Gold Mining Company Polus

Consolidated annual financial statements for the year ended 31 December 2005

GOLD MINING COMPANY POLUS

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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EXCHANGE RATES – RUSSIAN ROUBLE

	2005	2004
Year-end rates		
1 US dollar	28.7825	27.7487
1 Euro	34.1850	37.8104
Average rates for the year		
1 US dollar	28.2864	28.8150
1 Euro	35.3865	35.8185

GOLD MINING COMPANY POLUS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the report of the independent auditors 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 annual financial statements of Closed Joint Stock Company "Gold Mining Company Polus" and its subsidiaries (the "Group").

Management is responsible for the preparation of consolidated annual financial statements that present fairly the consolidated financial position of the Group at 31 December 2005, the consolidated results of its operations, cash flows and changes in shareholder's equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

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

- selecting suitable accounting principles and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated annual financial statements; and
- preparing the consolidated annual 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 and sound system of internal controls, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated annual financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated annual financial statements for the year ended 31 December 2005 were approved on 5 June 2006 by:

Ivanov E. I.	**Osenmuk A. M.**
President	Vice-president, Chief Financial Officer

Moscow
5 June 2006

Deloitte.

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REPORT OF THE INDEPENDENT AUDITORS

To the management of Closed Joint Stock Company "Gold Mining Company Polus"

We have audited the consolidated annual financial statements for the year ended 31 December 2005 of Closed Joint Stock Company "Gold Mining Company Polus" and its subsidiaries (the "Group"), set out on pages 3-45. The consolidated annual financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the consolidated annual financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2005, and the consolidated results of its operations, its cash flows and changes in shareholders' equity for the year then ended, in accordance with International Financial Reporting Standards.

Deloitte & Touche

Deloitte & Touche CIS
Moscow
5 June 2006

GOLD MINING COMPANY POLUS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005
(in thousands of US Dollars)

	Notes	2005	2004
Sales		**473,184**	**441,750**
Cost of sales	4	265,714	234,944
Gross profit		**207,470**	**206,806**
Selling, general and administrative expenses	8	59,653	31,932
Other net operating expenses/(income)	9	25,155	(9,571)
Operating profit		**122,662**	**184,445**
Impairment of goodwill on acquisition	33	-	114,639
Finance costs	10	3,586	10,573
Net income from investments	11	(52,012)	(16,544)
Other non-operating expenses	12	4,423	4,205
Profit before taxation		**166,665**	**71,572**
Taxation	13	51,724	61,639
Profit for the year		**114,941**	**9,933**
Attributable to:			
Shareholder of the parent company		115,397	15,050
Minority interest	24	(456)	(5,117)
		114,941	**9,933**
Basic and diluted earnings per share			
- Basic	14	467	110
- Diluted	14	314	59

GOLD MINING COMPANY POLUS

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2005
(in thousands of US Dollars)

	Notes	2005	2004
ASSETS			
Non-current assets		**1,085,348**	**590,848**
Property, plant and equipment	15	965,413	515,591
Capital construction-in-progress	16	106,966	62,425
Investments in associates	17	326	9,357
Investments in securities and other financial assets	18	3,744	3,475
Other non-current assets	21	8,899	-
Current assets		**2,487,464**	**547,442**
Inventories	19	123,616	70,046
Advances to suppliers and other receivables	20	25,409	12,315
Other current assets	21	79,775	58,224
Investments in securities and other financial assets	18	2,230,256	393,842
Cash and cash equivalents	22	28,408	13,015
Total assets		**3,572,812**	**1,138,290**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Share capital and reserves		**3,106,042**	**943,467**
Share capital	23	5	3
Share premium		1,777,027	523,645
Investments revaluation reserve		816,709	-
Accumulated profits		482,669	375,849
Equity attributable to shareholder of the parent company		**3,076,410**	**899,497**
Minority interest	24	**29,632**	**43,970**
Non-current liabilities		**227,867**	**108,290**
Deferred tax liabilities	25	161,768	88,754
Environmental obligations	26	60,828	10,480
Obligations under finance lease	27	4,025	3,783
Other long-term liabilities	28	1,246	5,273
Current liabilities		**238,903**	**86,533**
Current portion of obligations under finance lease	27	2,844	1,045
Contingent consideration for acquisition of subsidiaries	33	140,000	-
Short-term loans and borrowings	29	23,243	35,112
Trade and other payables	30	49,643	35,864
Taxes payable	31	23,173	14,512
Total shareholder's equity and liabilities		**3,572,812**	**1,138,290**

GOLD MINING COMPANY POLUS

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005
(in thousands of US Dollars)

	Notes	2005	2004
Operating activities			
Cash flows from operations	32	99,587	188,807
Interest paid		(2,438)	(11,839)
Taxation paid		(45,600)	(49,775)
Net cash inflow from operating activities		**51,549**	**127,193**
Investing activities			
Acquisition of subsidiaries, net of cash acquired, and increase of ownership in subsidiaries	33	(152,929)	(270,602)
Proceeds from disposal of subsidiaries, net of cash disposed of	34	(107)	-
Purchase of property, plant and equipment		(145,972)	(70,493)
Proceeds from sale of property, plant and equipment		2,876	328
Purchase of shares of Gold Fields Ltd.		(944,940)	-
Dividends received		6,062	-
Purchase of promissory notes and other financial assets		(613,452)	(756,115)
Proceeds from sale of promissory notes and other financial assets		541,517	503,918
Net cash outflow from investing activities		**(1,306,945)**	**(592,964)**
Financing activities			
Proceeds from short-term loans and borrowings		5,041	171,563
Repayments of short-term loans and borrowings		(32,401)	(196,485)
Repayments of long-term loans and borrowings		(305)	(1,485)
Repayments of finance lease obligations		(2,234)	(1,117)
Proceeds from shares issuance	23	1,299,745	498,819
Net cash inflow from financing activities		**1,269,846**	**471,295**
Effect of translation to presentation currency for the year		943	3,865
Net increase in cash and cash equivalents		**15,393**	**9,389**
Cash and cash equivalents at beginning of the year		**13,015**	**3,626**
Cash and cash equivalents at end of the year	22	**28,408**	**13,015**

GOLD MINING COMPANY POLUS

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005
(in thousands of US Dollars)

	Notes	Share capital	Share premium	Investments revaluation reserve	Accumulated profits	Equity attributable to shareholder of the parent company	Minority interest	Total
Balance at 31 December 2003		**2**	**-**	**-**	**339,369**	**339,371**	**-**	**339,371**
Profit for the year – as restated	39	-	-	-	15,050	**15,050**	(5,117)	**9,933**
Minority interest in subsidiaries acquired	24	-	-	-	-	**-**	48,416	**48,416**
Ordinary shares issued	23	1	498,818	-	-	**498,819**	-	**498,819**
Effect of translation to presentation currency for the year		-	24,827	-	21,430	**46,257**	671	**46,928**
Balance at 31 December 2004 – as restated	**39**	**3**	**523,645**	**-**	**375,849**	**899,497**	**43,970**	**943,467**
Profit for the year		-	-	-	115,397	**115,397**	(456)	**114,941**
Ordinary shares issued	23	2	1,299,743	-	-	**1,299,745**	-	**1,299,745**
Minority interest in subsidiaries acquired	24	-	-	-	-	**-**	(5,390)	**(5,390)**
Net decrease in minority interest due to increase of Group's share in subsidiaries	24	-	-	-	7,389	**7,389**	(7,389)	**-**
Increase in fair value of available-for-sale investments		-	-	819,080	-	**819,080**	-	**819,080**
Transfer to profit on sale of available-for-sale investments		-	-	(1,820)	-	**(1,820)**	-	**(1,820)**
Deferred tax arising on revaluation of available-for-sale investments		-	-	(551)	-	**(551)**	-	**(551)**
Effect of translation to presentation currency for the year		-	(46,361)	-	(15,966)	**(62,327)**	(1,103)	**(63,430)**
Balance at 31 December 2005		**5**	**1,777,027**	**816,709**	**482,669**	**3,076,410**	**29,632**	**3,106,042**

