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EVRAZ ANNOUNCES INTERIM RESULTS FOR 1H 2010

2 September 2010 – Evraz Group S.A. (LSE: EVR) today announces its unaudited interim results for the six months ended 30 June 2010.

1H 2010 Highlights:

Financials:

- Consolidated revenue **US$6,379 million** (+38% vs. 1H 2009)
- Consolidated adjusted EBITDA **US$1,154 million** (+147%)
- Net loss **US$270 million.** Without the effects of non-cash and one-off transactions there would have been a net profit of US$284 million[A].
- Operating cash flow **US$744 million**
- Total debt **US$7,873 million** (vs. US$7,923 million as of 31 December 2009)

Steel segment:

- Crude steel production 8.3 million tonnes (+22%)
- Total external steel sales volumes 7.7 million tonnes (+13%)
- Steel segment revenue US$5,796 million (+35%)

Mining segment:

- Iron ore production 8.7 million tonnes (+6%)
- Coking coal (raw coal and concentrate) production 6.8 million tonnes (-21%)
- Steam coal production 3.1 million tonnes (+21%)
- Mining segment revenue US$1,120 million (+72%)

Vanadium segment:

- Primary vanadium production 10,537 tonnes (+22%)
- External vanadium product sales volumes 10,506 tonnes (+41%)
- Vanadium segment revenue US$290 million (+110%)

Corporate developments:

- Successful tender for the licence to develop the Mezhegey coking coal deposit in March 2010
- Launch of major rail mill modernisation projects
- Commencement of implementation of pulverised coal injection (PCI) technology at two Russian steel mills
- Sale of ZAO Koksovaya (owner of the licence for Tomusinskaya 5-6 coal deposit) to Raspadskaya for US$40 million

Financial management:

- RUB15 billion (approx. US$500 million) raised via a Rouble bond issue in March 2010
- US$1,007 million short-term loan to VEB repaid in May 2010 using the proceeds from a 5-year US$950 million Gazprombank loan

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[A] Please see description of the effects of non-cash and one-off transactions on net result in Attachment 2

- US$404 million 4-year loan from Nordea Bank was utilised in July to replace short-term debt
- AGM held on 17 May 2010 approved the decision not to pay dividends in respect of 2009

CAPEX:

- CAPEX for 1H 2010 amounted to US$397 million compared with US$203 million for 1H 2009
- CAPEX for FY2010 is expected to total approximately US$950 million

Alexander Frolov, Chief Executive of Evraz Group, commented:

"During the first half of 2010 we have seen the continuation of a measured recovery in the global economy which, in turn, has led to an increase in steel demand across all our key markets. This has allowed us to fully utilise our steelmaking capacities in Russia and significantly increase the utilisation rates of our international operations.

"Prices for steel products rose steadily throughout the second half of 2009 and the first four months of 2010, in line with higher raw material prices, followed by a correction in May-July of 2010. Group EBITDA margins advanced benefiting in part from the significant scale of our vertical integration.

"Demand in Russia was driven by an increase in private sector construction activity as well as Russian government-financed infrastructure projects, including infrastructure development in preparation for the APEC Summit in the Far East and the Sochi Olympic Games.

"Export demand is driven by the ongoing growth of developing economies, particularly in Asia, which represents one of our key markets. Our North American operations registered notable volume increases driven by strong demand for pipes to facilitate shale gas exploration projects and construction plate in relation to infrastructure investment on behalf of local governments.

"Overall our key strategic priorities remain unchanged: cost leadership, an appropriate level of vertical integration into raw materials, geographic diversification, a manufacturing focus on infrastructure products and the extraction of further synergies from our international asset base.

"During the remainder of 2010 our focus will be on driving efficiency gains and operational improvements. We are embarking on a major reconstruction of our Russian rail mills which will herald the production of higher margin products, including the manufacture of 100-metre high-speed rails. The introduction of a pulverised coal injection project, scheduled for completion in 2012, will increase our energy efficiency, eliminate the need for natural gas and reduce our coking coal consumption by almost 20%."

