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NEWS RELEASE

For Immediate Release – June 16, 2008

JSC Chelyabinsk Zinc Plant Announces 2007 IFRS Consolidated Results

Chelyabinsk, Russia – June 16, 2008 – Chelyabinsk Zinc Plant (LSE, RTS, MICEX: CHZN), Russia's largest producer of zinc and zinc alloys, is pleased to announce its IFRS consolidated results for the full year of 2007.

2007 Consolidated financial results

	2007	2006	Change
	<i>(in millions of Russian roubles)</i>		<i>(%)</i>
Revenue	15,527	14,985	4%
Gross profit	3,785	4,859	(22%)
<i>gross margin, %</i>	24%	32%	
EBITDA⁽¹⁾	3,766	4,922	(24%)
EBITDA margin,%	24%	33%	
Profit before income tax	2,628	3,886	(32%)
Net income	1,914	2,872	(33%)
<i>Net margin, %</i>	12%	19%	

CZP's financial statement for the full year 2006 and the full year of 2007 reflect the consolidation of Nova Zinc, from 1 April 2006 and Brock Metal consolidation from 29 June 2007

(1) EBITDA, for any relevant period, represents operating profit before depreciation and amortization. EBITDA is presented because CZP considers it an important supplemental measure of CZP's operating performance and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in CZP's industry. EBITDA has limitations as an analytical tool, and it should not be considered in isolation, or as a substitute for analysis of CZP's operating results as reported under IFRS. Some of these limitations are as follows:

- EBITDA does not reflect the impact of financing costs, which are significant and could further increase if CZP incurs more debt, on CZP's operating performance.
- EBITDA does not reflect the impact of income taxes on CZP's operating performance.
- EBITDA does not reflect the impact of depreciation and amortization on CZP's operating performance. The assets of CZP's business which are being depreciated and/or amortized will have to be replaced in the future and such depreciation and amortization expense may approximate the cost to replace these assets in the future. By excluding this expense from EBITDA, EBITDA does not reflect CZP's future cash requirements for these replacements.

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- Other companies in CZP's industry may calculate EBITDA differently or may use it for different purposes than CZP does, limiting its usefulness as a comparative measure.

CZP compensates for these limitations by relying primarily on its IFRS operating results and using EBITDA only supplementally. See CZP's consolidated statements of income and consolidated statements of cash flows included in the current press release.

EBITDA is a measure of CZP's operating performance that is not required by, or presented in accordance with, IFRS. EBITDA is not a measurement of CZP's operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of CZP's liquidity. In particular, EBITDA should not be considered as a measure of discretionary cash available to CZP to invest in the growth of its business.

Reconciliation of EBITDA to net income is as follows for the periods indicated:

	2007	2006
	<i>(in millions of Russian roubles)</i>	
Profit for the period	1,914	2,872
Add:		
Depreciation and amortization	1,016	792
Finance income and costs, net	121	244
Income tax expense	715	1,014
EBITDA	3,766	4,922

Production and Sales

In 2007 Chelyabinsk Zinc Plant produced 165,007 tonnes of SHG zinc and alloys, 11% more than in 2006 (148,384 tonnes). CZP sales for the twelve months of 2007 totaled 147.3 thou. tonnes, an increase of 10% compared with the previous year (133.8 thou. tonnes). CZP's domestic sales accounted for 49% of the total sales or 72.2 thou. tonnes, export sales totaled 75.1 thou. tonnes or 51% of CZP's total sales in 2007 (2006: domestic sales – 77.1 thou. tonnes, export sales – 56.7 thou. tonnes of zinc and zinc based alloys).

Since the beginning of the year all zinc concentrate produced by CZP's subsidiary, Nova Zinc, operator of Akzhal mine in Kazakhstan, has been supplied to the Chelyabinsk Zinc Plant. In 2007 Akzhal's supply to CZP totaled 30.0 thou. tonnes of zinc in zinc concentrate, production of lead in lead concentrate by Akzhal mine totaled 4.8 thou. tonnes.

Revenues

CZP's revenue increased by 4% to RUB 15,527 mln in the 12 months of 2007 as compared to the same period of last year (2006: RUB 14,985 mln). Growth resulted from increased sale volumes (by 10%), as well as from the consolidation of Brock Metal company. At the same time the decrease of US\$ to RUB exchange rate entailed lower growth rate of revenues compared to the growth of sale volumes. In 2007 49% of consolidated revenue was generated by CZP sales to the domestic market.

