsolete and slow-moving raw materials and spare parts;
- environmental obligations;
- employee benefit obligations;
- tax matters; and
- contingencies.

Useful economic lives of property, plant and equipment

The Group's mining assets, classified within property, plant and equipment, are amortised using the straight-line method over life of mine based on proven and probable ore reserves. When determining life of mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The factors that could affect the estimation of the life of mine include the following:

- changes in proven and probable ore reserves;
- the grade of mineral reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating mining, processing and reclamation costs, discount rates and foreign exchange rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective amortisation of mining assets and their carrying value. Non-mining property, plant and equipment are depreciated on a straight-line basis over their useful economic lives. Management periodically reviews the appropriateness of the assets' useful economic lives. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate cash-generating units, and also in estimating the timing and value of the underlying cash flows within the value-in-use calculation. Subsequent changes to the cash generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

Allowances

The Group creates allowances for doubtful debts to account for estimated losses resulting from the inability of customers to make the required payments. When evaluating the adequacy of an allowance for doubtful debts, management bases its estimate on the current overall economic conditions, the ageing of the accounts receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the allowance for doubtful debts recorded in the consolidated interim financial statements.

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

Environmental obligations

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the various jurisdictions, terms of the license agreements and internally generated engineering estimates. Provision is made, based on net present values, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Employee benefits

The expected costs of providing pensions and post-retirement benefits under defined benefit arrangements and related employee current service cost during the period are charged to the income statement.

Assumptions in respect of the expected costs are set after consultation with actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used could impact the results of the Group's operations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

US Dollars million

4. RECLASSIFICATIONS

Certain comparative information, presented in the consolidated interim financial statements and annual financial statements for the periods ended 30 June 2006 and 31 December 2006 respectively, has been reclassified.

The effect of the reclassifications of the consolidated income statement for the six months ended 30 June 2006 is summarised below:

	After reclassifications	Before reclassifications	Difference
Other net operating expenses	(133)	(39)	(94)
Other non-operating expenses	-	(51)	51
Net loss from investments	(368)	(356)	(12)
Share of profits of associates	6	-	6
Net finance benefit/(cost)	2	(47)	49
			-

Management has chosen to present loss on disposal of investments in subsidiaries, previously presented within net loss from investments, donations and expenditures on maintenance of social sphere facilities, previously presented within other non-operating expenses, within net operating expenses.

In addition, all exchange differences related to financing activities were reclassified to net finance benefit/(cost).

In previous reporting periods share of profits of associates was not presented separately in the consolidated income statement, but included in net income/(loss) from investments. Commencing 2007 it is presented separately in consolidated income statement.

The effect of the reclassifications of the consolidated balance sheet as at 30 June 2006 is summarised below:

	After reclassifications	Before reclassifications	Difference
Non-current assets			
Goodwill	15	-	15
Intangible assets	42	-	42
Taxes receivable	118	-	118
Other non-current assets	-	175	(175)
			-
Current assets			
Trade and other receivables	502	462	40
Taxes receivable	518	-	518
Other current assets	-	558	(558)
			-

US Dollars million

In previous reporting periods intangible assets, goodwill and taxes receivable were not presented separately in the consolidated balance sheet, but included in other non-current and current assets. Commencing 2007 these balances will be presented separately in consolidated balance sheet.

	After reclassifications	Before reclassifications	Difference
Capital and reserves			
Share capital	8	9	(1)
Share premium	610	1	609
Other reserves	1,740	-	1,740
Investments revaluation reserve	-	458	(458)
Hedging reserve	-	(46)	46
Retained earnings	7,415	9,351	(1,936)
			-

Management decided to change the presentation of exchange differences arising on translation of consolidated financial statements from functional to presentation currency in order to better comply with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates". All exchange differences resulting from such translation have now been presented as a separate component in the statement of changes in equity starting from 2006.

Commencing 2007 management has made a decision to present investments revaluation reserve, hedging reserve and translation reserve on a combined basis as other reserves.

The effect of the reclassifications of consolidated income statement for the year ended 31 December 2006 is summarised below:

Net loss from investments	(199)	(226)	27
Share of losses of associates	(33)	-	(33)
Other net operating expenses	(272)	(278)	6
			-

In previous reporting periods share of losses of associates was not presented separately in the consolidated income statement, but included in net loss from investments. Commencing 2007 it is presented separately in consolidated income statement.

Management has chosen to present gain on disposal of investments in subsidiaries, previously presented within net loss from investments, within net operating expenses.

US Dollars million

The effect of the reclassifications of consolidated balance sheet as at 31 December 2006 is summarised below:

	After reclassifications	Before reclassifications	Difference
Non-current assets			
Goodwill	25	-	25
Intangible assets	48	73	(25)
Taxes receivable	44	-	44
Other non-current assets	-	44	(44)
			-
Current assets			
Trade and other receivables	850	745	105
Taxes receivable	602	-	602
Other current assets	-	707	(707)
			-

In previous reporting periods intangible assets, goodwill and taxes receivable were not presented separately in the consolidated balance sheet, but included in other non-current and current assets. Commencing 2007 these balances will be presented in the separate notes.

Capital and reserves			
Other reserves	2,562	-	2,562
Investments revaluation reserve	-	997	(997)
Hedging reserve	-	(15)	15
Translation reserve	-	1,580	(1,580)
			-

Commencing 2007 management has chosen to present investments revaluation reserve, hedging reserve and translation reserve on a combined basis as other reserves.

Other reclassifications of comparative information, individually or in aggregate, were not material to the consolidated interim financial statements of the Group.

US Dollars million

5. BUSINESS COMBINATIONS AND INCREASE OF OWNERSHIP IN SUBSIDIARIES

Acquisitions of controlling interests

Subsidiaries acquired	Principal activity	Date of acquisition	Shareholding	Cost of acquisitions
Six months ended 30 June 2007				
OMG Harjavalta Nickel Oy and OMG Cawse Proprietary Limited	Mining and metallurgy	1 March 2007	100.0%	408
LionOre Mining International Limited	Mining	28 June 2007	90.7%	5,233
				5,641
Six months ended 30 June 2006				
LLC "Nortrans"	Transportation	13 June 2006	100.0%	1
				1
Six months ended 31 December 2006				
LLC "Astron"	Telecommunications	20 July 2006	71.0%	1
LLC "Astron-S"	Telecommunications	20 July 2006	71.0%	1
OJSC "Taimyrenergo"	Lessor of equipment	31 July 2006	100.0%	271
LLC "Zapolyarnyi Torgovyi Alians"	Retail	1 November 2006	100.0%	-
				273

Acquisitions during six months ended 30 June 2007

Acquisition of OMG Harjavalta Nickel Oy and OMG Cawse Proprietary Limited

On 1 March 2007 the Group acquired 100% of the ordinary shares of OMG Harjavalta Nickel Oy ("OMG Harjavalta"), a company engaged in nickel refining operations in Finland, and OMG Cawse Proprietary Limited ("OMG Cawse"), a company engaged in nickel mining and processing operations in Australia, for a consideration of USD 408 million.

The initial accounting for the acquisition of OMG Harjavalta and OMG Cawse has been provisionally determined at 1 March 2007.

	Provisional values at the date of acquisition
ASSETS	
Property, plant and equipment	122
Inventories	202
Trade and other receivables	225
Investments in securities and other financial assets	60
Cash and cash equivalents	7
	616

	Provisional values at the date of acquisition
LIABILITIES	
Employee benefit obligations	5
Environmental obligations	4
Deferred tax liabilities	21
Trade and other payables	124
Taxes payable	54
	208
Group's share of net assets acquired	**408**
Total consideration	**408**
Satisfied by cash	(371)
Satisfied by supply agreements	(36)
Costs associated with acquisition	(1)
Net cash outflow arising on acquisition:	
Cash consideration	(372)
Cash and cash equivalents acquired	7
Net cash outflow on acquisition	**(365)**

OMG Harjavalta contributed USD 418 million of revenue and USD 151 million of profit before income tax from the date of acquisition to 30 June 2007.

OMG Cawse contributed USD 57 million of revenue and USD 29 million of profit before income tax from the date of acquisition to 30 June 2007.

In the preparation of consolidated interim financial statements for the six months ended 30 June 2007, the excess of purchase consideration paid over the Group's share of net assets of OMG Harjavalta and OMG Cawse was provisionally accounted for as mineral rights and resources together with the attributable deferred tax liabilities amounting to USD 13 million and USD 4 million, respectively.

As a part of the acquisition, the Group entered into five-years supply agreements with OM Group Incorporated (former controlling shareholder of OMG Harjavalta and OMG Cawse).

At 1 March 2007 the value of the above agreements was determined provisionally in the amount of USD 96 million. At 30 June 2007 the liabilities under these contracts amounted to USD 94 million.

Acquisition of LionOre Mining International Limited

On 28 June 2007 the Group acquired 90.7% of the voting shares of LionOre Mining International Limited ("LionOre"), an international nickel producer with operations in Australia, South Africa and Botswana for a cash consideration of USD 5,233 million.

The initial accounting for the acquisition of LionOre has been provisionally determined at 30 June 2007.

US Dollars million

	Provisional values at the date of acquisition
ASSETS	
Property, plant and equipment	7,380
Intangible assets (refer to note 21)	6
Investments in associates (refer to note 22)	59
Investments in securities and other financial assets	37
Inventories	117
Trade and other receivables	258
Cash and cash equivalents	438
	8,295
LIABILITIES	
Borrowings	237
Employee benefit obligations	10
Environmental obligations	94
Derivative financial liabilities	80
Deferred tax liabilities	1,642
Trade and other payables	112
Taxes payable	67
	2,242
Net assets at the date of acquisition	**6,053**
Less: Share of net assets attributable to minority shareholders	(623)
Group's share of net assets acquired	**5,430**
Less: Pre-acquisition amount invested in subsidiary	(197)
Total consideration	**5,233**
Deferred cash consideration (refer to note 34)	(5,230)
Deferred costs associated with acquisition (refer to note 34)	(3)
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	438
Net cash inflow on acquisition	**438**

The acquisition was accounted for as if it had taken place at 30 June 2007. Thus acquisition of LionOre did not affect operating results of the Group for the six months ended 30 June 2007.