1. GENERAL

Organisation

Closed Joint Stock Company "Gold Mining Company Polus" (the "Company") was incorporated in Severo-Eniseisk, Krasnoyarsk region, Russian Federation, on 30 September 1999. During 2004 the Company acquired a controlling shareholding in Open Joint Stock Company "Lenzoloto" and Open Joint Stock Company "Matrosov Mine" and incorporated a wholly owned subsidiary Limited Liability Company "Lenskaya Zolotorudnaya Company". During 2005 the Company acquired controlling shareholding in Open Joint Stock Company "Aldanzoloto GRK", Open Joint Stock Company "Yakutsk Mine Company" and obtained control over Open Joint Stock Company "South Verkhoyansk Mining Company". The principal activities of the Company and its subsidiaries (the "Group") are the extraction, refining and sale of gold. Mining and processing facilities of the Group are located in the Krasnoyarsk and Irkutsk regions and the Sakha Republic of the Russian Federation. The Group also performs research and exploration works, primarily at the Natalka field located in the Magadan region. Further details regarding the nature of the business and structure of the Group are presented in note 41.

At 31 December 2005 the Company was a wholly owned subsidiary of Open Joint Stock Company "Mining and Metallurgical Company Norilsk Nickel" ("MMC Norilsk Nickel"). MMC Norilsk Nickel together with its subsidiaries comprises the Norilsk Nickel Group. After the year end there was a change in the shareholding structure of the Group (refer to note 40).

The ultimate controlling shareholders of the Group are Mr. Vladimir O. Potanin and Mr. Mikhail D. Prokhorov.

Basis of presentation

The consolidated annual financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations approved by International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). In the absence of specific IFRS guidance for the extractive industries, the Group has developed accounting policies in accordance with practices in the mining industry insofar they do not conflict with IFRS principles.

The entities of the Group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the Russian Federation. The accounting principles and financial reporting procedures in the Russian Federation differ substantially from those generally accepted under IFRS. Accordingly, such financial statements have been adjusted to ensure that the consolidated annual financial statements are presented in accordance with IFRS.

These consolidated annual 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", which is more fully described in note 2 (a);
- mark-to-market valuation of by-products, in accordance with IAS 2 "Inventories", which is more fully described in note 2 (h); and
- mark-to-market valuation of financial instruments, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", which is more fully described in note 2 (i).

Adoption of new and revised International Financial Reporting Standards

In the current reporting period the Group has adopted all the new and revised standards and interpretations issued by IASB and IFRIC that are relevant to its operations and effective for accounting periods beginning on 1 January 2005.

Reclassifications

Certain comparative information, presented in the consolidated annual financial statements for the year ended 31 December 2004, has been reclassified in order to achieve comparability with the presentation used in the consolidated annual financial statements for the year ended 31 December 2005.

New accounting pronouncements

At the date of authorisation of the Group's consolidated annual financial statements for the year ended 31 December 2005, certain new standards and interpretations have been issued that are mandatory for the accounting periods beginning on or after 1 January 2006:

- IAS 1 Amendment "Capital Disclosures"
- IAS 19 Amendment "Employee Benefits"
- IAS 21 Amendment "The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation"
- IAS 39 and IFRS 4 Amendment "Financial Guarantee Contracts"
- IAS 39 Amendment "Cash Flow Hedge Accounting of Forecast Intragroup Transactions"
- IAS 39 Amendment "The Fair Value Option"
- IFRS 6 "Exploration for and Evaluation of Mineral Resources"
- IFRS 7 "Financial Instruments: Disclosures"
- IFRIC 4 "Determining whether an Arrangement contains a Lease"
- IFRIC 5 "Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds"
- IFRIC 6 "Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment"
- IFRIC 7 "Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies"
- IFRIC 8 "Scope of IFRS 2"
- IFRIC 9 "Reassessment of Embedded Derivatives"

The impact of adoption of these standards and interpretations in future periods is currently being assessed by management, however no material effect on the Group's accounting policies is anticipated.

2. SIGNIFICANT ACCOUNTING POLICIES

The Group's significant accounting policies are set out below:

(a) Basis of consolidation

Subsidiaries

The consolidated annual 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 interests of the parent company.

The financial statements of subsidiaries are prepared for the same reporting period as those of the 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 from the date significant influence commenced until the date that significant influence effectively ceased, except when the investment is classified as held for sale, which is more fully described in note 2 (s).

The results of associates are equity accounted 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 reduced to zero. 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 such circumstances are identified.

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

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 which represents ore resources is amortised on a systematic basis to recognize the depletion of the resources over the lesser of the life of mine.

Goodwill in respect of non-mining subsidiaries is disclosed as a goodwill 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 an impairment has occurred, it is recognised in the income statement in the period during 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 consolidated income statement immediately.

(b) Functional and presentation currency

The functional currency of the Company and all subsidiaries, which reflects the economic substance of their operations, is the Russian Rouble ("RUR").

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

The translation from RUR (functional currency) into USD (presentation currency) is made using exchange rates as quoted by the Central Bank of the Russian Federation, as follows:

- all assets and liabilities, both monetary and non-monetary, and all items included in shareholder's equity, other than net profit for the reporting period, 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 included in shareholder's 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 these consolidated annual financial statements does not imply that Group could or will in the future realise or settle in USD the translated values of these assets and liabilities.

(c) Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to RUR at the exchange rate at the balance sheet date. Exchange differences arising from changes in exchange rates are recognised in the income statement.

(d) Property, plant and equipment

Property, plant and equipment are classified into the following categories:

- buildings, structures and utilities;
- machinery, equipment and transport;
- exploration and evaluation assets;
- mineral rights, mineral resources and ore reserves; and
- others.

Buildings, structures, utilities, machinery, equipment and transport

Buildings, structures, utilities, machinery, equipment and transport consist of mining and non-mining assets.

Mining assets are amortised on a straight-line basis over the life of mine of 7 to 20 years, which is estimated based on proven and probable ore reserves.

Amortisation of mining assets is charged from the date when a new mine reaches commercial production and is included in the cost of production.

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

• Buildings, plant and equipment	2% to 10%
• Motor vehicles	9% to 25%
• Office equipment	10% to 20%

Exploration and evaluation assets

Exploration and evaluation expenditures are capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or at the reporting date the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves.

Exploration and evaluation assets are transferred to mining property, plant and equipment when a mine, related to an area of interest, reaches commercial production.