Revenue structure

	2007	2006	Change
	<i>(in millions of Russian roubles)</i>		(%)
Zinc and zinc alloys	13,933	12,913	8%
Zinc concentrate	-	1,200	(100%)
Lead concentrate	389	208	87%
Other products	1,205	664	81%
Total revenue	15,527	14,985	4%

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Revenues from sale of zinc and zinc alloys increased by 8% up to RUB 13,933 mln (versus RUB 12,913 mln in 2006) while volumes of zinc sales grew by 10% and average zinc prices on the LME decreased by 0.7% down to US\$3,250/tonne as compared to the 2006 average zinc LME price of US\$3,273/tonne.

Revenue from CZP's other products (which principally comprises sales of by products obtained in the zinc production process, including sulfuric acid, cadmium and indium) increased by 81% up to RUB 1,205 mln in 2007 from RUB 664 mln in 2006.

Revenues from sale of lead concentrate increased by 87% up to RUB 389 mln compared to RUB 208 mln received in 2006 primarily as a result of an average price growth on the LME up to US\$2,595/tonne (versus US\$1,287/tonne in 2006).

Cost of sales

Cost of sales increased by 16% up to RUB 11,742 mln in 2007 from RUB 10,126 mln in 2006, primarily as a result of an increase in the cost of materials and consumables used and as a result of increased production, and the consolidation of the cost of sales of Brock Metal from 29 June 2007.

Cost of material and consumables used primarily comprises the cost of purchases of zinc concentrate, secondary raw materials and auxiliary materials used in the zinc production process.

In 2007 cost of material and consumables used increased by 8% up to RUB 8,479 mln from RUB 7,860 mln in 2006 and represented 72% of total costs of sales in 2007, as compared with 78% in 2006. This increase was primarily attributed to an increase in purchases of zinc concentrate and higher prices of zinc concentrate.

Costs of utilities and fuel increased by 32% up to RUB 1,192 mln in 2007 from RUB 904 mln in 2006. This increase was primarily due to an increase in average tariffs to RUB 1.27 per kWh in 2007 as compared to at an average tariff of RUB 1.11 per kWh in 2006. The increase was also attributed to an increase in overall production levels.

Cost of sales as a percentage of revenue was 76% in 2007, compared to 68% in 2006, and consequently gross profit margin decreased to 24% from 32%.

Profit

Net profit in 2007 was RUB 1,914 mln or RUB 35 per share compared to RUB 2,872 mln or RUB 53 per share in 2006.

2007 Highlights

In January 2007 Chelyabinsk Zinc Plant and the Russian Federal Agency for Subsoil Use (Rosnedra) signed a 25-year licence agreement for the exploration and extraction of zinc ores in the Amurskoye Deposit located in Bredinsky district, Chelyabinsk region. Over a very short period, Chelyabinsk Zinc Plant practically completed its geological survey works at Amurskoye Deposit. Final data of appraisal and prospecting works at the deposit are expected to be obtained by the Company experts in the second half of 2008, upon approval of the figures at the State Commission for Reserves of Minerals and complete of a JORC-compliant mineral resources and reserves audit.

Within the CZP's strategy aimed on debottlenecking and increasing zinc production capacity to 200,000 tonnes per year by 2010 the construction Waelz-Kiln No.5 was completed and new highly efficient large-capacity Waelz kiln was put into operation in March 2007. The new facility allows CZP to increase capacity of treating secondary zinc-containing raw materials by means of Waelz processing as well as increase processing of stockpiled zinc cake.

One of important events for the Company was the acquisition of 100% ordinary voting shares in Brock Metal company for £8.9 mln in June 2007. In the 2nd half of 2007 the Brock Metal sold 13,190 tons of alloys, while the estimated sales in 2008 will be 28,000 tons.

Commenting the results, Mr. Moiseyev noted: "The year 2007 was a successful year for Chelyabinsk Zinc Plant. We continued to implement our strategy aimed at increasing zinc production capacity to 200,000 tonnes per year by 2010, on ensuring Chelyabinsk Zinc Plant self-sufficiency in the raw materials, and increasing CZP presence on the new markets. This year, we expect that LME zinc prices would not be so favorable as in late 2006 – early 2007. Our efforts will be aimed at further enhancement of the Company's operations efficiency, and we are convinced that all our goals that were set for 2008 will be achieved."

CZP will host an Investor Conference Call to discuss its IFRS consolidated financial statements for the year ended 31 December 2007 and comment on current operations today, June 16, 2008 at 6pm Moscow time (3pm London time, 10am New York time). Media are invited to attend on a listen-only basis.

