

**Company Registration No. 4614811 (England and Wales)**

**NORILSK NICKEL EUROPE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**



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## **NORILSK NICKEL EUROPE LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	A Berlin D Gaddes
<b>Secretary</b>	Clyde Secretaries Limited
<b>Company number</b>	4614811
<b>Registered office</b>	51 Eastcheap London EC3M 1JP
<b>Independent Auditors</b>	Saffery Champness Lion House Red Lion Street London WC1R 4GB
<b>Solicitors</b>	Clyde & Co 51 Eastcheap London EC3M 1JP

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## **NORILSK NICKEL EUROPE LIMITED**

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## **NORILSK NICKEL EUROPE LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and financial statements for the year ended 31 December 2010

#### **Principal activities and review of the business**

The principal activity is the provision of sales and market related services to other group companies

#### **Results and dividends**

The results for the year are set out on page 5

#### **Directors**

The following directors have held office since 1 January 2010

A Berlin

D Gaddes

#### **Auditors**

Saffery Champness have expressed their willingness to remain in office as auditors of the company

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**NORILSK NICKEL EUROPE LIMITED**

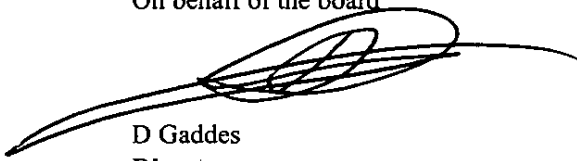
**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

A handwritten signature in black ink, appearing to be 'D Gaddes', written over a horizontal line.

D Gaddes  
**Director**  
1 June 2011

## **NORILSK NICKEL EUROPE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORILSK NICKEL EUROPE LIMITED**

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We have audited the financial statements of Norilsk Nickel Europe Limited for the year ended 31 December 2010 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**NORILSK NICKEL EUROPE LIMITED**

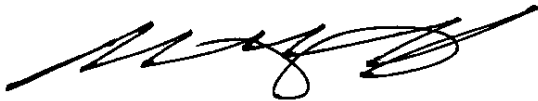
**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE MEMBERS OF NORILSK NICKEL EUROPE LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or



**Michael Di Leto (Senior Statutory Auditor)  
for and on behalf of Saffery Champness**

1 June 2011

**Chartered Accountants  
Statutory Auditors**

Lion House  
Red Lion Street  
London  
WC1R 4GB

**NORILSK NICKEL EUROPE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

		<b>2010</b>	<b>2009</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	4,599,818	4,224,131
Cost of sales		<u>(1,512,306)</u>	<u>(705,768)</u>
<b>Gross profit</b>		3,087,512	3,518,363
Administrative expenses		<u>(2,150,036)</u>	<u>(2,279,892)</u>
<b>Operating profit</b>	<b>3</b>	937,476	1,238,471
Other interest receivable and similar income	<b>4</b>	31,808	19,551
Interest payable and similar charges	<b>5</b>	<u>-</u>	<u>(2,577)</u>
<b>Profit on ordinary activities before taxation</b>		969,284	1,255,445
Tax on profit on ordinary activities	<b>6</b>	<u>(307,365)</u>	<u>(374,680)</u>
<b>Profit for the year</b>	<b>12</b>	<u>661,919</u>	<u>880,765</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 7 to 13 form part of these financial statements



**NORILSK NICKEL EUROPE LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2010**

	Notes	2010		2009	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		69,960		68,951
<b>Current assets</b>					
Debtors	8	5,586,093		2,736,092	
Cash at bank and in hand		<u>2,319,565</u>		<u>2,098,128</u>	
		7,905,658		4,834,220	
<b>Creditors: amounts falling due within one year</b>	9	<u>(4,248,380)</u>		<u>(1,837,852)</u>	
<b>Net current assets</b>			<u>3,657,278</u>		<u>2,996,368</u>
<b>Total assets less current liabilities</b>			<u><u>3,727,238</u></u>		<u><u>3,065,319</u></u>
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Profit and loss account	12		<u>3,727,237</u>		<u>3,065,318</u>
<b>Shareholders' funds</b>	13		<u><u>3,727,238</u></u>		<u><u>3,065,319</u></u>

The notes on pages 7 to 13 form part of these financial statements

Approved by the Board and authorised for issue on 1 June 2011



D Gaddes  
Director

Company Registration No. 4614811

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**NORILSK NICKEL EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

**1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	25% - 33% Straight line
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**1.5 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

**1.6 Deferred taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

**1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the end of the month for the transaction date. All differences are taken to profit and loss account

**NORILSK NICKEL EUROPE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010****2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