Mineral rights, mineral resources and ore reserves

Mineral rights, mineral resources and ore reserves are recorded as assets when acquired as part of a business combination and are then amortised on a straight-line basis using the life of mine method based on estimated proven and probable ore reserves. Mineral resources and ore reserves are estimated in accordance with the JORC code or using Russian Resource Reporting Code for alluvial gold reserves.

Estimated proven and probable ore reserves reflect the economically recoverable quantities which can be legally recovered in the future from known mineral deposits.

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. Capitalised leased assets are depreciated over the lesser of:

- their estimated useful lives, or
- the term of the lease.

Finance lease payments are allocated using the effective interest rate method, between:

- the lease finance cost, which is included in interest paid; and
- the capital repayment, which reduces the related lease obligation to the lessor.

(e) 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 placed into commercial production.

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.

Mine development costs include expenditure incurred in:

- acquiring mineral rights and exploration licenses;
- developing new mining operations.

Mine development costs include interest capitalised during the construction period, when financed by borrowings.

(f) Impairment

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-generated 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. Impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at 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 recognized 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.

(g) Deferred expenditures

Certain Group's production facilities are located in regions with specific weather conditions. Consequently, surface (alluvial) mining operations are subject to seasonality and gold at these locations is only mined during certain months of the year. Costs incurred in preparation of future seasons are deferred. Such expenditures include stripping and excavation costs and mine specific administration costs.

(h) Inventories

Refined gold

Gold is measured at the lower of net production cost on the weighted average basis and net realisable value. The net cost of production per unit of gold is determined by dividing total production cost, less net revenue from sales of by-products and valuation of by-product inventories on hand.

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

By-products, i.e. 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 a provision for obsolete items.

(i) Financial instruments

Financial instruments recognised on the Group's balance sheet mainly include investments, advances to suppliers and other receivables, cash and cash equivalents, trade and other payables and borrowings. Financial instruments are initially measured at fair value, 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.

Investments

Investments are classified into the following categories:

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

Investments with fixed or determinable payments and fixed maturity, which the Group has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortised cost less any allowance for impairment. Amortisation of the 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 designated upon initial recognition as at fair value through profit and loss.

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 are recognised in the income statement for the period. Gain or loss arising from a change in the fair value of investments available-for-sale is recognised directly in equity through the statement of changes in shareholders’ equity, until such investments are derecognised, at which time the cumulative gain or loss previously recognised in equity shall be 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.

Advances to suppliers and other receivables

Advances to suppliers and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate provisions for estimated irrecoverable amounts, calculated as the difference between the carrying amount of receivables 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 receivables are impaired.

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.

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.

Borrowings

Loans and borrowings are initially measured at proceeds received, 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. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(j) Interest on borrowings

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

Other interest is expensed in the income statement as and when incurred.

(k) Provisions

Provisions are recognised when the Group has 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 obligation, and the amount of the obligation can be reliably estimated.

(l) Employee benefit obligations

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

The Group contributes to the Pension fund of the Russian Federation, Medical and Social Insurance funds on behalf of all its employees. These contributions are recognised in the income statement as incurred.

(m) Taxation

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

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

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 taxation 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.

(n) Revenue recognition

Revenue consists of the sale of refined gold and is recognised when the risks and rewards of ownership are transferred to the buyer. Gold sales revenue represents the net invoiced value for gold supplied to customers. Revenues from the sale of by-products are netted-off against production costs.

(o) Operating leases

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.

(p) 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 by the Company 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.

(q) Segmental information

The Group predominantly operates in a single business segment, being mining and refining of gold. The Group's production facilities are all based in the Russian Federation. Therefore, business activities are subject to the same risks and returns, and are addressed in the consolidated financial statements as one reportable segment.

(r) Environmental obligations

Environmental obligations include decommissioning and land restoration costs.

Future decommissioning costs, discounted to net present value, are capitalised and 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 obligation 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.

(s) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying accounting policies, the Group makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgments which are based on historical experience, current and expected economic conditions, and all other available information. Due to the inherent uncertainty in making those estimated and assumptions, actual results reported in the future periods could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Held-to-maturity investments

The Group follows the IAS 39 "Financial Instruments: Recognition and Measurement" guidance on classifying promissory notes with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold these promissory notes to maturity.

If the Group fails to keep these promissory notes to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

Useful economic lives of property, plant and equipment

Management assesses the useful economic lives of property, plant and equipment considering: the current technical condition of assets, the volume of remaining recoverable ore reserves or the remaining mining lease period and potential changes in technology and demand.

Exploration and evaluation assets

Management judgment is involved in determination of whether the expenditures which are capitalized as exploration and evaluation assets will be recouped by future exploitation or sale. Determining this, management estimate the possibility of finding recoverable ore reserves related to particular area of interest unless evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves.

Taxation

Judgments are required in determining current income tax liabilities. The Group recognises liabilities for taxes based on estimates of whether additional taxes will be due. Where the final outcome of various tax matters is different from the amounts that were initially recorded, such differences will impact income tax and deferred tax provisions in the period in which such determination is made.

The Group has not recognised a deferred tax liability in respect of temporary differences associated with investments in subsidiaries. The Group controls the timing of the reversal of those temporary differences and does not expect their reversal in the foreseeable future.

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 judgment in allocating assets that do not generate independent cash flows to appropriate cash generating units, and also in estimating the timing and value of 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.

Environmental obligations

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they will be incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

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 judgement and estimates of the outcome of future events.

Investment in shares of Gold Fields Ltd.

The Group didn't exercise significant influence over its 20% investment in Gold Fields Ltd. and determined that the applicable IFRS classification was as an investment in securities available-for-sale.

Acquisition of OJSC "Aldanzoloto GRK", OJSC "South-Verkhoyansk Mining Company", OJSC "Yakut Mining Company"

The fair values to be assigned to the identifiable assets and liabilities of companies acquired in 2005 has been determined provisionally at 31 December 2005. Management judgement was involved in determining the provisional values. The initial accounting will be completed and adjustments to the acquiree's identifiable assets and liabilities will be recognized within twelve months from the acquisition date.

(in thousands of US Dollars)

	2005	2004

4. COST OF SALES

	2005	2004
Cash operating costs	232,597	193,258
On-mine costs (refer to note 5)	154,996	129,346
Smelting and concentrating costs (refer to note 6)	44,792	35,195
Refining costs	3,114	2,601
Tax on mining	29,695	26,116
Amortisation and depreciation of operating assets (refer to note 7)	41,912	40,903
Provision for land rehabilitation	2,088	2,532
Increase in metal inventories	(10,883)	(1,749)
Total	**265,714**	**234,944**

5. ON-MINE COSTS

	2005	2004
Consumables and spares	73,718	59,576
Labour	58,049	53,693
Utilities	14,090	11,828
Sundry on-mine costs	9,139	4,249
Total (refer to note 4)	**154,996**	**129,346**

6. SMELTING AND CONCENTRATING COSTS

	2005	2004
Consumables and spares	34,325	23,640
Labour	9,432	10,155
Utilities	398	691
Sundry smelting and concentrating costs	637	709
Total (refer to note 4)	**44,792**	**35,195**