To participate in the conference call dial one of the dial-in numbers as follows:

- **If dialing from Russia: (495) 981-0871**
- **If dialing from UK: 0800 678 1160 (toll free)**
- **If dialing from the USA: 1 866 297 7327 (toll free)**

If dialing from countries other than specified please refer to <http://www.conferencing.bt.com/bt/50/eng/automated/bridge.jsp>.

Once connected, the participant should enter the passcode: 848 591#

To join the web conference, paste the following link into the address bar of your web browser: https://www.livemeeting.com/cc/btconferencing_eventsssl3, then enter your Meeting ID/Meeting number: K7744054 and Password: 848591A.

The recording of the conference call and the presentation will be available on CZP's website (www.zinc.ru) in the Investor Relations section.

About Chelyabinsk Zinc Plant

Chelyabinsk Zinc Plant OJSC is a leading Russian zinc producer. It is responsible for approximately 60% of Russian zinc production volume. In 2007 the plant produced 165,007 tonnes of SHG zinc.

According to consolidated IFRS accounts, revenues in 2007 were RUB 15.527 billion, and net profit was RUB 1.914 billion.

NF Holdings B.V. (The Netherlands) controls 54.7% of shares of CZP. 50% shares of NF Holdings B.V. belong to Arkley Capital S.à r.l., Luxembourg.

Ordinary shares of CZP are traded on the RTS and MICEX exchanges under ticker CHZN, and Global Depository Receipts (GDR) are traded on the London Stock Exchange under ticker CHZN.

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This announcement may include forward-looking statements. CZP's actual results may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. By their nature, forwarding-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Even if the actual results are consistent with the forward-looking statements contained in this announcement, those results may not be indicative of results or developments in future periods. CZP does not undertake any obligation to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this announcement.

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Balance Sheet as of 31 December 2007

In thousands of Russian roubles

31 December 2007 31 December 2006

ASSETS

Non-current assets

Property, plant and equipment	7,260,927	7,061,332
Advances for capital construction	71,351	134,693
Goodwill	815,488	831,986
Other intangible assets	292,489	22,584
Other non-current assets	609,449	603,181

Total non-current assets	9,049,704	8,653,776
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Current assets

Inventories	2,574,432	2,252,927
Trade and other receivables	1,943,250	1,321,947
Current income tax prepayments	152,388	-
Loans receivable and promissory notes	562	589,064
Bank deposits	400,000	500,606
Cash and cash equivalents	501,098	443,553
Restricted cash	36,558	402,707

Total current assets	5,608,288	5,510,804
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TOTAL ASSETS	14,657,992	14,164,580
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EQUITY

Share capital	127,635	78,860
Share premium	1,375,231	1,375,231
Legal reserve	3,011	572
Cumulative currency translation differences	(297,603)	(189,515)
Retained earnings	8,964,980	7,102,628

TOTAL EQUITY	10,173,254	8,367,776
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LIABILITIES

Non-current liabilities

Borrowings	1,798,775	2,767,959
Provision for asset retirement obligations	58,144	38,386
Deferred income tax liability	1,141,062	1,350,619
Other non-current liabilities	5,198	4,122

Total non-current liabilities	3,003,179	4,161,086
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Current liabilities

Borrowings	803,614	702,312
Accounts payable, accrued expenses and advances from customers	553,452	729,761
Current income tax payable	7,306	131,846
Other taxes payables	117,187	71,799

Total current liabilities	1,481,559	1,635,718
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TOTAL LIABILITIES	4,484,738	5,796,804
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TOTAL LIABILITIES AND EQUITY	14,657,992	14,164,580
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Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Statement of Income for the year ended 31 December 2007

<i>In thousands of Russian roubles</i>	2007	2006
Revenue	15,526,501	14,985,390
Cost of sales	(11,741,631)	(10,126,195)
Gross profit	3,784,870	4,859,195
Distribution costs	(400,663)	(182,922)
General and administrative expenses	(720,206)	(683,836)
Operating profit	2,664,001	3,992,437
Finance income	159,384	12,559
Finance costs	(280,610)	(257,015)
Foreign exchange gain	528,480	286,804
Foreign exchange loss	(442,933)	(148,877)
Profit before income tax	2,628,322	3,885,908
Income tax charge	(714,756)	(1,014,171)
Profit for the year	1,913,566	2,871,737
Profit attributable to:		
Shareholders of the Company	1,913,566	2,871,737
Net profit for the year	1,913,566	2,871,737
Earning per share - basic and diluted (in RUB)	35	53

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Statement of Cash Flows for the year ended 31 December 2008