Giacomo Baizini, Evraz Group's Chief Financial Officer, commented:

"Our financial performance, benefiting from the market recovery, showed a significant improvement during the first half of 2010. This was reflected in a 147% increase in EBITDA compared to the first half of 2009 and was in line with our guidance despite the market turbulence experienced in May and June.

"Our net loss of US$270 million resulted from two factors impacting our net result: (a) the adoption last year of the revaluation model of accounting for property, plant and equipment (the net effect on the net profit in 1H 2010 was US$416 million); and (b) a number of one-off transactions totalling US$138 million. In the absence of these factors, our net profit for the first half of 2010 would have amounted to US$284 million. The increased depreciation expense under the revaluation model of accounting will have a negative effect on our net result in the future, thereby distorting comparison with peers that employ the cost method of property, plant and equipment valuation. Against this background we believe that EBITDA will provide a more accurate measure of performance.

"The refinancing of short-term debt through longer-term maturities remains our priority in terms of financial management. A successful US$500 million equivalent Rouble bond placement in March 2010 and the refinancing of a US$1 billion short-term debt to VEB through a US$950 million 5-year loan from Gazprombank reflected the confidence of investors and lenders alike in the Company's prospects. Our cost of capital continued to decline, reflecting the improvement in financial and operating results together with more favourable market conditions. For example, since October 2009 bond yields have fallen from almost 10% to nearer 7%."

Outlook

Commenting on the outlook for the remainder of 2010 and beyond **Mr. Frolov** added:

"The wider global economy and, in turn, the steel industry, continue to face challenges and despite positive price and volume dynamics, the pattern and resilience of the global economic recovery remain questionable.

"We strongly believe, however, that the quality of Evraz Group's asset base, the competitive advantages derived from vertical integration and our geographic breadth leaves the Company, under the stewardship of a highly experienced management team, well positioned to capitalise on the advent of a sustained economic upturn."

Mr. Baizini stated:

"Although the general demand trend in our key markets is positive, some volatility in steel prices and volumes in May-July 2010 have negatively affected our performance in the third quarter.

"We expect our 3Q 2010 EBITDA to be in the range of US$480-550 million. Assuming a continuation of the current trends, Evraz is on course to repeat its 1H 2010 performance in 2H 2010.

"We will continue to refinance our short-term maturities through longer-term instruments. Capital markets are readily available and yields are close to their historic lows."

Six months to 30 June (US$ million)	**2010**	2009	Change
Revenue	**6,379**	4,639	37.5%
Adjusted EBITDA [1]	**1,154**	468	146.6%
Profit/(loss) from operations	**167**	(1,046)	
Net (loss)/profit	**(270)***	(999)	
(Losses)/earnings per GDR [2], (US$)	**(0.64)**	(2.52)	

1 Refer to Attachment 1 for reconciliation to profit from operations
2 One share is represented by three GDRs
** Refer to Attachment 2*

<u>1H 2010 Results Summary:</u>

Evraz's **consolidated revenues** for the first six months of 2010 increased by 37.5% to US$6,379 million compared with US$4,639 million for the first six months of 2009. Steel segment sales accounted for the majority of the increase in revenues, reflecting the growth in sales volumes and average prices of steel products. Evraz's external sales volumes of steel products rose from

6.8 million tonnes in the six months ended 30 June 2009 to 7.7 million tonnes in the six months ended 30 June 2010.

The increase in steel sales volumes primarily reflects the growth in demand for construction products in Russia with overall sales on the Russian market advancing by 0.6 million tonnes compared with 1H 2009. Sales volumes in Ukraine remained flat. Export sales volumes from the Russian and Ukrainian operations showed a total decrease of 0.2 million tonnes. Sales volumes of the European and North American operations increased by 0.2 million and 0.3 million tonnes respectively, while steel sales volumes of the South African operations showed no change.