7. AMORTISATION AND DEPRECIATION OF OPERATING ASSETS

	2005	2004
Mining	29,180	20,715
Smelting and concentrating	12,732	20,188
Total (refer to note 4)	**41,912**	**40,903**

(in thousands of US Dollars)

	2005	2004

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2005	2004
Salaries	33,494	19,661
Taxes other than mining and income taxes	4,663	3,307
Professional services	3,600	1,452
Transportation expenses	3,335	746
Repair and maintenance	3,332	677
Depreciation	2,332	1,565
Research and development	1,886	752
Rent expense	1,794	1,398
Bank charges	973	107
Insurance	443	148
Other	3,801	2,119
Total	**59,653**	**31,932**

9. OTHER NET OPERATING EXPENSES/(INCOME)

	2005	2004
Change in provision for impairment of property, plant and equipment and assets under construction	11,613	-
Loss on disposal of property, plant and equipment and assets under construction	4,848	3,164
Cost of liquidation of obsolete equipment	2,421	3,136
Net operating loss/(profit) from non-mining activities	2,400	(2,817)
Change in provision for tax fines and penalties	1,688	(14,815)
Change in provision for impairment of value added tax recoverable	1,340	-
Change in provision for impairment of advances to suppliers and other receivables	954	2,535
Other	(109)	(774)
Total	**25,155**	**(9,571)**

10. FINANCE COSTS

	2005	2004
Interest expense on borrowings	2,744	10,146
Unwinding of discount on decommissioning obligations (refer to note 26)	842	427
Total	**3,586**	**10,573**

(in thousands of US Dollars)

	2005	2004

11. NET INCOME FROM INVESTMENTS

	2005	2004
Interest income on promissory notes	(38,652)	(16,803)
Dividends received	(6,062)	-
Income accrued on deposits	(4,731)	-
(Gain)/loss on disposal of investments and other financial assets	(2,607)	209
Share of post-acquisition losses of associates (refer to note 17)	40	50
Total	**(52,012)**	**(16,544)**

12. OTHER NON-OPERATING EXPENSES

	2005	2004
Maintenance of social infrastructure	406	2,120
Donations	1,199	945
Other	2,818	1,140
Total	**4,423**	**4,205**

13. TAXATION

	2005	2004
Current taxation	60,425	52,099
Deferred taxation (refer to note 25)	(8,701)	9,540
Total	**51,724**	**61,639**

The corporate income tax rates in the countries where the Group has a taxable presence are as follows.

	2005	2004
Russian Federation	24%	24%
British Virgin Islands	0%	-

A reconciliation of theoretical income tax, calculated at the rate effective in the Russian Federation, 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:

	2005	2004
Profit before taxation	**166,665**	**71,572**
Theoretical income tax at 24%	40,000	17,177
Impact of specific tax rates	(1,383)	-
Tax effect of provision for tax fines and penalties	406	(3,556)
Tax effect of non-deductible expenses and other permanent differences	7,041	9,186
Impairment of goodwill	-	27,417
Taxable losses of subsidiaries not carried forward	5,660	11,415
Income tax expense	**51,724**	**61,639**

(in thousands of US Dollars)

14. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	2005	2004
Profit attributable to shareholder of the parent company for the year	115,397	15,050
Weighted average number of ordinary shares for the purposes of basic earnings per share	247	137
Possible dilution effect of convertible preference shares (refer to note 23)	120	120
Weighted average number of ordinary shares for the purposes of diluted earnings per share	367	257
Earnings per share		
- Basic	467	110
- Diluted	314	59

(in thousands of US Dollars)

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings, structures and utilities	Machinery, equipment and transport	Exploration and evaluation assets	Mineral rights	Other	Total
Cost						
Balance at 31 December 2003	**124,935**	**114,969**	**-**	**-**	**597**	**240,501**
Additions	1,049	25,792	13,470	-	2,459	**42,770**
Acquired on acquisition of subsidiaries (refer to note 33)	35,037	79,082	-	144,814	1,048	**259,981**
Transfers from capital construction-in-progress (refer to note 16)	23,918	-	-	-	-	**23,918**
Disposals	(92)	(2,291)	-	-	(114)	**(2,497)**
Effect of translation to presentation currency for the year	9,496	9,913	517	3,555	153	**23,634**
Balance at 31 December 2004	**194,343**	**227,465**	**13,987**	**148,369**	**4,143**	**588,307**
Additions	-	44,762	32,463	-	2,137	**79,362**
Acquired on acquisition of subsidiaries (refer to note 33)	58,405	37,324	-	327,405	1,045	**424,179**
Transfers from capital construction-in-progress (refer to note 16)	20,118	-	-	-	-	**20,118**
Disposals	(1,003)	(4,342)	-	-	(733)	**(6,078)**
Disposed on disposal of a subsidiary (refer to note 34)	(23)	(9,534)	-	(5,681)	(87)	**(15,325)**
Decommissioning assets raised	17,570	9,063	-	-	-	**26,633**
Provision for impairment	(5,572)	-	-	(687)	-	**(6,259)**
Effect of translation to presentation currency for the year	(7,872)	(8,955)	(1,062)	(8,849)	(184)	**(26,922)**
Balance at 31 December 2005	**275,966**	**295,783**	**45,388**	**460,557**	**6,321**	**1,084,015**

(in thousands of US Dollars)

	Buildings, structures and utilities	Machinery, equipment and transport	Exploration and evaluation assets	Mineral rights	Other	Total
Accumulated amortisation and depreciation						
Balance at 31 December 2003	**(12,533)**	**(11,521)**	**-**	**-**	**(87)**	**(24,141)**
Amortisation and depreciation charge	(17,236)	(24,898)	-	(3,200)	(362)	**(45,696)**
Eliminated on disposals	3	310	-		34	**347**
Effect of translation to presentation currency for the year	(1,434)	(1,652)	-	(123)	(17)	**(3,226)**
Balance at 31 December 2004	**(31,200)**	**(37,761)**	**-**	**(3,323)**	**(432)**	**(72,716)**
Amortisation and depreciation charge	(13,408)	(30,231)	-	(8,531)	(645)	**(52,815)**
Eliminated on disposals	60	670	-	-	37	**767**
Disposed on disposal of a subsidiary (refer to note 34)	-	2,008	-	710	15	**2,733**
Effect of translation to presentation currency for the year	1,348	1,809	-	246	26	**3,429**
Balance at 31 December 2005	**(43,200)**	**(63,505)**	**-**	**(10,898)**	**(999)**	**(118,602)**
Net book value						
31 December 2004	**163,143**	**189,704**	**13,987**	**145,046**	**3,711**	**515,591**
31 December 2005	**232,766**	**232,278**	**45,388**	**449,659**	**5,322**	**965,413**

The Group leases production equipment under a number of finance lease agreements. At the end of the lease term the Group takes automatic ownership of the assets. At 31 December 2005 the carrying amount of the Group's fixtures and equipment included USD 3,697 thousand (2004: USD 6,875 thousand) in respect of assets held under finance leases (refer to note 27).

At 31 December 2005 the Group carried out a review of the recoverable amount of its property, plant and equipment. The review resulted in the provision for impairment in the amount of USD 6,259 thousand. This provision mainly related to the old production plant at OJSC "Matrosov mine".

