EVRAZ GROUP

FOR IMMEDIATE RELEASE

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2006

October 12, 2006 **– Evraz Group S.A. (LSE: EVR), one of the leading vertically integrated steel production and mining businesses with operations mainly in Russia, today announces its unaudited interim results for the six months ended 30 June 2006 with both revenues and cash flow increasing to record levels.**

1H 2006 Highlights:

Strong operational performance delivers solid results

- **2006 first half revenue was a record $3,825 million, up 5% from the corresponding period in 2005**
- **Consolidated steel sales increased by 23% to 8.3 million tonnes from 6.75 million tonnes in the first half of 2005**
    - **Russian construction products sales volumes grew 23%**
    - **Volumes of semi-finished steel products increased 21% due to growing slab production**
- **Higher value-added sales into attractive European and USA markets increased fivefold**
- **Adjusted EBITDA remains largely unchanged year-on-year at $1,096 million**
- **Net profit reduced marginally to $571 million from $612 million in 2005**
- **Further US$262 million investment in cost efficiency programme**
- **Further expansion of mining segment with an additional $225 million equity investment in OAO Raspadskaya**

Six months to June 30 (US$ million unless otherwise stated)	1H 2006	1H 2005	Change
Revenue	3,825	3,632	5.3%
Adjusted EBITDA [1]	1,096	1,119	(2.0%)
Profit from operations	938	1,005	(6.7%)
Net profit [2]	571	612	(6.7%)
Earnings per GDR [3], US$	1.63	1.88	

[1] Refer to Attachment 1 for reconciliation to profit from operations

[2] Net profit attributable to equity holders of the parent entity

[3] 1 share is represented by 3 GDRs

Valery Khoroshkovsky, Evraz Group's CEO, commented:

"Evraz achieved satisfactory results during the first six months of 2006 especially when compared with the exceptional performance supported by high steel prices in the first half of 2005.

Contributing to our record high revenues in the first half of 2006 was significant sales volume increase from the successful business integration of the European steel mills acquisitions coupled with strong organic growth in Russia delivered from the group's capital investment programme.

Additionally, steel prices have shown good recovery starting from March 2006 from the lower levels seen in the second half of 2005 and the first quarter of 2006.

Evraz has continued to reduce its steel costs by increasing operational efficiency and achieving a higher level of production as a result of our capital investment programme."

Commenting on the outlook for the remainder of 2006 and beyond Valery Khoroshkovsky said:

"In the second half of 2006, Evraz will continue to enhance its position as one of the most cost-effective and profitable integrated steel producing and mining groups in Russia and CIS while expanding and strengthening its presence in non-Russian markets. Evraz will continue to focus on cost management and ongoing efficiency improvements to enhance our competitiveness in the global steel market.

Evraz intends to deliver further benefits from the integration of the recent acquisitions, facilitating a gradual shift in product mix towards higher margin products.

Our volumes are expected to remain strong for the rest of the year with the rolled products output increasing 22% year-on-year to 10.8 million tonnes in the first nine months of 2006. We expect the price recovery which started in the second quarter of 2006 to continue on the back of growing demand.

The acquisition of Strategic Minerals Corporation in August will contribute both to the group's revenue and profit growth and our equity investment in Highveld Steel and Vanadium Corporation will further support our earnings."

Summary Results:

Evraz's consolidated revenues increased by 5.3% to US$3,825 million in the first six months of 2006 from US$3,632 million in the first six months of 2005. The majority of this increase is attributable to the acquisitions of Palini e Bertoli and Vitkovice Steel, both of which produce mainly high value-added flat products, and to increased slab exports due to the commencement of production of a new slab caster at ZapSib. Total volumes of steel products sold in the first half of 2006 were 8.3 million tonnes, up 23% from 6.8 million tonnes in the first half of 2005.

In the first six months of 2006, consolidated cost of revenues amounted to US$2,520million compared with US$2,251 million in the first half of 2005. Cost of revenues as a percentage of consolidated revenues increased from 62.0% reported in the first half of 2005 to 65.9% in the first half of 2006. The increase was primarily attributable to the higher share of iron ore purchased from third parties to meet the increased production volumes of the group's Russian steel mills. Gross profit was down 5.5% half-on-half at US$1,305 million from US$1,381 million.