Geographic breakdown of consolidated revenues

	Six months ended 30 June				
	2010		2009		2010 v 2009
	US$ million	**% of total**	US$ million	% of total	% change
Russia	**2,115**	**33.2%**	1,304	28.1%	62.2%
Americas	**1,522**	**23.9%**	1,354	29.2%	12.4%
Asia	**1,369**	**21.5%**	1,075	23.2%	27.3%
Europe	**630**	**9.9%**	507	10.9%	24.3%
CIS	**490**	**7.7%**	245	5.3%	100.0%
Africa	**252**	**4.0%**	138	3.0%	82.6%
Rest of the world	**1**	**0.0%**	16	0.3%	(93.8)%
Total	**6,379**	**100.0%**	4,639	100.0%	37.5%

Revenues from sales in Russia increased as a proportion of total revenues from 28.1% to 33.2%, driven by the growing demand for construction products on the Russian market after a decline in 2009.

In 1H 2010, **revenues from non-Russian sales** rose by 27.9% to US$4,264 million compared with US$3,335 million in 1H 2009 but decreased as a percentage of total revenues to 66.8%, compared with 71.9% in 1H 2009.

In the first six months of 2010, the **consolidated cost of revenues** improved to 83.0% of consolidated revenues, or US$5,296 million compared with 92.6% of consolidated revenues, or US$4,297 million in the first six months of 2009.

Gross profit rose by 216.7% from US$342 million in 1H 2009 to US$1,083 million in 1H 2010. This increase in gross profit primarily resulted from a recovery in steel, mining and vanadium prices following the weak demand that characterised the principal steel markets in 2009.

Selling, general and administrative (SG&A) expenses as a percentage of consolidated revenues decreased year-on-year from 12.8% to 11.8%.

The total revaluation deficit on property, plant and equipment amounted to US$138 million and US$564 million in the six months ended 30 June 2010 and 2009 respectively and related to the application of the revaluation model to the valuation of certain classes of property, plant and equipment, which resulted in additional charges recognised in the statement of operations.

Total loss on the disposal of property, plant and equipment in the first six months of 2010 amounted to US$24 million compared with US$25 million in the first six months of 2009.

Total impairment of assets amounted to US$38 million in the six months ended 30 June 2010 compared with US$211 million in the same period of 2009. Impairment was partly attributable to the impairment of goodwill in the amount of US$16 million in the six months ended 30 June 2010 (related to Stratcor) and of US$129 million in the six months ended 30 June 2009 (related to operations in

North America and Ukraine). Evraz also recognised an impairment of assets, other than goodwill, in the amount of US$22 million and US$82 million in the six months ended 30 June 2010 and 30 June 2009 respectively, including impairment of property, plant and equipment of the Group's subsidiaries.

Profit (loss) from operations improved from a loss of US$1,046 million, or -22.5% of consolidated revenues, for 1H 2009, to a profit of US$167 million, or 2.6% of consolidated revenues, for 1H 2010. The change in profit (loss) from operations is attributable to the growth in consolidated gross profit margin in the first six months of 2010.

Consolidated adjusted EBITDA increased by 146.6% to US$1,154 million in the first half of 2010 compared to US$468 million in the first half of 2009, with adjusted EBITDA margins of 18.1% and 10.1% respectively.

Interest expense rose 9.9% to US$368 million in the six months to 30 June 2010 compared with US$335 million in the six months to 30 June 2009 due to an increased interest rate on Group debt that reflected lengthening of average debt duration.

Loss on disposal of assets held for sale in the six months ended 30 June 2010 amounted to US$52 million, of which US$50 million relate to the disposal of the Tomusinskaya 5-6 coal mine.