(in thousands of US Dollars)

16. CAPITAL CONSTRUCTION-IN-PROGRESS

	2005	2004
Balance at beginning of the year	**62,425**	**31,011**
Additions	68,380	34,473
Acquired on acquisition of subsidiaries (refer to note 33)	7,165	19,389
Transfers to property, plant and equipment (refer to note 15)	(20,118)	(23,918)
Disposals	(2,413)	(1,342)
Disposed on disposal of a subsidiary (refer to note 34)	(42)	-
Provision for impairment	(5,354)	-
Effect of translation to presentation currency for the year	(3,077)	2,812
Balance at end of the year	**106,966**	**62,425**

Leased assets with a carrying value of USD 3,409 thousand (2004: nil) were not received and placed into operation at 31 December 2005, and are included in construction-in-progress.

At 31 December 2005 the Group carried out a review of the recoverable amount of its construction-in-progress. The review resulted in the provision for impairment in the amount of USD 5,354 thousand. This provision related to assets under construction at OJSC “Lenzoloto”.

(in thousands of US Dollars)

	2005	2004

17. INVESTMENTS IN ASSOCIATES

	2005	2004
Balance at beginning of the year	**9,357**	**-**
Acquired during the year	-	9,149
Change in classification due to increase in shareholding (refer to note 33)	(8,856)	-
Share of post-acquisition losses (refer to note 11)	(40)	(50)
Effect of translation to presentation currency for the year	(135)	258
Balance at end of the year	**326**	**9,357**

All of the Group's associates are registered in the Russian Federation. Details of the Group's associates are as follows:

Name of associate	**Principal activity**	**Date acquired**	**Share-holding**		
OJSC "Pervenets"	Gold mining	6 April 2004	26.0%	-	9,018
LLC "Kvartsevye technologii"	Quartz mining	6 April 2004	38.3%	326	339
Total				**326**	**9,357**

At 31 December 2004 OJSC "Lenzoloto", a 57.0% subsidiary of the Group, held a 26.0% investment in OJSC "Pervenets". On 10 February 2005 the Group acquired an additional 74.0% interest in OJSC "Pervenets". Accordingly the company's financial results were fully consolidated and the investment was eliminated from investments in associates.

Summarised financial information in respect of the Group's associates is set out below:

	2005	2004
Total assets	944	51,592
Total liabilities	112	15,320
Revenue	-	8
Loss for the year	(156)	(208)

(in thousands of US Dollars)

	2005	2004

18. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	2005	2004
Non-current		
Equity investments available-for-sale	3,339	1,462
Loans advanced	347	360
Other	58	1,653
Total non-current	**3,744**	**3,475**
Current		
Investment in Gold Fields Ltd.	1,735,987	-
Promissory notes receivable	314,189	393,738
Investment deposit in Rosbank	172,984	-
Deposits	6,997	-
Other	99	104
Total current	**2,230,256**	**393,842**

Investment in Gold Fields Ltd. (South Africa) was acquired from MMC Norilsk Nickel, parent company, in May 2005 for USD 944,940 thousand. In March 2006 it was sold to third parties (refer to note 40).

Short-term promissory notes are purchased from the shareholder and bear interest of 10.4% per annum (refer to note 35).

The investment deposit in Rosbank, a party related, by means of common ownership and control, represents the amount managed by the bank on behalf of the Group and primarily consists of promissory notes. The principal amount of this deposit of USD 168,331 thousand is guaranteed by the bank. Income on this deposit is accrued as interest and is not guaranteed by the bank. Accrued income is capitalized into the principal amount of deposit.

19. INVENTORIES

	2005	2004
Refined gold at net production cost	1,306	2,445
Work-in-process at production cost	30,470	11,070
Total metal inventories	**31,776**	**13,515**
Stores and materials at cost	92,472	57,104
Less: Provision for obsolescence	(632)	(573)
Total	**123,616**	**70,046**

(in thousands of US Dollars)

20. ADVANCES TO SUPPLIERS AND OTHER RECEIVABLES

	2005	2004
Advances to suppliers	17,077	7,514
Other receivables from non-mining activities	16,047	12,252
	33,124	**19,766**
Less: Provision for impairment of advances to suppliers and other receivables	(7,715)	(7,451)
Total	**25,409**	**12,315**

21. OTHER ASSETS

	2005	2004
Non-current		
Value added tax recoverable	10,239	-
Less: Provision for impairment of value added tax recoverable	(1,340)	-
Total non-current assets	**8,899**	**-**
Current		
Value added tax recoverable	64,392	40,476
Deferred expenditures	11,683	14,507
Income tax prepaid	1,434	1,183
Other taxes prepaid	2,266	2,058
Total current assets	**79,775**	**58,224**

Deferred expenditures mostly comprise excavation costs, general production costs and mine specific administration costs associated with preparation for the seasons in which the alluvial operations undertake mining activities.

22. CASH AND CASH EQUIVALENTS

		2005	2004
Current bank accounts	- RUR	18,376	8,905
	- foreign currency	3,849	38
Bank deposit		5,681	-
Cash in hand		296	117
Letters of credit		174	3,308
Other cash and cash equivalents		32	647
Total		**28,408**	**13,015**

(in thousands of US Dollars)

23. SHARE CAPITAL

	2005	2004
Authorised		
1,123 ordinary shares at par value of RUR 400 each	16	16
120 preference shares at par value of RUR 100 each	-	-
Total	**16**	**16**
Issued and fully paid		
31 December 2005: 299 ordinary shares at par value of RUR 400 each	5	-
31 December 2004: 173 ordinary shares at par value of RUR 400 each	-	3
120 preference shares at par value of RUR 100 each	-	-
Total	**5**	**3**

During 2004 the Company issued 50 additional ordinary shares for total proceeds of RUR 14,530,498 thousand (USD 498,819 thousand). In 2005 the Company issued 126 additional ordinary shares for total proceeds of RUR 36,616,855 thousand (USD 1,299,745 thousand).

Preference shares are freely convertible into ordinary shares.

(in thousands of US Dollars)

24. MINORITY INTEREST

	2005	2004
Balance at beginning of the year	**43,970**	**-**
Minority interest in subsidiaries acquired (refer to note 33)	(5,390)	48,416
Minority interest in net loss of subsidiaries for the year	(456)	(5,117)
Net decrease in minority interest due to increase of Group's share in subsidiaries (refer to comments below)	(7,389)	-
Effect of translation to presentation currency for the year	(1,103)	671
Balance at end of the year	**29,632**	**43,970**

In March 2005 six subsidiaries of OJSC "Lenzoloto", a 57.0% subsidiary of the Group, were sold to LLC "Lenskaya Zolotorudnaya Company", a 100.0% subsidiary of the Group. This transaction resulted in a decrease in minority interest and an increase in equity attributable to shareholder of the Company of USD 11,136 thousand.

In April 2005 26.0% share of OJSC "Lenzoloto" in OJSC "Pervenets" was sold to LLC "Lenskaya Zolotorudnaya Company". This transaction resulted in a decrease in minority interest and increase in equity attributable to shareholder of the Company in the amount of USD 3,938 thousand.

During April-May 2005 OJSC "Matrosov Mine", a subsidiary of the Group, issued additional ordinary shares that were acquired by the Group. Prior to this transaction all losses of the company applicable to minority interest were allocated against the interest of the shareholder of the Company. As a result of the transaction minority interest in the increased net assets of OJSC "Matrosov Mine" of USD 7,685 thousand was recognised.