In the preparation of consolidated interim financial statements for the six months ended 30 June 2007, the excess of purchase consideration paid over the Group's share of net assets of LionOre was provisionally accounted for as mineral rights and resources together with the attributable deferred tax liabilities amounting to USD 6,464 million and USD 1,464 million, respectively.

Increase of ownership in subsidiaries

OJSC "Norilsko-Taimyrskaya Energeticheskaya Kompaniya"

On 7 May 2007 the Group acquired an additional 49% of interest in OJSC "Norilsko-Taimyrskaya Energeticheskaya Kompaniya" ("NTEK") for a cash consideration of USD 1 million, increasing its ownership to 100%. The carrying value of NTEK net assets in the consolidated interim financial statements on the date of increase of ownership was USD 20 million. As a result of this transaction, the Group recognised a decrease in net assets attributable to minority interest in the amount of USD 10 million. Excess of the Group's share in net assets acquired over consideration paid in the amount of USD 9 million was recognised in the consolidated income statement within other net operating expenses (refer to note 15).

OJSC “RAO “Norilsk Nickel”

As part of restructuring of the Group that took place in 2001 – 2002 shareholders of OJSC “RAO “Norilsk Nickel”, a subsidiary of the Group, were entitled during certain periods to swap their shares for shares in OJSC “MMC “Norilsk Nickel”. The Group used treasury shares to effect the swaps. At 30 June 2007 this resulted in a decrease in minority of USD nil million (30 June 2006: USD 1 million; 31 December 2006: USD 2 million) with a corresponding increase in share premium.

Acquisitions during the year ended 31 December 2006

Acquisition of OJSC “Taimyrenergo”

On 31 July 2006 the Group acquired for a cash consideration of USD 271 million 100% of the ordinary shares of OJSC “Taimyrenergo” (“Taimyrenergo”). This is an unlisted company (previously a wholly owned subsidiary of RAO “UES of Russia”) located in Snezhnogorsk and Svetlogorsk of the Krasnoyarsk Kray which primary business activities include generation and distribution of electricity in the Norilsk production area.

On 19 June 2006 the Group made an advance payment of USD 18 million for participation in the open auction. This advance payment was added to the amount of the consideration paid for Taimyrenergo.

	Fair values at the date of acquisition
ASSETS	
Property, plant and equipment	313
Inventories	2
Trade and other receivables	10
Cash and cash equivalents	4
	329
LIABILITIES	
Borrowings	5
Deferred tax liabilities (refer to note 18)	57
Trade and other payables	6
	68
Group’s share of net assets acquired	**261**
Add: Goodwill arising on acquisition (refer to note 20)	10
Total consideration	**271**
Satisfied by cash	(271)
Net cash outflow arising on acquisition:	
Cash consideration	(271)
Cash and cash equivalents acquired	4
Net cash outflow on acquisition	**(267)**

Taimyrenergo contributed USD nil million of revenue and USD 6 million of loss before income tax from the date of acquisition to 31 December 2006.

Goodwill arose on acquisition as the cost of the controlling premium paid to acquire Taimyrenergo. Purchase consideration included an amount paid for the expected synergy benefits, control over cost escalations, utility independence from a monopoly supplier and access to unique hydro-generating utility facilities, located in Taimyr Peninsula.

US Dollars million

6. SEGMENTAL INFORMATION

Financial information relating to the Group's consolidated segments is as follows:

	Corporate and other	Taimyr peninsula	Kola peninsula	Subtotal Russian Federation	North America	Europe	Africa	Australia	Total
Six months ended 30 June 2007									
Metal sales	**-**	**6,038**	**815**	**6,853**	**257**	**478**	**-**	**57**	**7,645**
Third party transactions	-	562	124	**686**	257	6,702	-	-	**7,645**
Intra-segment transactions	-	5,476	691	**6,167**	-	(6,224)	-	57	**-**
Operating (loss)/profit	(347)	4,300	581	**4,534**	(3)	462	-	31	**5,024**
Interest income	34	9	1	**44**	6	12	-	-	**62**
Net finance cost	17	11	2	**30**	6	16	-	-	**52**
Share of profits of associates	9	14	-	**23**	-	11	-	-	**34**
(Loss)/profit before income tax	(298)	4,311	580	**4,593**	(3)	453	-	31	**5,074**
Significant non-cash items									
Amortisation and depreciation	12	240	37	**289**	6	7	-	1	**303**
Other non-cash expenses	10	5	-	**15**	2	1	-	-	**18**
Capital expenditures	**53**	**231**	**44**	**328**	**8**	**4**	**-**	**1**	**341**
Carrying value of assets/liabilities									
Property, plant and equipment	268	6,625	741	**7,634**	470	441	4,985	2,114	**15,644**
Investments in associates	873	3,157	8	**4,038**	-	112	59	-	**4,209**
Net operating assets	(2,599)	1,735	186	**(678)**	150	2,409	379	49	**2,309**
Total assets	3,858	12,325	1,151	**17,334**	969	8,118	5,490	2,806	**34,717**
Total liabilities	6,558	1,986	191	**8,735**	250	6,024	1,172	1,073	**17,254**

US Dollars million

	Corporate and other	Taimyr peninsula	Kola peninsula	Subtotal Russian Federation	North America	Europe	Total
Six months ended 30 June 2006							
Metal sales	**-**	**3,628**	**365**	**3,993**	**198**	**-**	**4,191**
Third party transactions	-	475	61	**536**	198	3,457	**4,191**
Intra-segment transactions	-	3,153	304	**3,457**	-	(3,457)	**-**
Operating (loss)/profit	(123)	1,964	156	**1,997**	6	208	**2,211**
Interest income	6	-	2	**8**	5	9	**22**
Net finance (benefit)/cost	(9)	10	2	**3**	6	(11)	**(2)**
Share of profits/(losses) of associates	8	-	-	**8**	-	(2)	**6**
(Loss)/profit before taxation	(487)	1,955	155	**1,623**	1	227	**1,851**
Significant non-cash items							
Amortisation and depreciation	9	225	37	**271**	4	8	**283**
Other non-cash expenses	69	41	38	**148**	-	-	**148**
Capital expenditures	**36**	**220**	**37**	**293**	**10**	**38**	**341**
Carrying value of assets/liabilities							
Property, plant and equipment	197	6,139	696	**7,032**	467	81	**7,580**
Investments in associates	108	1	-	**109**	-	148	**257**
Net operating assets	305	1,162	205	**1,672**	150	633	**2,455**
Total assets	2,219	7,969	962	**11,150**	733	1,058	**12,941**
Total liabilities	536	1,374	144	**2,054**	260	552	**2,866**

US Dollars million

	Corporate and other	Taimyr peninsula	Kola peninsula	Subtotal Russian Federation	North America	Europe	Total
Year ended 31 December 2006							
Metal sales	**-**	**10,046**	**980**	**11,026**	**524**	**-**	**11,550**
Third party transactions	-	1,270	148	**1,418**	524	9,608	**11,550**
Intra-segment transactions	-	8,776	832	**9,608**	-	(9,608)	**-**
Operating (loss)/profit	(406)	6,137	564	**6,295**	3	732	**7,030**
Interest income	43	4	3	**50**	11	13	**74**
Net finance cost/(benefit)	11	22	5	**38**	11	(28)	**21**
Share of profits/(losses) of associates	5	-	-	**5**	-	(38)	**(33)**
(Loss)/profit before income tax	(643)	6,119	562	**6,038**	2	737	**6,777**
Significant non-cash items							
Amortisation and depreciation	18	470	77	**565**	8	17	**590**
Other non-cash expense	96	139	9	**244**	(4)	2	**242**
Capital expenditures	**77**	**572**	**79**	**728**	**28**	**40**	**796**
Carrying value of assets/liabilities							
Property, plant and equipment	327	6,531	722	**7,580**	474	80	**8,134**
Investments in associates	85	1	10	**96**	-	112	**208**
Net operating assets	1,119	1,129	233	**2,481**	177	1,296	**3,954**
Total assets	4,245	8,528	1,079	**13,852**	754	1,673	**16,279**
Total liabilities	414	1,814	166	**2,394**	241	508	**3,143**

US Dollars million

7. METAL SALES

	Total	Nickel	Copper	Palladium	Platinum	Gold
Six months ended 30 June 2007						
By origin						
Russian Federation						
Taimyr Peninsula	**6,038**	3,989	1,097	536	376	40
Kola Peninsula	**815**	743	65	1	5	1
Europe	**478**	454	11	13	-	-
United States of America	**257**	11	1	110	131	4
Australia	**57**	57	-	-	-	-
	7,645	**5,254**	**1,174**	**660**	**512**	**45**
By destination						
Europe	**4,922**	3,601	882	239	189	11
Asia	**1,194**	981	-	121	92	-
North America	**972**	510	1	280	167	14
Russian Federation	**508**	113	291	20	64	20
Australia	**43**	43	-	-	-	-
South America	**6**	6	-	-	-	-
	7,645	**5,254**	**1,174**	**660**	**512**	**45**
Six months ended 30 June 2006						
By origin						
Russian Federation						
Taimyr Peninsula	**3,628**	1,745	1,025	462	360	36
Kola Peninsula	**365**	281	70	9	4	1
United States of America	**198**	-	-	88	110	-
	4,191	**2,026**	**1,095**	**559**	**474**	**37**
By destination						
Europe	**2,539**	1,294	841	159	220	25
Asia	**644**	455	-	144	45	-
North America	**684**	253	7	256	168	-
Russian Federation	**324**	24	247	-	41	12
	4,191	**2,026**	**1,095**	**559**	**474**	**37**
Year ended 31 December 2006						
By origin						
Russian Federation						
Taimyr Peninsula	**10,046**	5,398	2,699	1,018	841	90
Kola Peninsula	**980**	814	139	15	9	3
United States of America	**524**	16	3	232	266	7
	11,550	**6,228**	**2,841**	**1,265**	**1,116**	**100**
By destination						
Europe	**6,846**	3,939	2,016	341	506	44
Asia	**1,903**	1,497	-	309	97	-
North America	**1,820**	690	84	613	412	21
Russian Federation	**981**	102	741	2	101	35
	11,550	**6,228**	**2,841**	**1,265**	**1,116**	**100**