<b>3 Operating profit</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Depreciation of tangible assets	15,573	10,148
Loss on disposal of tangible assets	-	57
Loss on foreign exchange transactions	5,318	9,117
Fees payable to the company's auditor for -		
- the audit of the company's annual accounts	16,000	15,250
- taxation services	17,430	13,395

<b>4 Investment income</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Bank interest	6,330	4,880
Other interest received	9,896	-
Interest receivable from group undertakings	15,582	14,671

<b>5 Interest payable</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	-	7
Other interest	-	2,570

**NORILSK NICKEL EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

<b>6 Taxation</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U K corporation tax	307,365	375,000
Adjustment for prior years	-	(320)
<b>Total current tax</b>	<u>307,365</u>	<u>374,680</u>
 <b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>969,284</u>	<u>1,255,445</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>271,400</u>	<u>351,525</u>
Effects of		
Non deductible expenses	38,661	25,230
Depreciation add back	4,360	2,841
Capital allowances	(2,621)	(4,596)
Adjustments to previous periods	-	(320)
Other tax adjustments	(4,435)	-
	<u>35,965</u>	<u>23,155</u>
 <b>Current tax charge for the year</b>	<u>307,365</u>	<u>374,680</u>

**NORILSK NICKEL EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**7 Tangible fixed assets**

	<b>Fixtures, fittings &amp; equipment £</b>
<b>Cost</b>	
At 1 January 2010	153,374
Additions	16,581
Disposals	(20,940)
At 31 December 2010	<u>149,015</u>
<b>Depreciation</b>	
At 1 January 2010	84,423
On disposals	(20,940)
Charge for the year	15,572
At 31 December 2010	<u>79,055</u>
<b>Net book value</b>	
At 31 December 2010	<u>69,960</u>
At 31 December 2009	<u>68,951</u>

<b>8 Debtors</b>	<b>2010 £</b>	<b>2009 £</b>
Amounts owed by group undertakings	748,049	614,828
Other debtors	4,761,489	2,054,117
Prepayments and accrued income	76,555	67,147
	<u>5,586,093</u>	<u>2,736,092</u>

**NORILSK NICKEL EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

<b>9 Creditors: amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	70	49
Amounts owed to parent and fellow subsidiary undertakings	3,830,249	1,537,482
Corporation tax	181,898	146,351
Other taxes and social security costs	40,135	41,520
Other creditors	(60)	111
Accruals and deferred income	196,088	112,339
	<u>4,248,380</u>	<u>1,837,852</u>
 <b>10 Pension and other post-retirement benefit commitments</b>		
<b>Defined contribution</b>		
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>38,664</u>	<u>42,602</u>
 <b>11 Share capital</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1 Ordinary Shares of £1 each	<u>1</u>	<u>1</u>
 <b>12 Statement of movements on profit and loss account</b>		
		<b>Profit and loss account £</b>
Balance at 1 January 2010		3,065,318
Profit for the year		<u>661,919</u>
Balance at 31 December 2010		<u>3,727,237</u>

**NORILSK NICKEL EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

<b>13 Reconciliation of movements in shareholders' funds</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	661,919	880,765
Opening shareholders' funds	3,065,319	2,184,554
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>3,727,238</u>	<u>3,065,319</u>

<b>14 Directors' remuneration</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	316,562	188,668
Company pension contributions to defined contribution schemes	11,256	11,250
	<u>          </u>	<u>          </u>
	<u>327,818</u>	<u>199,918</u>

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	316,562	188,668
Company pension contributions to defined contribution schemes	11,256	11,250
	<u>          </u>	<u>          </u>

**14 Transactions with directors**

The following directors had interest free loans during the year The movement on these loans are as follows

	<b>Amount outstanding</b>	<b>Maximum</b>
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
		<b>in year</b>
		<b>£</b>
D Gaddes	<u>122,804</u>	<u>102,248</u>
		<u>129,044</u>

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**NORILSK NICKEL EUROPE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**16 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was

	<b>2010 Number</b>	<b>2009 Number</b>
Directors	2	2
Direct sales	3	2
Administration	7	7
	<u>12</u>	<u>11</u>

**Employment costs**

	<b>2010 £</b>	<b>2009 £</b>
Wages and salaries	1,830,142	1,410,040
Social security costs	173,836	129,862
Other pension costs	38,664	42,602
	<u>2,042,642</u>	<u>1,582,504</u>

**17 Control**

The company's immediate parent company is NN Metal Holding SA, a company incorporated in Luxembourg. The ultimate parent company and ultimate controlling party is OJSC Mining and Metallurgical Company Norilsk Nickel, a company incorporated in Russia.

**18 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.