In 1H 2010, **income tax expense** amounted to US$6 million compared with an income tax benefit of US$261 million, in 1H 2009. Evraz's effective tax rate, defined as income tax expense (benefit) as a percentage of profit (loss) before tax, decreased from an effective tax benefit of 20.7% in the six months of 2009 to a tax charge of 2.3% in the first six months of 2010.

The **net loss** attributable to equity holders of Evraz Group in the six months ended 30 June 2010 was US$267 million compared with a loss of US$987 million in the six months ended 30 June 2009.

Review of Operations

Steel Segment Results

Six months to 30 June (US$ million)	**2010**	2009	Change
Revenues*	**5,796**	4,291	35.1%
Profit/(loss) from operations	**1**	(882)	N/A
Adjusted EBITDA	**738**	389	89.7%
Adjusted EBITDA margin	**12.7%**	9.1%	N/A

**Segment revenues include intersegment sales*

Steel Segment Sales*

	Six months ended 30 June				
	2010		2009		2010 v 2009
	US$ million	**% of total**	US$ million	% of total	% change
Steel products					
Construction products [1]	**1,558**	**26.9%**	858	20.0%	81.6%
Railway products [2]	**723**	**12.5%**	579	13.5%	24.9%
Flat-rolled products [3]	**969**	**16.7%**	652	15.2%	48.6%
Tubular products [4]	**601**	**10.4%**	634	14.8%	(5.2)%
Semi-finished products [5]	**1,113**	**19.2%**	964	22.5%	15.5%
Other steel products [6]	**192**	**3.3%**	107	2.5%	79.4%
Other products [7]	**640**	**11.0%**	497	11.6%	28.8%
Total	**5,796**	**100.0%**	4,291	100.0%	35.1%

[1] *Includes rebars, wire rods, wire, H-beams, channels and angles.*
[2] *Includes rail and wheels.*
[3] *Includes plates and coils.*
[4] *Includes large diameter, ERW, seamless pipes and casing.*
[5] *Includes billets, slabs, pig iron, pipe blanks and blooms.*
[6] *Includes rounds, grinding balls, mine uprights and strips.*
[7] *Includes coke and coking products, refractory products, ferroalloys and resale of coking coal.*

Steel Products Sales Volumes*

Six months to 30 June ('000 tonnes)	**2010**	2009	Change
Steel products			
Construction products	**2,475**	1,838	34.7%
Railway products	**976**	822	18.7%
Flat-rolled products	**1,306**	887	47.2%
Tubular products	**436**	391	11.5%
Semi-finished products	**2,262**	2,704	(16.3)%
Other steel products	**288**	203	41.9%
Total	**7,743**	6,845	13.1%

* *Including intersegment sales*

Steel segment revenues increased by 35.1% to US$5,796 million in the first six months of 2010 compared with US$4,291 million in the first six months of 2009, a reflection of positive price dynamics for steel products and higher sales volumes.

The proportion of revenues attributable to sales of construction products increased as a result of a significant growth in the sales volumes and prices of construction products in Russia.

The proportion of revenues attributable to sales of railway products decreased despite an increase in the proportion of volumes, explained by the fact that prices of railway products, particularly rails in Russia, are relatively more stable and less affected by steel market price fluctuations.

The proportion of revenues attributable to sales of flat-rolled products (primarily plates) increased in response to a significant advance in sales volumes across the Group's North American, European and South African operations.

The proportion of revenues attributable to sales of tubular products decreased primarily due to lower sales volumes and prices of large diameter pipes in North America despite a 12% growth in total sales volumes of tubular products (in particular of casing and tubing).

The proportion of revenues attributable to sales of semi-finished products decreased largely due to a re-allocation of sales volumes by the Russian operations from export markets to the domestic construction sector.

Steel segment sales to the mining segment amounted to US$57 million in the first half of 2010 compared with US$37 million a year earlier. The increase is attributable to higher sales prices and volumes.