US Dollars million

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006

8. COST OF METAL SALES

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Cash operating costs			
On-mine and concentrating costs (refer to note 9)	802	710	1,454
Smelting costs (refer to note 10)	524	408	915
Treatment and refining costs (refer to note 11)	586	219	453
Other costs (refer to note 12)	344	193	388
Sales of by-products	(395)	(271)	(672)
Total cash operating costs	**1,861**	**1,259**	**2,538**
Amortisation and depreciation of operating assets (refer to note 13)	273	270	568
(Increase)/decrease in metal inventories	(329)	(154)	52
Total	**1,805**	**1,375**	**3,158**

9. ON-MINE AND CONCENTRATING COSTS

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Labour	380	318	648
Consumables and spares	256	233	464
Repair and maintenance	53	48	109
Insurance	23	30	51
Utilities	22	16	31
Tailing pile maintenance and relocation	14	16	35
Transportation	12	10	35
Rent expenses	8	4	17
Sundry on-mine and concentrating costs	34	35	64
Total (refer to note 8)	**802**	**710**	**1,454**

10. SMELTING COSTS

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Platinum group scrap metals purchased	160	114	268
Labour	152	114	245
Consumables and spares	117	112	223
Insurance	35	24	70
Repairs and maintenance	23	17	45
Utilities	15	15	28
External tolling	9	-	-
Transportation	5	5	13
Rent expenses	3	1	7
Non-ferrous scrap metal purchased	-	4	5
Sundry smelting costs	5	2	11
Total (refer to note 8)	**524**	**408**	**915**

US Dollars million

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006

11. TREATMENT AND REFINING COSTS

Purchase of concentrate	303	-	-
Labour	104	80	167
Consumables and spares	80	73	146
Platinum group metals toll refining cost	44	40	77
Utilities	21	8	18
Repairs and maintenance	13	5	14
Insurance	9	8	17
Transportation	2	2	5
Rent expenses	1	1	3
Sundry treatment and refining costs	9	2	6
Total (refer to note 8)	**586**	**219**	**453**

12. OTHER COSTS

Cost of refined metals purchased from third parties	98	28	28
Exploration expenses	82	18	49
Tax on mining and pollution levies	78	62	127
Transportation	73	61	143
Other	13	24	41
Total (refer to note 8)	**344**	**193**	**388**

13. AMORTISATION AND DEPRECIATION OF OPERATING ASSETS

Mining and concentrating	168	160	338
Smelting	71	79	165
Treatment and refining	27	24	51
Other	7	7	14
Total (refer to note 8)	**273**	**270**	**568**

US Dollars million

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Export customs duties	289	182	484
Salaries	161	113	240
Advertising	44	33	70
Taxes other than mining and income taxes and pollution levies	43	41	82
Transportation expenses	21	19	30
Consulting and other professional services	16	11	29
Depreciation	14	9	19
External research and development	12	10	20
Commission paid	10	7	12
Repairs and maintenance	8	4	12
Legal and audit services	7	9	21
Insurance	6	6	10
Other	37	28	61
Total	**668**	**472**	**1,090**

15. OTHER NET OPERATING EXPENSES

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Donations	73	32	68
Maintenance of social sphere facilities	30	15	78
Foreign exchange loss, net	18	18	33
Change in allowance for doubtful debts	18	50	5
Loss on disposal of property, plant and equipment	14	17	21
Change in provision for impairment of property, plant and equipment (refer to note 19)	12	(2)	87
Change in allowance for value added tax recoverable	5	13	9
Change in provision for tax penalties	(4)	8	19
Excess of interest in net assets acquired over consideration paid on increase of Group's share in a subsidiary (refer to note 5)	(9)	-	-
Operating profit of non-mining entities	(27)	(12)	(28)
Other	18	(6)	(20)
Total	**148**	**133**	**272**

US Dollars million

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006

16. NET FINANCE COST/(BENEFIT)

Interest expense on borrowings	43	34	60
Unwinding of discount on decommissioning obligations (refer to note 32)	10	9	19
Interest expense on pension obligations (refer to note 31)	4	4	7
Foreign exchange gain on revaluation of borrowings, net	(5)	(49)	(65)
Total	**52**	**(2)**	**21**

17. NET INCOME/(LOSS) FROM INVESTMENTS

Interest income on bank deposits and loans advanced	62	22	74
Income on disposal of investments in associates	6	-	117
Dividends income on available-for-sale investments	4	6	6
Loss on disposal of shares of Gold Fields Limited	-	(317)	(317)
Change in allowance for promissory notes and loans advanced	(5)	(79)	(83)
Other	1	-	4
Total	**68**	**(368)**	**(199)**

18. INCOME TAX

Current tax expense	**1,266**	**602**	**1,893**
Deferred tax benefit	-	(125)	(88)
Total	**1,266**	**477**	**1,805**

A reconciliation of theoretical income tax, calculated at the rate effective in the Russian Federation of 24%, the primary location of the Group's production entities, to the amount of actual income tax expense recorded in the income statement is as follows:

Profit before income tax from continuing operations	**5,074**	**1,851**	**6,777**
Profit before income tax from a discontinued operation (refer to note 43)	-	1,005	1,005
Profit before income tax from continuing and discontinued operations	**5,074**	**2,856**	**7,782**

US Dollars million

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Theoretical income tax at 24%	1,218	685	1,868
Impact of specific tax rates	(52)	(231)	(291)
Tax effect of permanent differences	62	43	171
Permanent difference on impairment of investments	1	29	29
Taxable losses of subsidiaries not carried forward	-	2	2
Utilisation of previously unrecognised deferred tax asset	(6)	-	-
Change in valuation allowance	43	(39)	38
Income tax at effective rate of 25% (30 June 2006: 17%; 31 December 2006: 23%)	**1,266**	**489**	**1,817**
Less: Income tax attributable to a discontinued operation (refer to note 43)	-	(12)	(12)
Income tax expense attributable to continuing operations	**1,266**	**477**	**1,805**

The corporate income tax rates in other countries where the Group has a significant taxable presence vary from 0% to 39%.

Deferred income tax

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Net liability at beginning of the period	**881**	**543**	**543**
Recognised in the income statement	-	(125)	(88)
Change in deferred tax liability arising on revaluation of available-for-sale investments	171	128	304
Change in deferred tax liability due to acquisition of subsidiaries	1,663	-	57
Change in deferred tax liability due to disposal of subsidiaries (refer to note 37)	(14)	-	-
Change in deferred tax liability arising on hedging reserve	(5)	-	-
Effect of translation to presentation currency	17	34	65
Net liability at end of the period	**2,713**	**580**	**881**

Deferred taxation is attributable to the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The tax effects of temporary differences that give rise to deferred taxation are presented below:

US Dollars million

	30 June 2007	30 June 2006	31 December 2006
Property, plant and equipment	2,357	614	662
Accrued operating expenses	(39)	(55)	(41)
Valuation of receivables	(3)	(21)	(2)
Unrealised profit on intra-group transactions	(75)	(61)	(86)
Inventory valuation	41	59	59
Valuation of investments	427	51	307
Loss carried forward on disposal of investments	(82)	(78)	(80)
Income tax loss carried forward	(33)	(11)	(9)
Valuation allowance for deferred tax asset	145	97	100
Other	(25)	(15)	(29)
Total	**2,713**	**580**	**881**

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The analysis of the deferred tax balances (after offset) as they are recorded in the consolidated balance sheet is presented below:

	30 June 2007	30 June 2006	31 December 2006
Deferred tax liabilities	2,739	592	881
Deferred tax assets	(26)	(12)	-
Net deferred tax liabilities	**2,713**	**580**	**881**

The unutilised tax losses of the North American operations at 30 June 2007, which are available for offset against future taxable income earned in the United States of America, amounted to USD 304 million (30 June 2006: USD 305 million; 31 December 2006: USD 297 million), have not been recognised as a deferred tax asset.

At 30 June 2007 the Group does not recognise a deferred tax liability for taxable temporary differences associated with investments in subsidiaries of USD 3,685 million (30 June 2006: USD 1,786 million; 31 December 2006: USD 2,531 million), because it is able to control the timing of reversal of such differences and has no intention to reverse them in the foreseeable future.

US Dollars million

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings, structures and utilities	Machinery, equipment and transport	Other	Construction-in-progress	Total
Cost					
Balance at 31 December 2005	**4,955**	**2,670**	**150**	**1,314**	**9,089**
Additions	-	-	-	324	**324**
Transfers from capital construction-in-progress	35	211	3	(249)	**-**
Decommissioning asset raised (refer to note 32)	(7)	-	-	-	**(7)**
Disposals	(8)	(40)	(1)	(2)	**(51)**
Effect of translation to presentation currency	281	176	10	78	**545**
Balance at 30 June 2006	**5,256**	**3,017**	**162**	**1,465**	**9,900**
Additions	-	-	-	445	**445**
Transfers from capital construction-in-progress	212	115	4	(331)	**-**
Acquired on acquisition of subsidiaries	200	107	-	8	**315**
Decommissioning asset raised (refer to note 32)	16	-	-	-	**16**
Disposals	(21)	(41)	(1)	-	**(63)**
Effect of translation to presentation currency	147	80	4	48	**279**
Balance at 31 December 2006	**5,810**	**3,278**	**169**	**1,635**	**10,892**
Additions	-	-	-	326	**326**
Transfers from capital construction-in-progress	52	154	3	(209)	**-**
Acquired on acquisition of subsidiaries	6,759	277	91	375	**7,502**
Disposed of on disposal of subsidiaries (refer to note 37)	(79)	(2)	-	(4)	**(85)**
Disposals	(19)	(51)	(44)	(6)	**(120)**
Effect of translation to presentation currency	101	68	1	34	**204**
Balance at 30 June 2007	**12,624**	**3,724**	**220**	**2,151**	**18,719**