<i>In thousands of Russian roubles</i>	2007	2006
Cash flows from operating activities		
Profit before income tax	2,628,322	3,885,908
Adjustments for:		
Depreciation and amortisation	1,016,077	792,134
Net loss on disposal of property, plant and equipment	13,726	101,607
(Reversal of impairment)/impairment of trade and other receivables	(17,916)	16,904
Inventory write-down/(Reversal of inventory write down) to net realisable value	9,455	(5,251)
Finance costs, net	121,226	244,456
Negative goodwill recognised as income	(19,811)	-
Precious metals revaluation	(27,759)	(56,345)
Foreign exchange gains	(262,837)	(165,046)
Other non-monetary items	3,951	-
Operating cash flows before changes in working capital	3,464,434	4,814,367
Decrease/(increase) in trade and other receivables	30,156	(622,678)
Increase in inventory	(115,219)	(573,473)
Decrease in trade and other payables	(628,838)	(187,990)
Increase/(decrease) in taxes payable	1,030	(15,267)
Decrease/(increase) in bank deposits	183,117	(500,606)
Decrease/(increase) in restricted cash balance	366,353	(398,634)
Cash generated from operations	3,301,033	2,515,719
Interest paid	(253,359)	(257,405)
Income taxes paid	(1,176,952)	(890,061)
Net cash generated from operating activities	1,870,722	1,368,253
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,156,393)	(823,617)
Purchase of exploration and evaluation assets	(251,163)	-
Proceeds from sale of property, plant and equipment	15,308	21,698
Loans issued and promissory notes purchased	(177,000)	(649,864)
Proceeds from repayment of loans and redemption of promissory notes	765,502	86,800
Interest income received	143,250	12,028
Net cash paid for acquisition of a subsidiary	(410,244)	(3,715,677)
Increase in long-term bank deposits	(8,917)	(602,649)
Net cash used in investing activities	(1,079,657)	(5,671,281)
Cash flows from financing activities		
Repayment of borrowings	(682,936)	(759,119)
Proceeds from borrowings	-	4,087,187
Acquisition of treasury shares	-	(21,804)
Sale of treasury shares	-	25,438
Finance lease payments	(31,090)	(29,225)
Proceeds from share issue	-	1,323,730
Acquisition of short-term investments	(563,786)	-
Disposal of short-term investments	565,742	-
Net cash provided from/(used in) financing activities	(712,070)	4,626,207
Effect of currency translation and exchange rate fluctuations on cash and cash equivalents	(21,450)	(11,366)
Net increase in cash and cash equivalents	57,545	311,813
Cash and cash equivalents at the beginning of the period	443,553	131,740
Cash and cash equivalents at the end of the period	501,098	443,553

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Statement of Changes in Equity for the year ended 31 December 2007

<i>In thousands of Russian roubles</i>	Share capital	Treasury shares	Share premium	Legal reserve	Cumulative currency translation differences	Retained earnings	Total equity
Balance at 1 January 2006	74,077	-	48,192	397	-	4,235,524	4,358,190
Currency translation differences	-	-	-	-	(189,515)	-	(189,515)
Profit recognized directly in equity	-	-	-	-	(189,515)	-	(189,515)
Net profit for the year	-	-	-	-	-	2,871,737	2,871,737
Total recognized profit for the year	-	-	-	-	(189,515)	2,871,737	2,682,222
Acquisition of treasury shares	-	(21,804)	-	-	-	-	(21,804)
Sale of treasury shares	-	21,804	3,634	-	-	-	25,438
Legal reserve	-	-	-	175	-	(175)	-
Share issue	325	-	1,323,405	-	-	-	1,323,730
Issue of shares through profit capitalization	4,458	-	-	-	-	(4,458)	-
Balance at 31 December 2006	78,860	-	1,375,231	572	(189,515)	7,102,628	8,367,776
Balance at 1 January 2007	78,860	-	1,375,231	572	(189,515)	7,102,628	8,367,776
Currency translation differences	-	-	-	-	(108,088)	-	(108,088)
Profit recognized directly in equity	-	-	-	-	(108,088)	-	(108,088)
Net profit for the year	-	-	-	-	-	1,913,566	1,913,566
Total recognized profit for the year	-	-	-	-	(108,088)	1,913,566	1,805,478
Issue of shares through profit capitalization	48,775	-	-	-	-	(48,775)	-
Legal reserve	-	-	-	2,439	-	(2,439)	-
Balance at 31 December 2007	127,635	-	1,375,231	3,011	(297,603)	8,964,980	10,173,254