In the first half of 2006, revenues from non-Russian sales amounted to US$1,925million, or 50.3% of total sales compared with US$1,558 million, or 42.9% in the first half of 2005. The increased share of non-Russian revenues was attributable to the growth in export sales volumes, provided by both Evraz Russian operations as well as the contributions of the recently acquired plate mills - Vitkovice Steel and Palini e Bertoli.

Profit from operations decreased by 6.7% to US$938 million in the first half of 2006 from US$1,005 million in the corresponding period of 2005. Profit from operations as a percentage of consolidated revenues decreased from 27.7% in the first half of 2005 to

24.5% in the first half of 2006. This reduction is largely attributable to the decrease in consolidated gross profit margin.

Consolidated EBITDA showed only a slight reduction of US$23 million (down 2.0%) in the first half of 2006 to US$1,096 million, or 28.7% of revenues compared with US$1,119million, or 30.8% in the first half of 2005.

In the first half of 2006, the Company reported consolidated **net profit attributable to equity holders of Evraz Group** of US$571 million vs. US$612 million in 2005. Lower net profit is mainly explained by a greater depreciation charge, as well as a higher effective tax rate. In the first half of 2006, the income tax charge amounted to $241 million, which is an effective tax rate of 28.3%, up from 26.0% in the first half of 2005. The increase in the effective tax rate reflects mainly the tax effect of higher dividend distribution of profits from Evraz's Russian consolidated subsidiaries to Evraz Group S.A.

Review of Operations

Steel Segment Results

Six months to June 30 (US$ million unless otherwise stated)	1H 2006	1H 2005	Change
Revenues	3,764	3,661	2.8%
Profit from operations	841	776	8.4%
Adjusted EBITDA	957	854	12.1%
Adjusted EBITDA margin	25.4%	23.3%	

Steel Segment Sales

Six months to June 30 ('000 tonnes)	1H 2006	1H 2005	Change
Semi-finished products	4,164	3,443	20.9%
Construction sector	2,197	2,106	4.3%
Railway sector	789	828	(4.7)%
Mining sector	139	123	13.0%
Plates	830	194	327.8%
Other finished products	181	56	223.2%
Total	8,300	6,750	23.0%

	Six months ended 30 June				
	1H 2006		1H 2005		1H06 v 1H05
	US$ million	% of total	US$ million	% of total	% change
Construction products	994	26.4%	914	25.0%	8.7%
Vitkovice Steel contribution	*46*	*1.2%*	*n/a*	*n/a*	*n/a*
Railway products	456	12.1%	462	12.6%	(1.2)%
Mining products	66	1.8%	62	1.7%	5.9%
Semi-finished products	1,370	36.4%	1,401	38.3%	(2.2)%
Other steel products	581	15.4%	175	4.8%	231.7%
Palini contribution	*128*	*3.4%*	*n/a*	*n/a*	*n/a*
Vitkovice Steel contribution	*275*	*7.3%*	*n/a*	*n/a*	*n/a*
Other products	296	7.9%	646	17.7%	(54.1)%

Steel segment revenues for the first half of 2006 were US$3,764 million, an increase of 2.8% year-on-year from US$3,661 million in 2005. Steel segment revenues were negatively affected by average lower prices for steel products in the first half of 2006 as compared with the first half of 2005. The increase of 23% in overall sales volumes in the first six months of 2006 mitigated lower average prices for some steel products.

Steel production from the recently acquired Palini e Bertoli (mid-August 2005), and Vitkovice Steel (mid-November 2005), provided a substantial growth of plate sales and contributed solidly to non-Russian sales of the Group.

In the first half of 2006, **the steel segment profit from operations** increased by 8.4% to US$841 million, or 22.3% of steel segment revenues, from US$776 million, and 21.2% of steel segment revenues in the first half of 2005.

In the first half of 2006 **adjusted EBITDA in the steel segment** totalled US$957 million and 25.4% of steel segment revenues, compared with $854 million, and 23.3% in the first half of 2005.

