



**Open Joint Stock Company Chelyabinsk Tube-Rolling Plant**  
**Consolidated Balance Sheet at 31 December 2006**

*In thousands of Russian Roubles*

**.31 December 2006      31 December 2005**

**ASSETS**

**Non-current assets**

Property, plant and equipment	13,008,695	12,408,330
Advances for capital construction	1,790,315	477,000
Intangible assets	594,815	319,925
Loans receivable	-	14,674
<b>Total non-current assets</b>	<b>15,393,825</b>	<b>13,219,929</b>

**Current assets**

Inventories	8,482,169	5,933,736
Trade and other receivables	8,077,241	6,191,044
Prepaid current profit tax	201,135	145,629
Promissory notes and loans receivable	1,101,838	612,113
Cash and cash equivalents	727,045	650,095
<b>Total current assets</b>	<b>18,589,428</b>	<b>13,532,617</b>

**TOTAL ASSETS**

**33,983,253      26,752,546**

**EQUITY**

Share capital	2,498,261	2,498,261
Legal reserve	23,619	23,619
Share premium	23,346	23,346
Treasury shares	(7,577)	-
Retained earnings	8,079,588	3,666,459
<b>Equity attributable to the Company's equity holders</b>	<b>10,617,237</b>	<b>6,211,685</b>

**Minority interest**

**3,836,942      2,869,665**

**TOTAL EQUITY**

**14,454,179      9,081,350**

**LIABILITIES**

**Non-current liabilities**

Borrowings	4,404,664	3,555,333
Promissory notes payable	12,834	13,426
Employee benefits	24,539	22,829
Share in net assets attributable to minority participants	171,361	-
Deferred income tax liability	836,377	1,008,203
<b>Total non-current liabilities</b>	<b>5,449,775</b>	<b>4,599,791</b>

**Current liabilities**

Borrowings	6,496,161	9,222,847
Accounts payable and accrued expenses	3,806,541	1,306,239
Advances from customers	3,037,407	1,234,751
Fair value of originated financial guarantees	89,782	-
Taxes payable	649,408	1,307,568
<b>Total current liabilities</b>	<b>14,079,299</b>	<b>13,071,405</b>

**TOTAL LIABILITIES**

**19,529,074      17,671,196**

**TOTAL LIABILITIES AND EQUITY**

**33,983,253      26,752,546**



**Open Joint Stock Company Chelyabinsk Tube-Rolling Plant**  
**Consolidated Income Statement for the year ended 31 December 2006**

<i>In thousands of Russian Roubles</i>	<b>2006</b>	<b>2005</b>
Revenue	59,585,591	41,797,286
Cost of sales	(45,092,537)	(33,015,338)
<b>Gross profit</b>	<b>14,493,054</b>	<b>8,781,948</b>
Distribution expenses	(1,462,640)	(1,317,141)
General and administrative expenses	(4,795,509)	(3,068,740)
<b>Operating profit</b>	<b>8,234,905</b>	<b>4,396,067</b>
Finance income and costs, net	(758,423)	(1,591,324)
<b>Profit before income tax</b>	<b>7,476,482</b>	<b>2,804,743</b>
Income tax expense	(2,094,194)	(750,351)
<b>Profit for the period</b>	<b>5,382,288</b>	<b>2,054,392</b>
<b>Profit is attributable to:</b>		
Equity holders of the Company	4,413,129	1,348,917
Minority interest	969,159	705,475
<b>Profit for the period</b>	<b>5,382,288</b>	<b>2,054,392</b>

**Earnings per share for profit attributable to the equity  
holders of the Company, basic and diluted**  
(expressed in RR per share)

9.3 2.9



**Open Joint Stock Company Chelyabinsk Tube-Rolling Plant**  
**Consolidated Statement of Cash Flows for the year ended 31 December 2006**