(in thousands of US Dollars)

25. DEFERRED TAX LIABILITIES

The movement in the Group's deferred taxation position for the year was as follows:

	2005	2004
Net liability at beginning of the year	**88,754**	**31,813**
Recognised in the income statement for the year (refer to note 13)	(8,701)	9,540
Change in deferred tax liability arising on revaluation of available-for-sale investments	551	-
Change in deferred tax liability due to acquisition of subsidiaries (refer to note 33)	86,363	44,046
Change in deferred tax liability due to disposal of a subsidiary (refer to note 34)	(1,193)	-
Effect of translation to presentation currency for the year	(4,006)	3,355
Net liability at end of the year	**161,768**	**88,754**

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:

	2005	2004
Property, plant and equipment	165,006	87,528
Investments valuation	551	-
Inventory valuation	122	(291)
Accrued operating expenses	(2,301)	3,121
Provision for impairment of advances to suppliers and other receivables	(1,610)	(1,604)
Total	**161,768**	**88,754**

(in thousands of US Dollars)

26. ENVIRONMENTAL OBLIGATIONS

Decommissioning obligations

	2005	2004
Balance at beginning of the year	**7,851**	**6,978**
Acquired on acquisition of subsidiaries	18,232	-
Obligations raised during the period (refer to note 15)	26,633	-
Unwinding of discount on decommissioning obligation (refer to note 10)	842	427
Effect of translation to presentation currency for the year	(486)	446
Balance at end of the year	**53,072**	**7,851**

Provision for land restoration

	2005	2004
Balance at beginning of the year	**2,629**	**-**
Acquired on acquisition of subsidiaries	3,170	-
Obligations raised during the period	1,855	-
Charge to income statement	233	2,532
Effect of translation to presentation currency for the year	(131)	97
Balance at end of the year	**7,756**	**2,629**

During 2004 the Group performed an estimate of land restoration costs. The provision, discounted to net present value, relates exclusively to mining operations.

	2005	2004
Total environmental obligations	**60,828**	**10,480**

(in thousands of US Dollars)

27. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2005	**2004**	**2005**	**2004**
Amounts payable under finance leases:	**7,930**	**5,826**	**6,869**	**4,828**
Within one year (shown under current liabilities)	3,279	1,383	2,844	1,045
In the second to fifth years inclusive (shown under non-current liabilities)	4,651	4,443	4,025	3,783
Less: future finance charges	(1,061)	(998)	-	-
Present value of lease obligations	**6,869**	**4,828**	**6,869**	**4,828**

The fair value of lease obligations is estimated by discounting the future contractual cash flows using the market interest rates available to the Group for other borrowings. Assets subject to finance leases are included in property, plant and equipment and in construction-in-progress.

The average lease term is 3.5 years. For the year ended 31 December 2005, the average effective borrowing rate was 12.0% (2004: 9.5%). All leases are on a fixed repayment basis. All lease obligations are denominated in USD.

The Group’s obligations under finance leases are secured by the lessors’ title to the leased assets.

28. OTHER LONG-TERM LIABILITIES

	2005	**2004**
Long-term taxes payable	774	819
Long-term loans and borrowings	-	3,538
Other payables	472	916
Total	**1,246**	**5,273**

Long-term taxes payable represent a restructured liability to the State budget accumulated by subsidiaries of the Group over several years.

Included in long-term borrowings at 31 December 2004 was a USD-denominated loan from Gasprombank at 6.0% per annum.

(in thousands of US Dollars)

	2005	2004

29. SHORT-TERM LOANS AND BORROWINGS

	2005	2004
RUR-denominated promissory notes	11,644	-
USD-denominated short-term loans and borrowings	9,457	4,860
RUR-denominated short-term loans and borrowings	2,142	30,252
Total	**23,243**	**35,112**

The interest rates on short-term loans and borrowings vary as follows:

	2005	2004
RUR-denominated promissory notes	14%	-
USD-denominated short-term loans and borrowings	8% to 16.5%	6% to 10%
RUR-denominated short-term loans and borrowings	14% to 15.5%	10% to 20%

Short-term loans and borrowings are secured by:

	2005	2004
Property, plant and equipment	-	4,142

30. TRADE AND OTHER PAYABLES

	2005	2004
Trade accounts payable	12,304	10,000
Accrued annual leave	9,907	3,108
Interest payable	6,745	1,744
Wages and salaries	5,192	7,888
Payables for production equipment	372	7,296
Other creditors	15,123	5,828
Total	**49,643**	**35,864**

31. TAXES PAYABLE

	2005	2004
Value added tax	5,212	4,058
Income tax	8,283	2,157
Social taxes	3,116	3,043
Tax on mining	3,185	-
Property tax	872	566
Other taxes	2,505	4,688
Total	**23,173**	**14,512**

Amount recognised in the income statement in respect of contribution to Pension fund of the Russian Federation for the year ended 31 December 2005 was USD 14,871 thousand (2004: USD 15,105 thousand).

(in thousands of US Dollars)

32. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOWS FROM OPERATIONS

	2005	2004
Profit before taxation	**166,665**	**71,572**
Adjustments for:		
Impairment of goodwill on acquisition	-	114,639
Amortisation and depreciation	52,815	45,696
Interest expense on borrowings	2,744	10,146
Loss on disposal of property, plant and equipment and assets under construction	4,848	3,164
Change in provision for impairment of advances to suppliers and other receivables	954	2,535
Provision for land rehabilitation	2,088	2,532
Unwinding of discount on decommissioning obligations	842	427
Change in provision for obsolete inventory	80	355
Gain on disposal of a subsidiary	(844)	-
Share of post-acquisition losses of associates	40	50
Change in provision for impairment of property, plant and equipment and assets under construction	11,613	-
Change in provision for impairment of value added tax recoverable	1,340	-
Change in provision for tax fines and penalties	1,688	(14,815)
Interest income on promissory notes	(38,652)	(16,803)
Income accrued on deposits	(4,731)	-
Dividends received	(6,062)	-
(Gain)/loss on disposal of investments and other financial assets	(2,607)	209
Other	(1,787)	(1,310)
Operating profit before working capital changes	**191,034**	**218,397**
Increase in inventories	(44,302)	(12,774)
(Increase)/decrease in advances to suppliers and other receivables	(4,361)	6,835
Increase in other current assets, excluding income tax prepaid	(29,592)	(11,496)
Decrease in trade and other payables	(6,881)	(4,532)
Decrease in taxes payable, excluding income tax	(6,311)	(7,623)
Cash flows from operations	**99,587**	**188,807**

(in thousands of US Dollars)