Mining Segment Results

Six months to June 30 (US$ million unless otherwise stated)	1H 2006	1H 2005	Change
Revenues	480	594	(19.2)%
Profit from operations	106	224	(52.7)%
Adjusted EBITDA	133	253	(47.4)%
Adjusted EBITDA margin	27.7%	42.6%	

Mining Segment Production

Six months to June 30 (million tonnes)	1H 2006	1H 2005	Change
Iron ore			
Concentrate	1.1	1.3	(15.3)%
Sinter	4.3	4.6	(6.5)%
Pellets	3.0	2.8	7.1%
Reference [1]			
Coking coal (Raspadskaya)	3.4	3.3	3.0%
Coal (Yuzhkuzbassugol)	7.7	n/a	n/a

[1] As at 30 June 2006 Evraz Group held 48.4% effective interest in Raspadskaya Mine and 50% interest in Yuzhkuzbassugol

Mining segment revenues fell by 19.2% to US$480 million in the first half of 2006, compared with US$594 million in the corresponding period in 2005. While sale volumes were relatively stable (-3.4%), revenue fell principally as a result of a decline in average prices of iron ore.

Almost all of Evraz mining segment sales consist of iron ore. Evraz mining segment supplied approximately 71% of the steel segment's iron ore requirements. This decrease from 76% in the first half of 2005 in the proportion of iron ore sourced internally was caused by the substantial increase in steel production from the Russian steel mills in the first half of 2006.

The mining segment profit from operations decreased by 52.7% to US$106 million in the first half of 2006, or 22.0% of mining segment revenues. This compares with

US$224million, or 37.7% of mining segment revenues in the corresponding period in 2005. The decrease is largely attributable to lower average prices of iron ore.

Adjusted EBITDA in the mining segment declined by 47.4% to US$133 million, or 27.7% of mining segment revenues in the first half of 2006 from US$253 million, or 42.6% in the corresponding period in 2005.

Consolidated Group Financial Position

Cash flow

Cash flow from operating activities increased by 24.3% year-on-year to US$904 million from US$727 million. The increase in net cash generated by operations was primarily due to a substantial decrease in net working capital requirement.

Cash used in investing activities was US$1,036 million in the first half of 2006 vs. US$657 million in the first half of 2005. This includes short-term deposits in the amount of US$264 million, the first payment of US$10 million for the acquisition of Stratcor as well as US$275 million paid as the last instalment for the shares of Yuzhkuzbassugol purchased in December 2005.

In the first half of 2006 capital expenditure amounted to US$262 million compared with US$280 million in the first half of 2005.

Balance sheet

Estimated Liquidity (US$ million)	As of 30 June 2006	As of 31 December 2005
Cash and cash equivalents	482	641
Amount available under credit facilities	744	716
Short-term bank deposits	287	16
Total estimated liquidity	1,513	1,373

Net debt[1] increased when compared with 30 June 2005 by US$1,384 million to US$2,120million as of 30 June 2006. Cash reserves decreased to US$482 million as of 30 June 2006 from US$641 million as of 31 December 2005.

Evraz has sufficient liquidity to support its current operations and meet its current debt obligations. Evraz estimated liquidity (defined as cash and cash equivalents, amounts available under unrestricted credit facilities and short-term bank deposits) amounted to US$1,513 million as of 30 June 2006 compared with US$1,373 million as of 31 December 2005. The cash balance, including US$287 million in short-term deposits, grew by 17% to US$769 million.

As of 30 June 2006, total assets amounted to US$7,317 million reflecting an increase of 9.8% to US$6,663 million as of 31 December 2005.

Parent shareholders' equity, including reserves and accumulated profits as at 30 June 2006, increased 24.6% to US$3,373 million from US$2,707 million as at 31 December 2005.

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[1] Please refer to Attachment 2 for calculation of net debt

Note:

Percentage changes may not be exact due to rounding.