Revenues from sales in Russia amounted to approximately 33% of steel segment revenues in the first six months of 2010, compared with 27% in the first six months of 2009. The increased share of revenues from sales in Russia resulted from the reallocation of steel volumes from Asian export markets to the Russian market.

Steel segment cost of revenues improved to 87.6% of steel segment revenues, in the first six months of 2010, or US$5,075 million, compared with 92.1% of steel segment revenues, or US$3,953 million, in the first six months of 2009. The increase in cost of revenue in monetary terms is attributable to a rise of 84.9% in raw material costs due to significant growth in the prices of all key raw materials (particularly coking coal and scrap in Russia); increases of approximately 20% in production volumes of pig iron and crude steel; additional transportation costs (+38.6%) reflecting a higher average railway tariff in Russia and greater export sales volumes of steel products from Russia; increased energy costs (+37.8%) due to expanded production; and enhanced staff costs (+13%). At the same time, costs of semi-finished products decreased by 39.4% due to higher volumes of internally-produced slabs used for production of rolled products within the Group (up by approximately 0.4 million tonnes) and reduced market purchases of semi-finished products.

In 1H 2010, the steel segment recorded an operating profit of US$1 million, compared with a loss of US$882 million (-20.6% of steel segment revenues) in the same period of 2009. The change in the operating profit margin of the steel segment is attributable to the increase in gross profit margin and the decreased revaluation deficit on property, plant and equipment in the six months ended 30 June 2010.

Mining Segment Results

Six months to 30 June (US$ million)	**2010**	2009	Change
Revenues	**1,120**	652	71.8%
Profit/(loss) from operations	**179**	(202)	N/A
Adjusted EBITDA	**390**	94	314.9%
Adjusted EBITDA margin	**34.8%**	14.4%	N/A

Mining Segment Sales*

	Six months ended 30 June				
	2010		2009		2010 v 2009
	US$ million	**% of total**	US$ million	% of total	% change
Iron ore products	**581**	**51.9%**	**362**	**55.5%**	**60.5%**
Iron ore concentrate	176	15.8%	115	17.7%	53.0%
Sinter	162	14.5%	134	20.6%	20.9%
Pellets	210	18.9%	107	16.4%	96.3%
Other	33	2.9%	6	0.9%	n/m
Coal products	**428**	**38.2%**	**255**	**39.1%**	**67.8%**
Raw coking coal	96	8.6%	67	10.3%	43.3%
Coking coal concentrate	260	23.3%	107	16.4%	143.0%
Steam coal	66	5.9%	68	10.4%	(2.9)%
Steam coal concentrate	6	0.5%	13	2.0%	(53.8)%
Other revenues	**111**	**9.9%**	**35**	**5.4%**	**217.1%**
Total	**1,120**	**100.0%**	**652**	**100.0%**	**71.8%**

Six months to 30 June ('000 tonnes)	**2010**	2009	Change
Iron ore products	**7,353**	7,733	(4.9)%
Iron ore concentrate	1,987	2,433	(18.3)%
Sinter	2,073	2,398	(13.6)%
Pellets	2,716	2,625	3.5%
Other	577	277	108.3%
Coal products	**5,105**	6,127	(16.7)%
Raw coking coal	1,610	2,263	(28.9)%
Coking coal concentrate	2,061	1,809	(13.9)%
Steam coal	1,359	1,864	(28.7)%
Steam coal concentrate	75	191	(60.7)%

** Including intersegment sales*

Mining segment revenues rose 71.8% to US$1,120 million in 1H 2010, compared with US$652 million in 1H 2009, primarily reflecting significant increases in the market prices of iron ore and coal during the first six months of 2010.

Sales volumes of iron ore products decreased by 4.9% in 1H 2010 compared with 1H 2009. Sales volumes of steam coal products and coking coal products decreased by 30.3% and 9.8% respectively in the six months ended 30 June 2010 compared with the six months ended 30 June 2009.