US Dollars million

	Buildings, structures and utilities	Machinery, equipment and transport	Other	Construction-in-progress	Total
Accumulated depreciation and impairment					
Balance at 31 December 2005	**(998)**	**(817)**	**(26)**	**(103)**	**(1,944)**
Charge for the period	(150)	(122)	(5)	-	**(277)**
Eliminated on disposals	4	21	-	-	**25**
Reversal of an impairment loss (refer to note 15)	-	-	-	2	**2**
Effect of translation to presentation currency	(64)	(53)	(2)	(7)	**(126)**
Balance at 30 June 2006	**(1,208)**	**(971)**	**(33)**	**(108)**	**(2,320)**
Charge for the period	(156)	(140)	(6)	-	**(302)**
Eliminated on disposals	4	17	2	-	**23**
Impairment (refer to note 15)	(92)	(8)	-	11	**(89)**
Effect of translation to presentation currency	(37)	(31)	-	(2)	**(70)**
Balance at 31 December 2006	**(1,489)**	**(1,133)**	**(37)**	**(99)**	**(2,758)**
Charge for the period	(133)	(153)	(7)	-	**(293)**
Disposed of on disposal of subsidiaries (refer to note 37)	11	1	-	-	**12**
Eliminated on disposals	6	26	6	-	**38**
Impairment (refer to note 15)	-	-	-	(12)	**(12)**
Effect of translation to presentation currency	(36)	(23)	(1)	(2)	**(62)**
Balance at 30 June 2007	**(1,641)**	**(1,282)**	**(39)**	**(113)**	**(3,075)**
Carrying value					
30 June 2007	**10,983**	**2,442**	**181**	**2,038**	**15,644**
30 June 2006	**4,048**	**2,046**	**129**	**1,357**	**7,580**
31 December 2006	**4,321**	**2,145**	**132**	**1,536**	**8,134**

Included in property, plant and equipment at 30 June 2007 are non-mining assets with carrying value of USD 1,314 million (30 June 2006: USD 435 million; 31 December 2006: USD 1,237 million).

US Dollars million

20. GOODWILL

	30 June 2007	30 June 2006	31 December 2006
Balance at beginning of the period	**25**	**14**	**14**
Acquired on acquisition of subsidiaries (refer to note 5)	-	-	10
Effect of translation to presentation currency	1	1	1
Balance at end of the period	**26**	**15**	**25**

21. INTANGIBLE ASSETS

	Software	Licences and patents	Other	Total
Cost				
Balance at 31 December 2005	**25**	**6**	**8**	**39**
Additions	12	1	4	**17**
Effect of translation to presentation currency	1	-	-	**1**
Balance at 30 June 2006	**38**	**7**	**12**	**57**
Additions	7	-	3	**10**
Disposals	(1)	-	-	**(1)**
Effect of translation to presentation currency	2	-	1	**3**
Balance at 31 December 2006	**46**	**7**	**16**	**69**
Acquired on acquisition of subsidiaries (refer to note 5)	-	6	-	**6**
Additions	6	1	8	**15**
Effect of translation to presentation currency	1	-	1	**2**
Balance at 30 June 2007	**53**	**14**	**25**	**92**
Accumulated amortisation and impairment				
Balance at 31 December 2005	**(3)**	**(2)**	**(4)**	**(9)**
Charge for the period	(3)	(2)	(1)	**(6)**
Balance at 30 June 2006	**(6)**	**(4)**	**(5)**	**(15)**
Charge for the period	(3)	(2)	-	**(5)**
Effect of translation to presentation currency	-	-	(1)	**(1)**
Balance at 31 December 2006	**(9)**	**(6)**	**(6)**	**(21)**
Charge for the period	(6)	(1)	(3)	**(10)**
Effect of translation to presentation currency	(1)	-	-	**(1)**
Balance at 30 June 2007	**(16)**	**(7)**	**(9)**	**(32)**
Carrying value				
30 June 2007	**37**	**7**	**16**	**60**
30 June 2006	**32**	**3**	**7**	**42**
31 December 2006	**37**	**1**	**10**	**48**

US Dollars million

22. INVESTMENTS IN ASSOCIATES

	30 June 2007	30 June 2006	31 December 2006
Balance at beginning of the period	**208**	**95**	**95**
Acquired during the period	3,348	150	151
Acquired on acquisition of subsidiaries (refer to note 5)	59	-	-
Disposed of during the period	(1)	-	(39)
Change in classification due to increase in shareholding	733	-	-
Reclassify to investment in subsidiaries due to increase in shareholding	(197)	-	-
Share of profits of associates	34	6	3
Dividends accrued	(4)	-	-
Impairment of investments in associates	-	-	(36)
Reclassified from investments held for sale	-	-	56
Reclassified to investments available-for-sale	(3)	-	(35)
Effect of translation to presentation currency	32	6	13
Balance at end of the period	**4,209**	**257**	**208**

Details of the Group's major associates are as follows:

Name of associate	Market value	Carrying value of investment	Total assets	Total liabilities	Sales	Profit/ (loss)
Six months ended 30 June 2007						
OJSC "OGK-3"	3,806	3,899	8,645	327	579	37
Smart Hydrogen Incorporated	n/a	112	222	-	-	-
Nkomati Nickel Mine	n/a	59	143	16	-	26
OJSC "TGK-14"	87	43	222	68	99	1
OJSC "Krasnoyarskenergo"	161	33	172	48	120	6
OJSC "Norilskgazprom"	n/a	33	140	26	74	12
OJSC "Kolenergo"	44	15	104	48	53	(1)
Other	n/a	15	58	1	167	(4)
		4,209	**9,706**	**534**	**1,092**	**77**
Six months ended 30 June 2006						
Smart Hydrogen Incorporated	n/a	148	299	3	-	(4)
OJSC "Krasnoyarskenergo"	79	28	284	37	116	12
OJSC "Norilskgazprom"	n/a	31	142	38	64	14
OJSC "Krasnoyarskaya generatsiya"	n/a	42	582	89	185	8
Other	n/a	8	114	29	308	(4)
		257	**1,421**	**196**	**673**	**26**
Year ended 31 December 2006						
Smart Hydrogen Incorporated	n/a	112	224	-	-	(76)
OJSC "Krasnoyarskenergo"	164	30	143	31	225	6
OJSC "Norilskgazprom"	n/a	30	140	36	122	16
OJSC "Kolenergo"	51	15	85	27	100	-
Other	n/a	21	226	106	972	(20)
		208	**818**	**200**	**1,419**	**(74)**

Smart Hydrogen Incorporated is a joint venture formed in April 2006 by the Group and Interros Holding Company, a party related by means of common ownership and control. The Group owns 50% of Smart Hydrogen Incorporated, BVI. Through this entity in June 2006 the principal investors acquired a 35% stake in Plug Power Incorporated, a US designer of environmentally clean and reliable energy products.

At 31 December 2006 management reviewed the carrying value of the Group's investment in Smart Hydrogen Incorporated, BVI and impairment of carrying amount of investment was identified. Accordingly, the carrying amount was reduced to the recoverable amount and an impairment loss of USD 36 million was recognised in the income statement.

In October 2005 and March 2006 as a part of reorganisation of OJSC "Krasnoyarskenergo" the Group became a shareholder in OJSC "Krasnoyarskaya generatsiya" and OJSC "Krasnoyarskiye magistralniye seti". In November 2006 the Group sold its share in OJSC "Krasnoyarskaya generatsiya" for a cash consideration of USD 156 million (refer to note 38).

On 9 December 2005 the Board of Directors of the Company approved a decision to sell its investment in OJSC "Kolenergo". At 31 December 2005 this investment was classified as held for sale and included in current investments in securities. In September 2006 management has changed its plan to sell this investment. Accordingly, the Group ceased to classify investment in OJSC "Kolenergo" as held for sale, and adjusted its carrying value as if this asset had not been classified as held for sale.

In November 2006 as a part of the reorganisation of RAO "UES of Russia" the Group's investments in OJSC "Kolskaya generiruyuschaya kompania" and OJSC "Apatitskaya TEC" were exchanged for 208,928 million shares of OJSC "Territorial Generation Company № 1" ("TGK-1").

In May 2007 the Group's investment in OJSC "Murmanskaya TEC" was exchanged for 6,743 shares of TGK-1. Investment in TGK-1 is classified as investment in securities available-for-sale (refer to note 23).

On 30 January 2007 the Group acquired 215,412 million ordinary shares, or 27.8%, of the issued share capital of OJSC "Territorial Generation Company № 14" ("TGK-14") for a cash consideration of USD 44 million.

On 1 March 2007 as part of acquisition of nickel business of OM Group Incorporated the Group acquired 20% of share capital of MPI Nickel Proprietary Limited. On 28 June 2007 an additional 80% of share capital of MPI Nickel Proprietary Limited held by LionOre Mining International Limited was acquired by the Group through acquisition of LionOre (refer to note 5).

On 26 March 2007 the Group acquired 17,958 million ordinary shares of OJSC "Third Generation Company of the Wholesale Electricity Market" ("OGK-3") (refer to note 23) for a cash consideration of USD 3,119 million. After completion of the transaction the Group owned 46.9% of OGK-3.

At 28 June 2007 as part of acquisition of LionOre Mining International Limited (refer to note 5) the Group acquired 50% of share capital of Nkomati Nickel Mine, a South African mining company.

US Dollars million

23. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	30 June 2007	30 June 2007	31 December 2006
Non-current			
Securities available-for-sale	2,456	1,107	2,331
Long-term deposits	47	5	268
Long-term loans advanced	21	31	4
Long-term accounts receivable	14	7	9
Advance for acquisition of shares of OJSC “Taimyrenergo”	-	18	-
Other	1	2	3
Total non-current	**2,539**	**1,170**	**2,615**
Current			
Short-term deposits	286	-	-
Securities available-for-sale	40	55	35
Securities held for trading	32	6	22
Short-term loans advanced	31	11	45
Investments held for sale	-	60	-
Other	1	1	2
Total current	**390**	**133**	**104**

Non-current securities available-for-sale consisted of shares of the following companies:

	30 June 2007	30 June 2007	31 December 2006
RAO “UES of Russia”	1,962	1,019	1,580
OJSC “TGK-1” (refer to note 22)	320	-	79
OJSC “Polyus Gold”	79	83	95
Talvivaara Mining Company Lmited	55	-	-
Breakaway Resources Limited	26	-	-
OJSC “OGK-3”	-	-	572
Other	14	5	5
Total	**2,456**	**1,107**	**2,331**

Interest rates on long-term deposits held in banks vary from 6.1% to 7.4% (30 June 2006: 3.5% to 5.2%; 31 December 2006: 6.1% to 7.4%).