For further information:

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Attachment 1

Adjusted EBITDA

Adjusted EBITDA represents profit from operations plus depreciation and amortisation, impairment of assets and loss (gain) on disposals of property plant and equipment. Adjusted EBITDA is not a measure of financial performance under IFRS, and it should not be considered as an alternative to net profit as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Evraz's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

Reconciliation of Adjusted EBITDA to profit from operations is as follows:

	(Six months ended 30 June)	
	2006	2005
	(in millions of US dollars)	
Consolidated Adjusted EBITDA reconciliation		
Profit from operations	938	1,005
Add:		
Depreciation, depletion and amortisation	137	104
Impairment of assets	10	2
Loss on disposal of property, plant & equipment	11	8
Consolidated Adjusted EBITDA	1,096	1,119
Steel segment Adjusted EBITDA reconciliation		
Profit from operations	841	776
Add:		
Depreciation, depletion and amortisation	102	71
Impairment of assets	5	-
Loss on disposal of property, plant & equipment	10	8
Steel segment Adjusted EBITDA	957	854
Mining segment Adjusted EBITDA reconciliation		
Profit from operations	106	224
Add:		
Depreciation, depletion and amortisation	27	27
Impairment of assets	-	2
Loss on disposal of property, plant & equipment	1	-
Mining segment Adjusted EBITDA	133	253
Other operations Adjusted EBITDA reconciliation		
Profit from operations	24	12
Add:		
Depreciation, depletion and amortisation	8	6
Impairment of assets	-	-
Loss on disposal of property, plant & equipment	-	-
Other operations Adjusted EBITDA	33	18

Attachment 2

Net Debt

Net Debt represents long-term loans, net of current portion, plus short-term loans and current portion of long-term loans less cash and cash equivalents (excluding restricted deposits). Net Debt is not a balance sheet measure under IFRS, and it should not be considered as an alternative to other measures of financial position. Evraz's calculation of Net Debt may be different from the calculation used by other companies and therefore comparability may be limited.

Net Debt has been calculated as follows:

	(Six months ended 30 June)	
	2006	2005
	(in millions of US dollars)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	1,742	914
Short-term loans and current portion of long-term loans	860	495
Less:		
Cash and cash equivalents	(482)	(673)
Net Debt	2,120	736

Evraz Group S.A.
Consolidated Income Statement
(In millions of US dollars, except for per share information)

	Six months ended 30 June			
		2006		2005
Revenue				
Sale of goods	$	3,766	$	3,571
Rendering of services		59		61
		3,825		3,632
Cost of revenue		(2,520)		(2,251)
Gross profit		1,305		1,381
Selling and distribution costs		(105)		(107)
General and administrative expenses		(234)		(227)
Social and social infrastructure maintenance expenses		(40)		(36)
Loss on disposal of property, plant and equipment		(11)		(8)
Impairment of assets		(10)		(2)
Foreign exchange gains/(losses), net		39		-
Other operating income/(expenses), net		(6)		4
Profit from operations		938		1,005
Interest income		8		4
Interest expense		(107)		(66)
Share of profits/(losses) of joint ventures and associates		10		41
Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition		-		10
Other non-operating gains/(losses), net		3		(9)
Profit before tax		852		985
Income tax expense		(241)		(256)
Net profit	$	611	$	729
Attributable to:				
Equity holders of the parent entity	$	571	$	612
Minority interests		40		117
	$	611	$	729
Earnings per share:				
basic, for profit attributable to equity holders of the parent entity, US dollars	$	4.88	$	5.65
diluted, for profit attributable to equity holders of the parent entity, US dollars	$	4.85	$	5.65

Evraz Group S.A.
Consolidated Balance Sheet
(In millions of US dollars)