<i>In thousands of Russian Roubles</i>	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	7,476,482	2,804,743
Adjustments for:		
Goodwill impairment	89,052	-
Fair value of originated financial guarantees	89,782	-
Depreciation, amortisation and impairment of property, plant and equipment	1,478,273	1,322,025
Impairment of trade and other receivables	152,800	97,890
Impairment of inventory	18,451	85,874
Losses on disposals of property, plant and equipment	18,753	55,214
Gain on waived obligations for restructured tax penalties and fines	-	(35,357)
Gain on disposal of subsidiary	(53,076)	-
Finance income and costs, net	1,087,624	1,362,168
Foreign exchange differences on non-operating items	(336,858)	234,669
<b>Operating cash flows before working capital changes</b>	<b>10,021,283</b>	<b>5,927,226</b>
Increase in accounts receivable and prepayments	(7,530,969)	(1,591,654)
Increase in inventories	(2,563,423)	(670,788)
Increase/(decrease) in trade and other payables	9,025,861	(390,955)
Increase/(decrease) in employee benefits payable	1,710	(2,558)
<b>Cash generated from operations</b>	<b>8,954,462</b>	<b>3,271,271</b>
Income taxes paid	(2,424,707)	(983,490)
Interest paid	(1,197,386)	(1,228,252)
Interest received	56,910	8,276
<b>Net cash from operating activities</b>	<b>5,389,279</b>	<b>1,067,805</b>
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment	(3,195,377)	(1,485,779)
Proceeds from sale of property, plant and equipment	4,059	266,839
Purchase of intangible assets	(97,800)	(94,798)
Purchase of available-for-sale investments, promissory notes and loans given	(3,078,721)	(3,193,976)
Purchase of a discontinued operation	(640,000)	-
Proceeds from sale of available-for-sale investments, promissory notes and loans repaid	3,156,914	3,613,366
Proceeds from sale of a discontinued operation	637,700	-
Acquisition of minority interest in PNTZ	(33,083)	-
Cash disposed in UTS, net of proceeds from disposal	(20,838)	-
Sale of minority interest in Tirus	9,303	-
Acquisition of Meta Invest, net of cash acquired	(594,406)	-
Prepayment for acquisition of Tirus	-	(316,865)
Cash acquired in Tirus	95,901	-
<b>Net cash used in investing activities</b>	<b>(3,756,348)</b>	<b>(1,211,213)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings and promissory notes	37,870,562	38,452,081
Repayment of borrowings and promissory notes	(39,418,966)	(37,903,458)
Repayment of restructured tax liabilities	-	(23,583)
Cash paid to acquire treasury shares	(7,577)	(44,700)
Cash received upon disposal of treasury shares	-	68,046
<b>Net cash (used in)/from financing activities</b>	<b>(1,555,981)</b>	<b>548,386</b>
<b>Net increase in cash and cash equivalents</b>	<b>76,950</b>	<b>404,978</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>650,095</b>	<b>245,117</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>727,045</b>	<b>650,095</b>



**Open Joint Stock Company Chelyabinsk Tube-Rolling Plant**  
**Consolidated Statement of Changes in Equity for the year ended 31 December 2006**

<i>In thousands of Russian Roubles</i>	Attributable to equity holders of the Company					Total	Minority interest	Total Equity
	Share capital	Legal reserve	Retained earnings	Share premium	Treasury shares			
<b>Balance at 1 January 2005</b>	<b>2,498,261</b>	<b>23,619</b>	<b>2,317,542</b>	-	-	<b>4,839,422</b>	<b>2,164,190</b>	<b>7,003,612</b>
Profit for the year	-	-	1,348,917	-	-	1,348,917	705,475	2,054,392
Total recognised profit for the year	-	-	1,348,917	-	-	1,348,917	705,475	2,054,392
Acquisition of treasury shares	-	-	-	-	(44,700)	(44,700)	-	(44,700)
Disposal of treasury shares	-	-	-	23,346	44,700	68,046	-	68,046
<b>Balance at 31 December 2005</b>	<b>2,498,261</b>	<b>23,619</b>	<b>3,666,459</b>	<b>23,346</b>	-	<b>6,211,685</b>	<b>2,869,665</b>	<b>9,081,350</b>
Profit for the year	-	-	4,413,129	-	-	4,413,129	969,159	5,382,288
Total recognised profit for the year	-	-	4,413,129	-	-	4,413,129	969,159	5,382,288
Acquisition of treasury shares	-	-	-	-	(7,577)	(7,577)	-	(7,577)
Acquisition of treasury shares by a subsidiary	-	-	-	-	-	-	(11,387)	(11,387)
Acquisition and disposal of subsidiaries	-	-	-	-	-	-	9,505	9,505
<b>Balance at 31 December 2006</b>	<b>2,498,261</b>	<b>23,619</b>	<b>8,079,588</b>	<b>23,346</b>	<b>(7,577)</b>	<b>10,617,237</b>	<b>3,836,942</b>	<b>14,454,179</b>