33. ACQUISITION OF SUBSIDIARIES

	2005	2004
Net assets acquired		
Property, plant and equipment (refer to note 15)	424,179	259,981
Capital construction-in-progress (refer to note 16)	7,165	19,389
Inventories	14,682	28,171
Trade and other receivables	7,785	12,493
Cash and cash equivalents	537	2,369
Other current assets	10,428	49,705
Loans and borrowings	(29,835)	(67,679)
Trade and other payables	(51,646)	(53,635)
Deferred taxation (refer to note 25)	(86,363)	(44,046)
Net assets at date of acquisition	**296,932**	**206,748**
Minority interest (refer to note 24)	5,390	(48,416)
Groups' share of net assets acquired	**302,322**	**158,332**
Less: Carrying value of investment in subsidiary before acquiring control (refer to note 17)	(8,856)	-
Add: Goodwill on acquisition that was fully impaired (refer to comment below)	-	114,639
Total consideration	**293,466**	**272,971**
Contingent consideration (refer to comments below)	(140,000)	-
Satisfied by cash	(153,466)	(272,971)
Net cash outflow arising on acquisition:		
Cash consideration	(153,466)	(272,971)
Cash and cash equivalents acquired	537	2,369
Net cash outflow on acquisition of subsidiaries	**(152,929)**	**(270,602)**

OJSC "Aldanzoloto GRK", OJSC "South-Verkhoyansk Mining Company", OJSC "Yakut Mining Company"

In September 2005, 99.2% of issued ordinary shares of OJSC "Aldanzoloto GRK", 50.0% of the issued ordinary shares of OJSC "South-Verkhoyansk Mining Company", and 100.0% of the issued ordinary shares of OJSC "Yakut Mining Company" were acquired by the Group for an estimated consideration of USD 255,000 thousand, of which USD 115,000 thousand was satisfied by cash.

The remaining part of the estimated consideration, being USD 140,000 thousand, is contingent upon negotiations related to financial terms of the acquisition and of the results of these entities at the acquisition date and was still in negotiation with the buyer as of the date of issuance of these consolidated annual financial statements.

The acquired companies contributed USD 13,302 thousand revenue and USD 2,020 thousand loss before taxation, USD 457 thousand revenue and USD 4,621 thousand loss before taxation, USD nil revenue and USD 187 thousand profit before taxation, respectively, from the date control was obtained to 31 December 2005.

OJSC "Sibzolotorazvedka"

On 3 November 2005, the Group acquired 100.0% of the issued share capital of OJSC "Sibzolotorazvedka" for a cash consideration of USD 593 thousand.

OJSC "Sibzolotorazvedka contributed USD 45 thousand revenue and USD 69 thousand loss before taxation from the date control was obtained to 31 December 2005.

OJSC "Pervenets"

On 10 February 2005, the Group acquired 74.0% of the issued share capital of OJSC "Pervenets" for a cash consideration of USD 25,816 thousand.

OJSC "Pervenets" contributed USD nil revenue and USD 1,301 thousand loss before taxation from the date control was obtained to 31 December 2005.

CJSC "Tonoda"

On 9 December 2004, the Group acquired 100.0% of the issued share capital of CJSC "Tonoda" for a cash consideration of USD 28,276 thousand.

OJSC "Lenzoloto"

On 6 April 2004, the Group acquired 50.5% of the issued share capital of OJSC "Lenzoloto" for a cash consideration of USD 179,307 thousand. During July 2004 the Group increased its investment in OJSC "Lenzoloto" to 57.0% for an additional cash consideration of USD 11,711 thousand.

As of 31 December 2004 the Group reviewed the carrying value of goodwill arising on the acquisition of OJSC "Lenzoloto" and wrote it off it in the 2004 financial year.

In July 2005 an additional 5.6% of issued ordinary shares of OJSC "Lenzoloto" were acquired by the Group, for USD 3,000 thousand.

In December 2005 the Group further increased its investment in OJSC "Lenzoloto" to 68.2% for a cash consideration of USD 4,636 thousand.

OJSC "Matrosov Mine"

On 6 April 2004, the Group acquired 38.0% of the issued share capital of OJSC "Matrosov Mine" for a cash consideration of USD 35,618 thousand. During May and July 2004 the Group increased its investment in OJSC "Matrosov Mine" to 57.1% for a cash consideration of USD 18,059 thousand, bringing the Group's total investment in OJSC "Matrosov Mine" to USD 53,677 thousand.

During April-May 2005, the Group acquired 100% of additional shares issued by OJSC "Matrosov Mine", bringing its total share in the company to 87.4%. On 31 May 2005, the Group further increased its investment in OJSC "Matrosov Mine" to 88.4% for a cash consideration of USD 4,265 thousand.

(in thousands of US Dollars)

34. DISPOSAL OF A SUBSIDIARY

	2005	2004
Net assets disposed of		
Property, plant and equipment (refer to note 15)	12,592	-
Capital construction-in-progress (refer to note 16)	42	-
Investments in securities and other financial assets	501	-
Trade and other receivables	319	-
Cash and cash equivalents	107	-
Inventories	1,970	-
Other current assets	5,987	-
Trade and other payables	(22,362)	-
Net assets at date of disposal	**(844)**	-
Group's share of assets disposed of		
Less: Gain on disposal	844	-
Proceeds from disposal of subsidiaries	-	
Less: Cash and cash equivalents disposed of	(107)	-
Net cash outflow from disposal of subsidiaries	**(107)**	-

In June 2005 CJSC "Nedra Bodaybo", a gold mining subsidiary, was disposed of for a cash consideration of less than USD 1 thousand.

(in thousands of US Dollars)

35. RELATED PARTIES

Related parties are considered to include the parent company, associates, entities under common ownership and control with the Group and key management personnel. The Company and its subsidiaries, in the ordinary course of their business, enter into various sales, purchases and service transactions with related parties. Material transactions with related parties not dealt with elsewhere in the consolidated annual financial statements were as follows:

Transactions and balances with related parties

	Sale of goods	Purchase of goods and services	Interest received	Interest paid	Promissory notes receivable	Trade receivables	Cash deposits	Short-term investments	Short-term loans and borrowings	Trade payables	Lease liability
2005											
By the Company	145,185	31,427	42,235	-	310,484	449	15,804	172,984	-	1,769	-
By subsidiaries of the Group	101,311	-	924	1,401	3,696	525	10,955	-	417	6,028	6,869
Total	**246,496**	**31,427**	**43,159**	**1,401**	**314,180**	**974**	**26,759**	**172,984**	**417**	**7,797**	**6,869**
2004											
By the Company	333,705	3,928	15,290	5,192	393,738	273	1,223	-	-	-	-
By subsidiaries of the Group	63,716	-	-	815	-	1,824	1,675	-	28,082	3,836	-
Total	**397,421**	**3,928**	**15,290**	**6,007**	**393,738**	**2,097**	**2,898**	**-**	**28,082**	**3,836**	**-**

Compensation of key management personnel

The remuneration of key management personnel of the Group for the year ended 31 December 2005 amounted to USD 8,782 thousand (2004: USD 5,914 thousand).

36. CONTINGENCIES

Insurance

The insurance industry in the Russian Federation is in the process of development, and many forms of insurance coverage common in developed markets are not yet generally available. The Group does not have full coverage for its mining, processing and transportation facilities, for business interruption, or for third party liabilities in respect of property or environmental damage arising from accidents on the Group's property or relating to the Group's operations.

Litigation

Unresolved tax litigation at 31 December 2005 amounted to approximately USD 4,845 thousand. Management has assessed the unfavourable outcome of such litigation as possible.

In addition, the Group has a large number of small 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 legislation. 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 six 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.

Management has assessed possible tax risks at 31 December 2005 to be approximately USD 2,968 thousand.

