

**OJSC Novolipetsk Steel  
01 November 2006**
**Q3 2006 RAS Financial Results for NLMK Group's major companies**

Novolipetsk Steel (NLMK) (LSE: NLMK) today announces Q3 2006 Russian Accounting Standards (RAS) financial results for the Group's major Russian companies \*.

*The filing of RAS accounting results is a Russian regulatory requirement. In addition, NLMK has been preparing financial reports in accordance with the US GAAP accounting standards since 1998. RAS accounting results differ materially from US GAAP accounting results and are not comparable to financial statements prepared in accordance with US GAAP. The RAS accounting results of the Group's major Russian companies are not indicative of the financial condition or results of these entities under US GAAP. Reference should be made only to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations.*

**Q3 2006 RAS financial results NLMK Group's Russian companies**  
(in thousands of rubles, except for percentages)

**OJSC "Novolipetsk Steel"**

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Revenue	40 042 814	34 628 490	27 035 067	48.1%	15.6%
Gross profit	20 213 504	16 632 075	9 832 831	105.6%	21.5%
Operating profit	17 540 661	14 086 280	8 650 342	102.8%	24.5%
Net profit	18 963 400	10 982 460	6 467 805	193.2%	72.7%

**OJSC "Stoilensky GOK"**

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Revenue	4 500 124	3 178 945	3 277 682	37.3%	41.6%
Gross profit	3 286 042	1 944 099	1 881 629	74.6%	69.0%

Operating profit	2 894 308	1 659 736	1 839 160	57.4%	74.4%
Net profit	2 277 963	1 331 805	1 432 818	59.0%	71.0%

### OJSC “Altai-koks”\*\*

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Revenue	2 957 527	2 287 195	2 449 226	20,8%	29,3%
Gross profit	722 831	338 670	460 133	57,1%	113,4%
Operating profit	412 766	283 595	87 878	369,7%	45,5%
Net profit	254 858	149 130	29 174	773,6%	70,9%

### OJSC “Lipetskcombank”

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Total interest and similar income	253 875	270 953	194 465	30.6%	-6.3%
Net interest and similar income	103 443	151 720	109 704	-5.7%	-31.8%
Income before income tax	54 544	118 451	57 694	-5.5%	-54.0%
Net profit	7 111	98 453	43 775	-83.8%	-92.8%

### OJSC “Stagdok”

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Revenue	167 650	140 174	110 867	51.2%	19.6%
Gross profit	66 360	48 984	28 731	131.0%	35.5%
Operating profit	53 280	36 395	22 407	137.8%	46.4%
Net profit	49 644	26 967	15 104	228.7%	84.1%

## OJSC “Dolomite”

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Revenue	98 409	86 236	83 328	18.1%	14.1%
Gross profit	48 994	40 218	31 804	54.0%	21.8%
Operating profit	30 421	26 445	15 219	99.9%	15.0%
Net profit	21 029	17 847	9 062	132.1%	17.8%

## OJSC “TMTP”

	Q3 2006	Q2 2006	Q3 2005	Change (%)	
				Q306 /Q305	Q306 /Q206
Revenue	539 690	516 905	574 141	-6.0%	4.4%
Gross profit	348 612	336 346	377 745	-7.7%	3.6%
Operating profit	309 436	293 689	360 342	-14.1%	5.4%
Net profit	247 446	236 377	274 118	-9.7%	4.7%

### Highlights

- **Steel segment’s results improved due to price increases and growth of sales volumes**

Sales revenue, gross profit and net income increased in Q3 2006 compared to Q3 2005 due mainly to a strong pricing environment. The sales volumes in Q3 2006 remained at the level of the previous quarter. Thus, the strong pricing environment primarily resulted in the growth of major financial performance indicators. The net income increase in Q3 2006 compared to Q2 2006 and Q3 2005 was caused by divestment of KMA Ruda during the reporting period.

- **Financial results increase at OJSC “Stoilensky GOK”**

The financial results increase at Stoilensky GOK is primarily attributable to iron ore price increases and growth of sales volumes. Net income at Stoilensky GOK in Q3 2006 increased by 59.0% compared to Q3 2005 and 71.0% compared to the previous quarter.

- **Sustainable growth at OJSC “Stagdok” and OJSC “Dolomite”**

Results at OJSC “Stagdok” and OJSC “Dolomite” in Q3 2006 compared to Q3 2005 and Q2 2006 increased due to a strong pricing environment and sales volume growth. Net income OJSC “Stagdok” and OJSC “Dolomite” amounted RUR 21 million and RUR 50 million respectively.

➤ **Financial results increase at OJSC “Altai-koks”**

Altai-koks sales volumes in Q3 2006 have increased in comparison with Q3 2005 and Q2 2006. The growth of major financial indicators was primarily attributable towards this factor.

➤ **Financial results decrease at OJSC “Lipetskcombank” in comparison with Q2 2006 superior performance**

Interest income decreased in Q3 2006 compared to the previous quarter due to unfavorable situation in the interbank market during the reporting period.

The pre-tax profit decrease in Q3 2006 compared to Q2 2006 was primarily attributable towards one-off substantial proceeds from the sale of equity portfolio during the previous quarter. Pre-tax profit in Q3 2006 was RUR 55 million, very close to the level of Q3 2005 results. The more substantial decrease of net income compared to pre-tax profit during the reporting period is explained by tax accounting distinctions.

➤ **Financial performance improvement at OJSC “TMTP”**

Results at OJSC “TMTP” decreased in Q3 2006 compared to Q3 2005 due to declining oil freight turnover. At the same, the operating profit and net income at OJSC “TMTP” in Q3 2006 went up in comparison with the previous quarter. The declining oil freight turnover was offset by the growing volumes of other bulk cargo.

*\* Indicated companies of the Group include: Novolipetsk Steel (NLMK), Stoilensky GOK, OJSC “Altai-koks”, OJSC “Lipetskcombank”, OJSC “Stagdok”, OJSC “Dolomite” and OJSC “TMTP”.*

*\*\* Altai-koks forms part of NLMK’s Group since April 2006.*

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