	June 30, 2006	December 31, 2005
ASSETS		
Non-current assets		
Property, plant and equipment	$ 3,278	$ 2,960
Goodwill	91	84
Investments in joint ventures and associates	1,179	906
Restricted deposits at banks	9	8
Other non-current assets	78	61
	4,635	4,019
Current assets		
Inventories	783	964
Trade and other receivables	552	375
Prepayments	51	54
Receivables from related parties	91	90
Income tax receivable	9	16
Other taxes recoverable	411	461
Short-term investments and notes receivable	289	19
Restricted deposits at banks	14	24
Cash and cash equivalents	482	641
	2,682	2,644
Total assets	$ 7,317	$ 6,663
EQUITY AND LIABILITIES		
Equity		
Parent shareholders' equity		
Issued capital	$ 316	$ 316
Additional paid-in capital	460	547
Legal reserve	28	22
Accumulated profits	2,259	1,750
Translation difference	310	72
	3,373	2,707
Minority interests	217	190
	3,590	2,897
Non-current liabilities		
Long-term loans	1,742	1,515
Deferred income tax liabilities	210	227
Finance lease liabilities	37	30
Post-employment benefits	85	78
Provisions	23	14
Other long-term liabilities	5	6
	2,102	1,870
Current liabilities		
Trade and other payables	422	398
Advances from customers	76	43
Short-term loans and current portion of long-term loans	860	835
Payables to related parties	20	315
Income tax payable	81	70
Other taxes payable	106	196
Current portion of finance lease liabilities	9	7
Provisions	9	15
Dividends payable by the parent entity to its shareholders	27	3
Dividends payable by the Group's subsidiaries to minority shareholders	15	14
	1,625	1,896
Total equity and liabilities	$ 7,317	$ 6,663

Evraz Group S.A.
Consolidated Cash Flow Statement
(In millions of US dollars)

	Six months ended 30 June	
	2006	2005
Cash flows from operating activities		
Net profit	$ 611	$ 729
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation, depletion and amortisation	137	103
Deferred income tax benefit	(31)	(11)
Loss on disposal of property, plant and equipment	11	8
Impairment of assets	10	2
Foreign exchange (gains)/losses	(39)	-
Share of (profits)/losses of joint ventures and associates, net	(10)	(41)
Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition	-	(10)
Other non-operating (gains)/losses	(3)	9
Interest income	(8)	(4)
Interest expense	107	66
Bad debt expense	10	2
Share-based payments	6	1
	801	854
Changes in operating assets and liabilities:		
Inventories	217	(50)
Trade and other receivables	(151)	(28)
Prepayments	8	9
Receivables from / payables to related parties	(28)	(9)
Taxes recoverable	85	(134)
Other assets	1	-
Trade and other payables	38	68
Advances from customers	30	(12)
Taxes payable	(93)	30
Other liabilities	(4)	(1)
Net cash flows from operating activities	904	727
Cash flows from investing activities		
Issuance of loans receivable to related parties	-	(3)
Issuance of loans receivable	-	(1)
Proceeds from repayment of loans receivable	-	12
Purchases of subsidiaries, net of cash acquired	(11)	(13)
Prepayments for purchases of subsidiaries	(12)	(81)
Purchases of minority interests	(1)	(308)
Purchase of interest in an associate/joint venture	(522)	-
Restricted deposits at banks	10	(17)
Short-term deposits at banks	(264)	7
Purchases of property, plant and equipment	(262)	(280)
Proceeds from disposal of property, plant and equipment	5	3
Proceeds from sales of equity of other companies	-	3
Proceeds from sale/redemption of debt instruments of other companies	1	11
Dividends received	20	10
Net cash flows used in investing activities	(1,036)	(657)

Cash flows from financing activities		
Proceeds from issuance of share capital, net of transaction costs	$ 1	$ 400
Contributions from Crosland Limited	-	131
Payments to entities under common control for the transfer of ownership interest in subsidiaries	-	(32)
Proceeds from loans provided by related parties	-	9
Repayment of loans provided by related parties, including interest	-	62
Net proceeds from/(repayment of) bank overdraft credit lines, including interest	48	(8)
Proceeds from loans and promissory notes	277	412
Repayment of loans and promissory notes, including interest	(199)	(374)
Dividends paid by the parent entity to its shareholders	(134)	(133)
Dividends paid by the Group's subsidiaries to minority shareholders	(24)	(4)
Payments under finance leases, including interest	(10)	(6)
Payments under Settlement Agreements, including interest	-	(8)
Payments of restructured taxes, including interest	(4)	(9)
Net cash flows from / (used in) financing activities	(45)	316
Effect of foreign exchange rate changes on cash and cash equivalents	18	(6)
Net increase/(decrease) in cash and cash equivalents	(159)	380
Cash and cash equivalents at beginning of period	641	293
Cash and cash equivalents at end of period	$ 482	$ 673
Supplementary cash flow information:		
Cash flows during the period:		
Interest paid	$ 96	$ 56
Income taxes paid	251	293