

Financial statements: **Consolidated statements of income**

For the years ended December 31, 2012, 2011 and 2010 (thousands of US dollars)

| | Note | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2010 |
|--|------|---|---|---|
| Revenue | 22 | 12,156,592 | 11,728,556 | 8,350,748 |
| Cost of sales | | | | |
| Production cost | | (8,494,438) | (7,780,243) | (4,933,236) |
| Depreciation and amortization | | (767,715) | (588,707) | (469,418) |
| | | (9,262,153) | (8,368,950) | (5,402,654) |
| Gross profit | | 2,894,439 | 3,359,606 | 2,948,094 |
| General and administrative expenses | | (448,268) | (556,169) | (263,146) |
| Selling expenses | | (1,143,610) | (972,685) | (708,868) |
| Taxes other than income tax | | (169,786) | (165,073) | (123,311) |
| Impairment losses | 9(a) | – | – | (58,179) |
| Operating income | | 1,132,775 | 1,665,679 | 1,794,590 |
| Loss on disposals of property, plant and equipment | | (38,051) | (29,293) | (9,657) |
| (Losses) / gains on investments, net | | (2,828) | 11,922 | (27,991) |
| Interest income | | 28,581 | 29,531 | 45,071 |
| Interest expense | | (68,462) | – | (15,865) |
| Foreign currency exchange gain / (loss), net | | 3,282 | 18,662 | (59,262) |
| Other expenses, net | | (140,428) | (14,337) | (4,598) |
| Income before income tax | | 914,869 | 1,682,164 | 1,722,288 |
| Income tax expense | 17 | (304,712) | (421,034) | (390,972) |
| Income, net of income tax | | 610,157 | 1,261,130 | 1,331,316 |
| Equity in net earnings / (losses) of associates | 5 | 276 | 54,272 | (107,338) |
| Net income | | 610,433 | 1,315,402 | 1,223,978 |
| Add: Net (income) / loss attributable to the non-controlling interest | | (14,628) | 42,192 | 31,065 |
| Net income attributable to NLMK stockholders | | 595,805 | 1,357,594 | 1,255,043 |
| Earnings per share – basic and diluted: | | | | |
| Net earnings attributable to NLMK stockholders per share (US dollars) | | 0.0994 | 0.2265 | 0.2094 |
| Weighted-average shares outstanding, basic and diluted (in thousands) | 15 | 5,993,227 | 5,993,227 | 5,993,227 |

The accompanying notes constitute an integral part of these consolidated financial statements.