Interest rates on short-term deposits held in banks vary from 6.9% to 8.5%.

At 30 June 2006 long-term loans advanced included a loan to OJSC “Norilskgazprom” in the amount of USD 25 million at interest rate of 10.4%, repayable in 2007. At 30 June 2007 and 31 December 2006 this loan in the amounts of USD 14 million and USD 21 million, respectively, at interest rate of 6.4%, was included in short-term loans advanced.

Current securities available-for-sale mostly comprised U.S. federal agency notes, commercial papers and bonds.

US Dollars million

24. TAXES

	30 June 2007	30 June 2006	31 December 2006
Taxes receivable			
Value added tax recoverable	648	608	592
Custom duties	70	33	55
Income tax	38	27	27
Other taxes	4	24	10
	760	**692**	**684**
Less: Allowance for value added tax recoverable	(31)	(56)	(38)
Total	**729**	**636**	**646**
Less: Non-current portion	(50)	(118)	(44)
Current taxes receivable	**679**	**518**	**602**
Taxes payable			
Income tax	250	100	244
Provision for tax fines and penalties	49	41	52
Value added tax	32	31	29
Property tax	25	22	25
Unified social tax	22	18	12
Tax on mining	14	13	16
Other	20	17	15
Total	**412**	**242**	**393**

25. INVENTORIES

	30 June 2007	30 June 2006	31 December 2006
Refined metals			
Joint products at net production cost	749	556	361
By-products at net realisable value	273	86	135
Work-in-process at net production cost	387	287	273
Total metal inventories	**1,409**	**929**	**769**
Stores and materials at cost	**854**	**657**	**732**
Less: Allowance for obsolete and slow-moving items	(28)	(53)	(30)
Net stores and materials	**826**	**604**	**702**
Total inventories	**2,235**	**1,533**	**1,471**

26. TRADE AND OTHER RECEIVABLES

	30 June 2007	30 June 2006	31 December 2006
Trade receivables	812	343	611
Advances to suppliers	175	86	62
Prepaid insurance	42	30	97
Other receivables	295	167	157
	1,324	**626**	**927**
Less: Allowance for doubtful debts	(75)	(124)	(77)
Total	**1,249**	**502**	**850**

US Dollars million

		30 June 2007	30 June 2006	31 December 2006

27. CASH AND CASH EQUIVALENTS

		30 June 2007	30 June 2006	31 December 2006
Current accounts	- RUR	222	165	185
	- foreign currencies	6,388	254	263
Bank deposits	- RUR	21	28	15
	- foreign currencies	873	561	1,618
Restricted cash		6	8	5
Other cash and cash equivalents		63	45	92
Total		**7,573**	**1,061**	**2,178**

28. SHARE CAPITAL

Authorised, issued and fully paid capital

	30 June 2007	30 June 2006	31 December 2006
30 June 2007: 190,627,747 ordinary shares at par value of RUR 1 each	8	-	-
30 June 2006: 190,627,747 ordinary shares at par value of RUR 1 each	-	8	-
31 December 2006: 190,627,747 ordinary shares at par value of RUR 1 each	-	-	8
Total	**8**	**8**	**8**

Treasury shares

	30 June 2007	30 June 2006	31 December 2006
30 June 2007: 9,209,834 ordinary shares	(999)	-	-
30 June 2006: 1,920,826 ordinary shares	-	-	-
31 December 2006: 9,209,834 ordinary shares	-	-	(999)
Total	**(999)**	**-**	**(999)**

On 27 March 2006 23,278,137 treasury shares were cancelled by the Company.

On 28 December 2006 7,498,950 ordinary shares were bought back from shareholders at RUR 3,510 per share for a total consideration of USD 999 million.

	30 June 2007	30 June 2006	31 December 2006
Number of ordinary shares in issue at end of the period	181,417,913	188,830,733	181,417,913
Weighted average number of ordinary shares in issue during the period	181,417,913	188,750,738	188,767,177

US Dollars million

29. OTHER RESERVES

	Investments revaluation reserve	Hedging reserve	Translation reserve	Total
Balance at 31 December 2005	**690**	**-**	**748**	**1,438**
Cancellation of treasury shares	-	-	(15)	**(15)**
Increase in fair value of available-for-sale investments	365	-	-	**365**
Realised gain on disposal of available-for-sale investments	(613)	-	(7)	**(620)**
Net assets distributed to shareholders on disposal of Polyus Group	-	-	(103)	**(103)**
Loss on cash flow hedge	-	(46)	-	**(46)**
Translation of foreign operations	-	-	(18)	**(18)**
Effect of translation to presentation currency	-	-	739	**739**
Balance at 30 June 2006	**442**	**(46)**	**1,344**	**1,740**
Increase in fair value of available-for-sale investments	555	-	-	**555**
Gain on cash flow hedge	-	31	-	**31**
Translation of foreign operations	-	-	(37)	**(37)**
Effect of translation to presentation currency	-	-	273	**273**
Balance at 31 December 2006	**997**	**(15)**	**1,580**	**2,562**
Increase in fair value of available-for-sale investments	539	-	-	**539**
Transfer to retained earnings on disposal of subsidiaries	-	-	(5)	**(5)**
Loss on cash flow hedge	-	(14)	-	**(14)**
Translation of foreign operations	-	-	(9)	**(9)**
Effect of translation to presentation currency	-	-	275	**275**
Balance at 30 June 2007	**1,536**	**(29)**	**1,841**	**3,348**

US Dollars million

30. LONG-TERM BORROWINGS

	30 June 2007	30 June 2006	31 December 2006
Syndicated loan arranged by Societe Generale (Paris), net of direct expenses on issuance	3,467	-	-
A USD 3,500 million loan arranged by OJSC "MMC Norilsk Nickel" consists of two credit lines for USD 2,000 million and USD 1,500 million. The credit line in the amount of USD 2,000 is arranged for five years at LIBOR + 0.53% per annum up to 29 June 2010 and LIBOR + 0.63% up to 29 June 2012 and is secured by assignment of rights for nickel and copper supply agreements of Metal Trade Overseas S.A. and Norilsk Nickel Europe Limited, subsidiaries of the Group. The unsecured credit line in the amount of USD 1,500 million is arranged for three years at LIBOR + 0.60% per annum. Repayments commence in 2010 with final installment on 29 June 2012. The Company is obliged to comply with a number of restrictive financial and other covenants which include maintaining certain financial ratios, credit ratings and restrictions on pledging and disposal of certain assets.			
7.125% Guaranteed notes due 2009, net of direct expenses on issuance	499	499	499
On 30 September 2004 Norilsk Nickel Luxemburg S.A., a wholly owned special purpose subsidiary of the Group, issued USD 500 million 7.125% notes. The notes were issued at par value with an interest payable semi-annually in arrears on 30 March and 30 September, and mature on 30 September 2009. The notes are unconditionally and irrevocably guaranteed by OJSC "Mining and Metallurgical Company Norilsk Nickel".			
Australian corporate credit facility, arranged by ANZ Syndicate	105	-	-
Credit facility arranged by LionOre Mining International Limited., a subsidiary of the Group, secured by certain mining assets of LionOre located in Australia. Repayments commenced March 2007 and are scheduled to continue until December 2008. The interest rate vary from Bill Rate of Bank of Australia ("BBSY") + 0.61% to BBSY + 1.01% per annum. At 30 June 2007 BBSY was 6.44% per annum.			
Syndicated loan arranged by Toronto Dominion	96	96	96
A USD 250 million credit facility arranged by Stillwater Mining Company, a subsidiary of the Group, at LIBOR + 3.25% per annum. Repayments commenced in 2004, with the final installment due on 30 July 2010. Substantially all the property and assets of Stillwater Mining Company are pledged as security for this credit facility. The loan agreement requires that 50% of the company's annual excess cash flow, any proceeds from asset sales and the issuance of debt or equity securities, subject to specified exceptions, be offered to repay this loan.			
Exempt Facility Reversal Bonds Series 2000 issued through the State of Montana Investment Board	29	29	29
USD-denominated bonds with an effective interest rate of 8.57% issued on 6 July 2002 and maturing on 1 July 2020.			
Other long-term borrowings	11	6	11
	4,207	**630**	**635**
Less: Current portion repayable within one year and shown under current liabilities (refer to note 33)	(88)	(1)	(3)
Total	**4,119**	**629**	**632**

Long-term borrowings are repayable as follows:

	30 June 2007	30 June 2006	31 December 2006
Due in the second year	24	2	4
Due in the third year	2,648	2	502
Due in the fourth year	753	500	93
Due in the fifth year	661	92	-
Due thereafter	33	33	33
	4,119	**629**	**632**

US Dollars million

31. EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2007	30 June 2006	31 December 2006
Defined benefit pension plans assets	37	-	-
Total assets	**37**	**-**	**-**
Accrual for annual leave	159	128	143
Wages and salaries	89	79	92
Defined contribution obligations	14	-	-
Defined benefit obligations	1	73	65
Other	23	15	16
Total obligations	**286**	**295**	**316**
Less: Non-current obligations	(11)	(65)	(57)
Current obligations	**275**	**230**	**259**

Defined benefit plans

	30 June 2007	30 June 2006	31 December 2006
Present value of defined benefit obligations	127	113	121
Fair value of plans assets	(120)	-	(11)
Fair value of obligations	7	113	110
Unrecognised actuarial losses	(44)	(40)	(45)
	(37)	**73**	**65**

Amounts recognised in the income statement were as follows:

	30 June 2007	30 June 2006	31 December 2006
Interest expense (refer to note 16)	4	4	7
Net actuarial losses recognised during the period	3	2	3
Current service costs	1	1	2
Additional cost arising from new plan members	-	3	4
Expected return on plans assets	(3)	-	-
Total	**5**	**10**	**16**

US Dollars million

Movements in the present value of the defined benefit obligations were as follows:

	Lifelong professional pension plan	Joint corporate pension plan	Mothers' rights program	Six pensions plan
Balance at 31 December 2005	**66**	**35**	**2**	**1**
Cash payments	(2)	-	(1)	(2)
Charge for the period	6	3	-	1
Actuarial loss/(gain)	4	(3)	-	-
Effect of translation to presentation currency	1	1	-	1
Balance at 30 June 2006	**75**	**36**	**1**	**1**
Cash payments	(5)	-	-	-
Charge for the period	3	3	-	-
Actuarial loss/(gain)	5	(2)	-	-
Effect of translation to presentation currency	3	1	-	-
Balance at 31 December 2006	**81**	**38**	**1**	**1**
Cash payments	-	-	-	(1)
Charge for the period	4	1	-	-
Actuarial loss/(gains)	1	(1)	(1)	-
Effect of translation to presentation currency	2	1	-	-
Balance at 30 June 2007	**88**	**39**	**-**	**-**

Movements in the fair value of plan assets were as follows:

	Lifelong professional pension plan	Joint corporate pension plan	Mothers' rights program	Six pensions plan
Balance at 30 June 2006	**-**	**-**	**-**	**-**
Contributions from the employer	-	11	-	-
Balance at 31 December 2006	**-**	**11**	**-**	**-**
Contributions from the employer	65	44	-	-
Expected return on plans assets	2	1	-	-
Cash payments	(3)	-	-	-
Balance at 30 June 2007	**64**	**56**	**-**	**-**

US Dollars million

The major categories of pension plans assets and the expected rate of return at the balance sheet dates for each category were as follows:

	Expected return		**Fair value of pension plans assets**	
	30 June 2007	**31 December 2006**	**30 June 2007**	**31 December 2006**
Equity instruments	46.7%	46.7%	31	3
Bonds	7.9%	7.9%	82	6
Promissory notes	-	6.4%	-	1
Deposits	8.7%	-	1	-
Cash	0.0%	-	2	-
Other	4.9%	4.9%	4	1
Weighted average expected rate of return	**10.4%**	**10.4%**	**120**	**11**

The overall expected rate of return is a weighted average of the expected returns of the various categories of pension plans assets held less expenses on managing the assets. Management of the Group assesses the expected returns based on historical return trends for these assets.

Key assumptions used in estimation of defined benefit obligations were as follows:

	30 June 2007	**30 June 2006**	**31 December 2006**
Discount rate	7.0%	7.0%	7.0%
Weighted average expected rate of return on pension plans assets	10.4%	-	10.4%
Pre-retirement increases to capital accounts	4.5%	4.5%	4.5%
Future salary increases	6.7%	6.7%	6.7%
Future pension increases	5.2%	5.2%	5.2%
Average life expectancy of members from the date of retirement	17 years	17 years	17 years

Defined contribution plans

Amounts recognised in the income statement in respect of defined contribution plans:

Pension fund of the Russian Federation	99	87	181
Stillwater Mining Company savings plan	3	2	5
Corporate pension option program	19	-	-
Total	**121**	**89**	**186**

Commencing 2006 the Group's pension plans are managed by a non-state Pension Fund "Norilsk Nickel". Contributions from the Group to this Fund for the six months ended 30 June 2007 amounted to USD 126 million (30 June 2006: USD nil million; 31 December 2006: USD 11 million).

US Dollars million

32. ENVIRONMENTAL OBLIGATIONS

	30 June 2007	30 June 2006	31 December 2006
Decommissioning obligations	433	284	318
Provision for land restoration	5	4	4
Total	**438**	**288**	**322**
Less: Current portion	(26)	-	-
Non-current obligations	**412**	**288**	**322**
Balance at beginning of the period	**322**	**269**	**269**
New obligations raised (refer to note 19)	-	-	4
Change in estimate (refer to note 19)	-	(7)	5
Acquired on acquisition of subsidiaries	98	-	-
Unwinding of discount on decommissioning obligations (refer to note 16)	10	9	19
Charge to production cost	-	-	1
Effect of translation to presentation currency	8	17	24
Balance at end of the period	**438**	**288**	**322**

Key assumptions used in estimation of environmental obligations were as follows:

	30 June 2007	30 June 2006	31 December 2006
Discount rates	5.8%-7.7%	7.0%-7.7%	6.6% - 7.7%
Future expected increase of expenses	25.0%	25.0%	25.0%
Expected closure date of mines	2007-2064	2006-2070	2007-2063

Present value of expected cost to be incurred for settlement of environmental obligations was as follows:

	30 June 2007	30 June 2006	31 December 2006
Due from second to fifth year	78	54	41
Due from sixth to tenth year	45	8	10
Due from eleventh to fifteenth year	55	56	64
Due from sixteenth to twentieth year	86	71	83
Due thereafter	148	99	124
	412	**288**	**322**

US Dollars million

33. SHORT-TERM BORROWINGS

	30 June 2007	30 June 2006	31 December 2006
USD-denominated short-term borrowings at floating rates	2,100	-	-
USD-denominated short-term borrowings at fixed rates	127	-	146
Current portion of long-term borrowings (refer to note 30)	88	1	3
USD-denominated bank overdrafts at fixed rates	28	-	-
RUR-denominated short-term borrowings	25	11	9
Total	**2,368**	**12**	**158**

The interest rates on these borrowings vary as follows:

	30 June 2007	30 June 2006	31 December 2006
USD-denominated short-term borrowings at floating rates	LIBOR+0.3% to LIBOR+0.5%	-	-
USD-denominated short-term borrowings at fixed rates	5.8% to 6.2%	-	5.8% to 6.0%
USD-denominated bank overdrafts at fixed rates	6.1% to 6.2%	-	-
RUR-denominated short-term borrowings	0.0%	0.0%	0.0%

Bank overdrafts are secured by inventory with carrying value amounted to USD 51 million.

34. TRADE AND OTHER PAYABLES

	30 June 2007	30 June 2006	31 December 2006
Deferred consideration for acquisition of LionOre (refer to note 5)	5,233	-	-
Trade payables	367	179	191
Advances from customers	70	33	50
Insurance	17	20	107
Deferred consideration for acquisition of an associate	-	50	-
Other creditors	160	107	73
Total	**5,847**	**389**	**421**

35. DERIVATIVE FINANCIAL LIABILITIES

	30 June 2007	30 June 2006	31 December 2006
Cash flow hedges	16	46	15
Derivatives held for trading	79	-	-
Total	**95**	**46**	**15**
Less: Non-current portion	(82)	-	-
Current liabilities	**13**	**46**	**15**

US Dollars million

36. DIVIDENDS

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
On 28 June 2007 the Company declared a final dividend in respect of the year ended 31 December 2006 in the amount of RUR 120 (USD 4.64) per share. This amount is net of USD 8 million due to the Group subsidiaries.	842	-	-
On 24 November 2006 the Company declared an interim dividend in respect of the year ended 31 December 2006 in the amount of RUR 56 (USD 2.11) per share. The dividend was paid to shareholders on 29 December 2006. This amount is net of USD 4 million paid to the Group subsidiaries.	-	-	399
On 29 June 2006 the Company declared a final dividend in respect of the year ended 31 December 2005 in the amount of RUR 53 (USD 1.98) per share. The dividend was paid to shareholders on 15 August 2006. This amount is net of USD 4 million paid to the Group subsidiaries.	-	373	373
Total	**842**	**373**	**772**

37. DISPOSAL OF SUBSIDIARIES

On 25 May 2007 the Group sold its interest in Vimon Investments Limited BVI, owner of 100% of the share capital of CJSC "Kraus-M", to a related party for a cash consideration of less then USD 1 million (refer to note 38). Under the terms of the sale agreement, intra-group debt of Vimon Investments Limited amounting to USD 41 million was assigned to the buyer. The carrying value of Vimon Investments Limited net assets at the date of disposal of ownership amounted to USD 18 million.

In January 2006 51.0% Group's interest in LLC "KHK "CSKA" was disposed of for a cash consideration of USD 1 million.

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
Net assets disposed of			
Property, plant and equipment (refer to note 19)	73	-	-
Trade and other receivables	3	-	-
Taxes receivable	4	-	-
Borrowings	(48)	-	-
Deferred tax liabilities (refer to note 18)	(14)	-	-
Trade and other payables	-	(5)	(5)
Group's share of assets disposed of	**18**	**(5)**	**(5)**

US Dollars million

38. RELATED PARTIES

Related parties are considered to include shareholders, affiliates and entities under common ownership and control with the Group and members of key management personnel. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties.

Transactions with related parties

	Sale of goods	Purchase of goods	Purchase of services	Purchase of investments
Six months ended 30 June 2007				
Company	46	-	2	1
Subsidiaries of the Group	10	205	25	-
Total	**56**	**205**	**27**	**1**
Six months ended 30 June 2006				
Company	24	3	60	69
Subsidiaries of the Group	2	30	25	-
Total	**26**	**33**	**85**	**69**
Year ended 31 December 2006				
Company	54	12	71	70
Subsidiaries of the Group	51	154	69	-
Total	**105**	**166**	**140**	**70**

In May 2007 the Group sold an investment in a subsidiary to a related party for a cash consideration of less than USD 1 million (refer to note 37).

During the year ended 31 December 2006 the Group sold property, plant and equipment to related parties for a total cash consideration of USD 19 million.

In November 2006 the Group sold its investment in OJSC “Krasnoyarskaya generatsiya” to related parties for a cash consideration of USD 156 million (refer to note 22).

US Dollars million

Outstanding balances with related parties

	Loans and borrowings	Investments and cash	Trade receivables	Trade payables
30 June 2007				
Company	-	65	53	-
Subsidiaries of the Group	14	175	18	17
Total	**14**	**240**	**71**	**17**
30 June 2006				
Company	-	461	6	26
Subsidiaries of the Group	5	160	4	58
Total	**5**	**621**	**10**	**84**
31 December 2006				
Company	-	463	8	63
Subsidiaries of the Group	6	212	4	20
Total	**6**	**675**	**12**	**83**

All balances are unsecured and expected to be settled in cash. No guarantees have been given or received. Allowance for loan provided to a related party amounted to USD 70 million.