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, 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 legiclation 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 of environmental obligations for its operations. Estimations are based on management's understanding of the current legal requirements and the term of the 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 the Russian economy depends on the effectiveness of the Government economic policies and the continued development of the legal and political systems.

37. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, liquidity, interest rate and credit 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.

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 gold.

The Group does not enter into any forward or hedging contracts or other financial instruments to offset its commodity price risk.

Currency risk

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

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 may be adversely impacted by appreciation of the RUR against the USD.

The Group does not enter into foreign currency derivative transactions to offset its currency risk.

(in thousands of US Dollars)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities when they fall due.

The Group's liquidity position is carefully monitored and managed. The Group makes use of a detailed budgeting and cash forecasting process to ensure that it has adequate cash available to meet its payment obligations.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group.

The Group does not enter into interest rate swap arrangements to manage its interest rate risk.

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations to the Group on a timely basis, leading to financial loss to the Group.

Although the Group sells a significant portion of its gold production to a related party and has the only one other customer, the Group is not economically dependent on these customers because of the high level of liquidity in the gold commodity market in the Russian Federation. Payment terms with the Group's customers are such that credit risk is minimal.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

	2005		2004	
	Carrying value	Fair value	Carrying value	Fair Value
Investments in associates (refer to note 17)	326	326	9,357	9,357
Investments in securities and other financial assets (refer to note 18)	2,234,000	2,234,000	397,317	397,317
Advances to suppliers and other receivables (refer to note 20)	25,409	25,409	12,315	12,315
Other assets (refer to note 21)	88,674	88,674	58,224	58,224
Cash and cash equivalents (refer to note 22)	28,408	28,408	13,015	13,015
Obligations under finance lease (refer to note 27)	6,869	6,869	4,828	4,828
Contingent consideration for acquisition of subsidiaries	140,000	140,000	-	-
Other long-term liabilities (refer to note 28)	1,246	1,246	5,273	5,273
Short-term borrowings (refer to note 29)	23,243	23,243	35,112	35,112
Trade accounts and other payables (refer to note 30)	49,643	49,643	35,864	35,864
Taxes payable (refer to note 31)	23,173	23,173	14,512	14,512

The following methods and assumptions were used to estimate the fair value for each class of financial instrument:

Listed investments in securities are carried at their market values, whereas unlisted investments are carried at management's valuation.

(in thousands of US Dollars)

Advances to suppliers and other receivables, other current assets, cash and cash equivalents and trade and other payables are recorded at their carrying values which approximate the fair values of these instruments as a result of their short-term duration.

Interest rates on borrowings are market related. Consequently the carrying values of these financial instruments approximate their fair values.

The fair value of lease obligations is estimated by discounting the future contractual cash flows using the market interest rates available to the Group for other borrowings.

Long-term taxes payable have been discounted using the discount rate applicable for borrowings.

The fair values of financial instruments are estimates and do not necessarily reflect the cash amount had these instruments been liquidated at the date of valuation.

39. CHANGES IN ACCOUNTING POLICY

Subsequent to issuing of the Group's consolidated annual financial statements for the year ended 31 December 2004, management made the decision to change accounting policy for research and exploration expenditure of the Group. The reason for the change in the Group's accounting policy is to make it consistent with the substance and the way the Group manages its research, exploration and evaluation activities. The Group considers that the change results in the financial statements providing reliable and more relevant information about the effects of research, exploration and evaluation activities on the Group's financial position, financial performance and cash flows.

In accordance with the new Group's accounting policy certain research and exploration expenditure previously recognised in the Group's income statement was capitalised. Consolidated financial statements for the year ended 31 December 2004 were adjusted to include the effect of changes in accounting policy.

Profit attributable to shareholder of the parent company for the year ended 31 December 2004 – as previously reported	**8,059**
Property, plant and equipment	
Adjustment to carrying value of exploration assets (refer to note 15)	9,757
Deferred taxation	
Additional deferred tax liabilities attributable to property, plant and equipment (refer to note 25)	(2,342)
Minority interest	
Adjustment to profit attributable to minority shareholders	(424)
Profit attributable to shareholder of the parent company for the year ended 31 December 2004 – as restated	**15,050**
Increase of earnings per share for the year ended 31 December 2004 as a result of change in accounting policy	
- Basic	51
- Diluted	28

40. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Spin-off of Polus Group

In accordance with the decision to spin-off CJSC "Gold Mining Company Polus" approved by the shareholders of MMC Norilsk Nickel, on 17 March 2006 a new company OJSC "Polyus Gold" was incorporated in the Russian Federation. Shareholder contributed into the new company 100.0% of CJSC "Gold Mining Company Polus" shares and cash in the amount of USD 360,197 thousand.

Sale of investment in Gold Fields Ltd.

In March 2006 the Group sold its whole stake of 98,467,758 ordinary shares in Gold Fields Ltd. at a price of USD 20.50 per share. Net proceeds from the sale amounted to USD 1,926,852 thousand.

(in thousands of US Dollars)

41. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

		Shares held		Effective % held	
Subsidiaries	**Nature of business**	**2005**	**2004**	**2005**	**2004**
OJSC "Lenzoloto"	Market agent	931,035	847,535	68.2	57.0
LLC "Lenskaya Zolotorudnaya Company"	Market agent	-	-	100.0	100.0
OJSC "Matrosov Mine"	Mining (development stage)	232,747	43,929	88.4	57.1
"Jenington International Inc."	Market agent	1,000,000	-	100.0	-
CJSC "Tonoda"	Mining (development stage)	9,100	9,100	100.0[1]	100.0[1]
OJSC "Pervenets"	Mining	100	-	100.0[1]	-
CJSC "Lensib"	Mining	610	610	41.6[1]	34.8[1]
CJSC "Svetliy"	Mining	840	840	57.3[1]	47.9[1]
CJSC "Marakan"	Mining	840	840	57.3[1]	47.9[1]
CJSC "Nadezhdinskoe"	Mining	840	840	57.3[1]	47.9[1]
CJSC "Dalnaya Taiga"	Mining	820	820	55.9[1]	46.7[1]
CJSC "Sevzoto"	Mining	650	650	44.3[1]	37.0[1]
CJSC "Charazoto"	Mining	640	640	43.6[1]	36.5[1]
CJSC "Nedra Bodaybo"	Mining	-	1,071	-	29.1[1]
CJSC "GRK Sukhoy Log"	Mining	100	100	100.0[1]	57.0[1]
CJSC "Vitimenergo"	Electricity production	355,679	355,679	100.0[1]	57.0[1]
LLC "Lengeo"	Geological research	-	-	100.0[1]	57.0[1]
LLC "Vitimservice"	Procurement services	-	-	100.0[1]	57.0[1]
LLC "Lenrem"	Repair services	-	-	68.2[1]	57.0[1]
LLC "LZDT"	Transportation	-	-	100.0[1]	57.0[1]
OJSC "Aldanzoloto GRK"	Mining	88,021,708,092	-	99.2	-
OJSC "Uzhno-Verkhoyanskaya GK"	Mining (development stage)	250,000	-	50.0	-
OJSC "Yakutskaya GK"	Mining (development stage)	735,000	-	100.0	-
OJSC "Sibzolotorazvedka"	Geological research	1,500	-	100.0	-

[1] Effective % held through other Group subsidiaries