Compensation of key management personnel

Remuneration of key management personnel of the Group for the six months ended 30 June 2007 amounted to USD 15 million (30 June 2006: USD 5 million; 31 December 2006: USD 13 million).

39. COMMITMENTS

Operating leases

The land in the Russian Federation on which the Group's production facilities are located is owned by the state. The Group leases land through operating lease agreements, which expire in various years through 2051. Future minimum lease payments due under non-cancellable operating lease agreements at 30 June 2007 are as follows:

Due in one year	22
Due in the second year	10
Due thereafter	19
Total	**51**

Intergovernmental agreement with Kingdom of Norway

In 2001 the governments of the Russian Federation and Kingdom of Norway signed an intergovernmental agreement in respect of provision of technical assistance in the reconstruction of metallurgical facilities of Pechenganickel Combine, a branch of OJSC "Kolskaya Mining and Metallurgical Company".

US Dollars million

At 30 June 2007 total investment in the reconstruction of metallurgical facilities was agreed to be USD 103 million, financed as follows:

Grants from Kingdom of Norway	31
Loan from Nordic Investment Bank	30
Contribution by the Group	42
Total	**103**

At 30 June 2007 total investment in reconstruction of metallurgical facilities of Pechenganickel Combine amounted to USD 17 million.

Long-term contract with Talvivaara

Harjavalta Nickel Oy, subsidiary of the Group, has entered into an agreement with Talvivaaran Kaivososakeyhtiö Oy ("Talvivaara") to purchase at market price all of the output of intermediate product containing nickel and cobalt. The agreement will expire in ten years after commencement of full production at Talvivaara's mines. During this period the Group should purchase at least 300,000 tons of accountable nickel.

Social commitments

The Group contributes to mandatory and voluntary social programs and maintains social assets in the locations where it has its main operating facilities. The Group's social assets, as well as local social programs, benefit the community at large and are not normally restricted to the Group's employees. These contributions are recorded in the period in which they are incurred.

The Group's commitments will be funded from its own cash resources.

40. CONTINGENCIES

Litigation

Unresolved tax litigation at 30 June 2007 amounted to approximately USD 73 million (30 June 2006: USD 88 million; 31 December 2006: USD 95 million). Management believes that the risk of an unfavourable outcome to the litigation is possible.

In addition, the Group had a number of claims and litigation relating to sales and purchases of goods and services from suppliers. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation is at a relatively early stage of development, and is characterised by numerous taxes, frequent changes and inconsistent enforcement at federal, regional and local levels.

The government of the Russian Federation has commenced a revision of the Russian tax system and passed certain laws implementing tax reform. The new laws reduce the number of taxes and overall tax burden on businesses and simplify tax litigation. However, these new tax laws continue to rely heavily on the interpretation of local tax officials and fail to address many existing problems. Many issues associated with practical implication of new legislation are unclear and complicate the Group's tax planning and related business decisions.

In terms of Russian tax legislation, authorities have a period of up to three years to re-open tax declarations for further inspection. Changes in the tax system that may be applied retrospectively by authorities could affect the Group's previously submitted and assessed tax declarations.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that tax authorities in the Russian Federation could take differing positions with regard to interpretive issues. This uncertainty may expose the Group to additional taxation, fines and penalties that could be significant.

With regards to matters where practice concerning payment of taxes is unclear, management estimated possible tax exposures at 30 June 2007 to be approximately USD 148 million (30 June 2006: USD 125 million; 31 December 2006: USD 204 million).

Environmental matters

The Group is subject to extensive federal, state and local environmental controls and regulations in the countries in which it operates. The Group's operations involve the discharge of materials and contaminants into the environment and the disturbance of land that could potentially impact on flora and fauna, and give rise to other environmental concerns.

The Group's management believes that its mining and production technologies are in compliance with all current existing environmental legislation in the countries in which it operates. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those laws and regulations may change. Such change, if it occurs, may require that the Group modernise technology to meet more stringent standards.

The Group is obliged in terms of various laws, mining licenses and 'use of mineral rights' agreements to decommission mine facilities on cessation of its mining operations and to restore and rehabilitate the environment. Management of the Group regularly reassesses environmental obligations related to its operations. Estimates are based on management's understanding of current legal requirements and the terms of license agreements. Should the requirements of applicable environmental legislation change or be clarified, the Group may incur additional environmental obligations.

Russian Federation risk

As an emerging market, the Russian Federation does not possess a fully developed business and regulatory infrastructure including stable banking and judicial systems, which would generally exist in a more mature market economy. The economy of the Russian Federation is characterised by a currency that is not freely convertible outside of the country, currency controls, low liquidity levels for debt and equity markets, and continuing inflation. As a result, operations in the Russian Federation involve risks that are not typically associated with those in more developed markets.

Stability and success of Russian economy and the Group's business mainly depends on the effectiveness of economic measures undertaken by the government as well as the development of legal and political systems.

41. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, interest rate, operational, credit and liquidity risks. The Group has implemented a risk management structure and has adopted a series of risk management and control procedures to facilitate the measurement, evaluation and control of these exposures and related risk management activities.

Risk management structure

The Group's treasury function is responsible for the management of currency, liquidity, interest rate and credit risk. Within the treasury function, there is an independent risk management unit, responsible for monitoring the treasury's adherence to the Group's risk management policies.

Commodity price risk is managed by the Sales Block of the Group. An independent risk management unit exists within that function to control exposures and ensure they are in line with policies set by management of the Sales Block and senior management of the Group.

Commodity price risk

Commodity price risk is the risk that the Group's current or future earnings will be adversely impacted by changes in the market prices of the Group's joint products, i.e. nickel, copper, palladium, platinum and gold.

The Group is exposed to commodity price risk as a substantial part of its revenues is derived from long-term contracts with physical off-takers for known volumes of metals, but at prices that will be determined by reference to market prices at the delivery date.

For a certain portion of its revenues the Group manages its exposure to commodity price risk by entering into fixed price sales contracts and cap and floor arrangements for the sale of refined metal to physical off-takers.

Currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates.

The majority of the Group's revenues are denominated in USD, whereas the majority of the Group's expenditures are denominated in RUR, accordingly, operating profits are adversely impacted by appreciation of RUR against USD. In assessing this risk management takes into consideration changes in metal prices. Favorable changes in metal prices mitigated the adverse effect of appreciation of RUR against USD.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group. Management believes that this risk is not significant as the majority of the Group's borrowings are at fixed rates.

Operational risk

Operational risk is the risk of the Group incurring financial losses as a result of business interruption and possible damage to the Group's property through natural disasters and technological accidents. The Group has in place an insurance program that is aimed at reducing the following risks related to production activities:

- risk of business interruption;
- risk of damage to core production equipment used in the metallurgical process and other permanent infrastructure as a result of fire or natural disaster, as well as risk of breakages and accidents with key production equipment; and
- risk of loss or damage to domestic and export deliveries of semi-finished and finished goods and imported stores and materials.

In accordance with the statutory requirements the Group insures third party liability under claims resulting from accidents at the Group's production facilities.

Credit risk

Credit risk is the risk that customer may default or not meet its obligations to the Group on a timely basis, leading to financial loss to the Group. The Group minimizes its exposure to this risk by ensuring that credit risk is spread across a number of customers.

The Group is not economically dependent on a limited number of customers for the sale of its products because of the existence of liquid commodity markets for all of its products. Metal sales to the Group's customers are presented below:

	Six months ended 30 June 2007				Year ended 31 December 2006			
	Number of customers	%	Turnover, USD million	%	Number of customers	%	Turnover, USD million	%
Largest customer	1	-	868	11	1	-	825	7
Next 9 largest customers	9	3	2,022	26	9	2	3,429	30
Total	**10**	**3**	**2,890**	**37**	**10**	**2**	**4,254**	**37**
Next 10 largest customers	10	4	1,048	14	10	3	1,940	17
Total	**20**	**7**	**3,938**	**51**	**20**	**5**	**6,194**	**54**
Remaining customers	249	93	3,707	49	349	95	5,356	46
Total	**269**	**100**	**7,645**	**100**	**369**	**100**	**11,550**	**100**

Credit is only extended to customers after completion of strict credit approval procedures, thereafter customers are monitored by reference to their financial position.

The Group has a concentration of cash and bank deposits with a related party commercial bank that at 30 June 2007 represented 3% (30 June 2006: 41%; 31 December 2006: 22%) of total cash and bank deposits balances.

The Group believes that there is no other significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed. The Group has in place a detailed budgeting and cash forecasting process to help ensure that it has adequate cash available to meet its payment obligations.

US Dollars million

At 30 June 2007 the Group had financing facilities for the management of its day to day liquidity requirements available with the following banks:

	30 June 2007	30 June 2006	31 December 2006
Committed credit lines			
OJSC "Sberbank"	542	517	-
Barclays Capital, BNP Paribas (Suisse) S.A., ING Bank N.V. Dublin branch, Societe Generale, Bayerische Hypo-und Vereinsbank AG, BTMU (Europe) Ltd, Calyon, Commerzbank AG, DecaBank Deutche Luxemburg S.A., Mizucho Corporate Bank Netherlands N.V., DZ Bank AG, Intesa Bank Ireland Plc., Natexis, Sumitomo Mitsui Banking Corporation Europe Ltd., CJSC Citibank	450	-	-
Citibank N.A., Calyon, ING Bank N.V., Societe Generale, Mizucho Corporate Bank Ltd., Sumitomo Mitsui Banking Corporation Europe Ltd., West LB AG and CJSC Citibank, Bayerische Landesbank, DZ Bank AG Deutsche Zentral, Genossenschaftsbank, Frankfurt AM Main, Skandinaviska Enskilda Banken AB (Publ), BTM (Europe) Limited	400	400	400
Barclays Capital; BNP Paribas (Suisse) S.A.	-	295	-
Total committed credit lines	**1,392**	**1,212**	**400**
Uncommitted credit lines			
OJSC "Vneshtorgbank"	267	100	100
CJSC "Gazprombank"	120	-	120
CJSC "ING Bank (Eurasia)"	100	100	100
CJSC "West LB Vostok"	90	88	76
CJSC "Calyon Rusbank"	65	50	50
LLC "Deutsche bank"	54	35	37
CJSC "BNP Pariba"	50	50	50
CJSC "Natexis Bank"	50	50	50
CJSC "Drezdner bank"	50	50	50
CJSC "Societe Generale Vostok"	40	35	40
CJSC "Commerzbank (Eurasia)"	40	20	20
OJSC "Eurofinance Mosnarbank"	38	-	35
CJSC "Raiffeisenbank Austria"	30	-	-
CJSC KB "Citibank"	25	25	25
OJSC KB "MBRD"	20	20	20
OJSC "Bank Uralsib"	-	50	50
LLC "HSBC Bank (RR)"	-	5	-
Total uncommitted credit lines	**1,039**	**678**	**823**
Bank overdraft facilities			
ING (Switzerland)	100	100	100
Rosbank (Russia)	97	-	95
BNP Paribas Suisse (Switzerland)	75	150	150
Credit Suisse (Switzerland)	75	75	75
Natexis (France)	75	-	75
Banque Cantonale Vaudoise (Switzerland)	50	50	50
Sampo (Finland)	42	-	-
UBS (Switzerland)	40	-	40
Total bank overdraft facilities	**554**	**375**	**585**
Total borrowing facilities	**2,985**	**2,265**	**1,808**
Less: Outstanding letters of credit	(210)	(132)	(194)
Less: Bank overdrafts received	(28)	-	-
Less: Loans received related to the above facilities	-	-	(145)
Net facilities available	**2,747**	**2,133**	**1,469**

US Dollars million

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of certain financial instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates. Accordingly, the estimates applied are not necessarily indicative of the amounts that the Group could realise in a current market exchange. The use of different assumptions and estimation methodologies may have a material impact on the estimated fair values.

At 30 June 2007 the estimated fair values of financial instruments, consisting of investments in securities, trade and other receivables, loans advanced and promissory notes, other current assets, derivative financial liabilities and trade and other payables approximates their carrying value due to the short-term nature of these instruments. At 30 June 2007 USD 500 million of corporate bonds due in 2009 have a fair value of 106.1% or USD 531 million. The fair value of other fixed-rate debt and floating-rate debt approximates its carrying value.

43. DISCONTINUED OPERATION

On 30 September 2005 at an Extraordinary General Meeting of shareholders, the majority of shareholders of OJSC “MMC Norilsk Nickel” voted in favour of the spin-off of CJSC “Gold Mining Company Polus” and its subsidiaries (the “Polyus Group”) into a new company OJSC “Polyus Gold” by way of a single transaction which was completed on 17 March 2006.

The results of operations and net cash flows of Polyus Group were as follows:

	Period from 1 January 2006 to 17 March 2006
Metal sales	132
Cost of metal sales	(71)
Selling, general and administrative expenses	(15)
Other net operating expenses	(23)
Net finance cost	(2)
Net income from investments	984
Profit before income tax (refer to note 18)	**1,005**
Income tax (refer to note 18)	(12)
Profit for the period	**993**
Net cash used in operating activities	(56)
Net cash generated from investing activities	1,963
Net cash generated from financing activities	50

US Dollars million

The major classes of assets and liabilities of Polyus Group were as follows:

	17 March 2006
Property, plant and equipment and other non-current assets	1,164
Cash and cash equivalents	2,366
Investments in securities and other financial assets	772
Non-current liabilities	(240)
Trade and other payables	(294)
Net assets	**3,768**
Less: Shares of OJSC "Polyus Gold" received by the Group	(39)
Less: Minority interest	(31)
Net assets distributed to shareholders	**3,698**

44. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Proposed spin-off of energy assets

On 15 May 2007 the Board of Directors of OJSC "MMC Norilsk Nickel" made a decision to spin-off the Group's non-core energy assets into a separate company. The ordinary shares of the newly established company will be distributed among the existing shareholders of the Company. Energy assets engaged in power supply to the Group's production facilities in the Taimyr Peninsula, will not be subject to spin-off. The spin-off is a subject to final approval by an Extraordinary General Meeting of Shareholders to be held in December 2007 and, if approved, is expected to be completed in the first half of 2008.

Acquisition of additional shares of LionOre

In August 2007 the Group acquired an additional 46 million ordinary shares of LionOre (refer to note 5) for a cash consideration of USD 1,190 million. After completion of this transaction, the Group owns 100% of the issued share capital of LionOre.

Acquisition of additional shares of OGK-3

In August and September 2007 the Group acquired an additional 8,676 million shares of OGK-3 (refer to note 22) for a cash consideration of USD 1,548 million. After completion of this transaction, the Group owns 65.2% of the issued share capital of OGK-3.

Shares of RAO "UES of Russia"

The Group participates in restructuring of RAO "UES of Russia" through the specially created holding company for the purpose to exchange RAO "UES of Russia" shares owned by the Group into shares of other energy companies. As a part of reorganisation shares of RAO "UES of Russia" were deposited in a special account, which is managed based on the agreement between OJSC "MMC Norilsk Nickel", RAO "UES of Russia" and a depositary signed in August 2007.

US Dollars million

45. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES AND ASSOCIATES

		Effective % held		
	Nature of business	**30 June 2007**	**30 June 2006**	**31 December 2006**
Subsidiaries by country of incorporation				
Russian Federation				
OJSC "RAO "Norilsk Nickel"	Distribution	98.9	98.9	98.9
OJSC "Taimyrgaz"	Gas extraction	98.4	98.4	98.4
OJSC "Yenisey River Shipping Company"	River shipping operations	43.9	43.9	43.9
OJSC "Arkhangelsk Sea Commercial Port"	Sea shipping operations	53.1	53.1	53.1
CJSC "NORMETIMPEX"	Distribution	100.0	100.0	100.0
OJSC "Kolskaya Mining and Metallurgical Company"	Mining	100.0	100.0	100.0
CJSC "Alykel"	Airport	100.0	100.0	100.0
LLC "Institut Gypronickel"	Science	100.0	100.0	100.0
OJSC "Norilsky Kombinat"	Lessor of equipment	98.8	98.8	98.8
OJSC "Kombinat "Severonickel"	Lessor of equipment	98.9	98.9	98.9
OJSC "Gornometallurgichesky Kombinat "Pechenganickel"	Lessor of equipment	98.9	98.9	98.9
LLC "UK "Zapolyarnaya stolitsa"	Utilities	100.0	100.0	100.0
LLC "Norilsk Telecom"	Telecom services	100.0	100.0	100.0
CJSC "Taimyrskaya Toplivnaya Kompaniya"[1]	Supplier of fuel	100.0	100.0	100.0
OJSC "Norilsko-Taimyrskaya Energeticheskaya Kompaniya"[1]	Electricity utilities	100.0	51.0	51.0
LLC "Terminal"	Sea shipping operations	100.0	100.0	100.0
LLC "Norilsknickelremont"[1]	Repairs	100.0	-	100.0
LLC "Zapoliarnaya stroitelnaya companiya"[1]	Construction	100.0	100.0	100.0
LLC "Norilskyi obespechivaushyi complex"[1]	Producer of spare parts	98.8	-	98.8
LLC "Noriskgeologiya" [1]	Geological works	99.5	-	-
LLC "GRK "Bystrinskoye"	Mining	98.8	-	-
OJSC "Taimyrenergo"[2]	Lessor of equipment	98.8	-	98.8
CJSC "Kraus-M" [3]	Property holding	-	100.0	100.0

[1] Established as part of reorganisation of OJSC "MMC Norilsk Nickel".
[2] Acquired in 2006 (refer to note 5).
[3] Disposed in 2007 (refer to note 37).

US Dollars million

	Nature of business	Effective % held 30 June 2007	30 June 2006	31 December 2006
China				
Norilsk Nickel (Asia) Limited	Distribution	100.0	100.0	100.0
Great Britain				
Norimet Limited	Investment holding	100.0	100.0	100.0
Norilsk Nickel Europe Limited	Distribution	100.0	100.0	100.0
Luxembourg				
Norilsk Nickel Finance Luxembourg S.A.	Financing	100.0	100.0	100.0
Switzerland				
Norilsk Nickel Holding S.A.	Investment holding	100.0	100.0	100.0
Metal Trade Overseas S.A.	Distribution	100.0	100.0	100.0
United States of America				
Stillwater Mining Company	Mining	54.1	54.5	54.9
Norilsk Nickel USA	Distribution	100.0	100.0	100.0
Cyprus				
Norilsk Nickel (Cyprus) Limited[1]	Investment holding	100.0	-	100.0
Finland				
Norilsk Nickel Harjavalta Oy[2]	Metallurgy	100.0	-	-
Norilsk Nickel Finland Oy[2]	Investment holding	100.0	-	-
Australia				
Norilsk Nickel Cawse Pty Limited[2]	Mining	100.0	-	-
MPI Nickel Limited[2]	Mining	90.7	-	-
Norilsk Nickel Australia Pty Limited[2]	Mining	90.7	-	-
Norilsk Process Technology Pty Limited[2]	Science	90.7	-	-
Botswana				
Tati Nickel Mining Company Pty Limited[2]	Mining	77.1	-	-
The Republic of South Africa				
Norilsk Nickel Africa Pty Limited[2]	Mining	90.7	-	-
Associates by country of incorporation				
Russian Federation				
OJSC "OGK-3"[3]	Electricity utilities	46.9	-	14.6
OJSC "TGK-14"[3]	Electricity utilities	27.8	-	-
OJSC "Krasnoyarskenergo"	Electricity utilities	25.7	25.7	25.7
OJSC "Norilskgazprom"	Gas extraction	29.4	29.4	29.4
OJSC "Kolenergo"	Electricity utilities	24.9	24.9	24.9
OJSC "Krasnoyarskaya generatsiya"	Electricity utilities	-	25.5	-
British Virgin Islands				
Smart Hydrogen Inc.[1]	Holding company	50.0	50.0	50.0
The Republic of South Africa				
Nkomati Nickel Mine[3]	Mining	50.0	-	-

[1] Established in 2006.
[2] Acquired in 2007 (refer to note 5).
[3] Acquired in 2007 (refer to note 22).