In the first six months of 2010 mining segment sales to the steel segment amounted to US$812 million, or 72.5% of mining segment sales, compared with US$456 million, or 70.0% of mining segment sales, in the first six months of 2009.

In 1H 2010, Evraz's iron ore requirements were self-covered by approximately 91% compared with 98% in 1H 2009. Self-coverage in coking coal (including 40% share of Raspadskaya production) was 84% in 1H 2010 and 117% in 1H 2009. Without the Raspadskaya share it was 50% and 87% respectively.

Approximately 56% of the mining segment's third party sales in 1H 2010 were to customers in Russia compared with 47% in 1H 2009. The decrease in the share of third party sales outside Russia is largely attributable to the decline in export sales of mining products from Yuzhkuzbassugol and KGOK to Europe.

Vanadium Segment Results

Six months to 30 June (US$ million)	**2010**	2009	Change
Revenues	**290**	138	110.1%
(Loss)/profit from operations	**35**	(48)	N/A
Adjusted EBITDA	**81**	(34)	N/A
Adjusted EBITDA margin	**27.9%**	(24.6)%	N/A

Vanadium Segment Sales*

	Six months ended 30 June				
	2010		2009		2010 v 2009
	US$ million	**% of total**	US$ million	% of total	% change
Vanadium in slag	17	5.9%	15	10.9%	13.3%
Vanadium in alloys and chemicals	268	92.4%	121	87.7%	121.5%
Other revenues	5	1.7%	2	1.4%	N/A
Total	**290**	**100.0%**	**138**	**100.0%**	**110.1%**

Six months to 30 June ('000 tonnes of pure Vanadium)	**2010**	2009	Change
Vanadium products	**10.9**	7.4	47.3%
Vanadium in slag	**1.4**	2.3	(39.1)%
Vanadium in alloys and chemicals	**9.5**	5.1	86.3%

** Including intersegment sales*

Vanadium segment revenues advanced by 110.1% to US$290 million in the first six months of 2010, compared with US$138 million in the first six months of 2009, reflecting increased sales volumes and prices of vanadium products. Sales volumes of the vanadium segment increased from 7.4 thousand tonnes of pure vanadium in the six months ended 30 June 2009 to 10.9 thousand tonnes of pure vanadium in the six months ended 30 June 2010. Following the acquisition of Vanady-Tula in November 2009, revenues from sales of vanadium slag account for less than 10% of vanadium segment revenues (some of the reported slag sold to third parties is repurchased in the form of oxides for further processing within the Group and is subsequently sold as finished products).

Vanadium segment cost of revenues improved to 69.7% of vanadium segment revenues, or US$202 million, in the first six months of 2010 from 115.2% of vanadium segment revenues, or US$159 million, in the first six months of 2009. The increase in monetary terms was primarily attributable to higher sales volumes and higher prices of raw materials.

Other operations segment results

Six months to 30 June (US$ million)	**2010**	2009	Change
Revenues	**414**	343	20.7%
Profit from operations	**49**	25	96.0%
Adjusted EBITDA	**85**	70	21.4%
Adjusted EBITDA margin	**20.5%**	20.4%	

Evraz's other operations include logistics, port services, power and heat generation and supporting activities.

Consolidated Group Financial Position

Cash flow

Cash flow from operating activities decreased from US$1,123 million in the first six months of 2009 to US$744 million in the first six months of 2010. This decrease was caused by changes in working capital including a release of US$738 million in the first six months of 2009 compared with an increase of US$144 million in the first six months of 2010. The increase in working capital in the first six months of 2010 was largely driven by the increase in the value of inventories. Cash provided by operating activities before working capital adjustments increased from US$385 million in the six months ended 30 June 2009 to US$888 million in the six months ended 30 June 2010.

Net cash used in investing activities totalled US$385 million in 1H 2010 compared with net cash received from investing activities of US$380 million in 1H 2009. Substantially, all the cash used in investing activities related to purchases of property, plant and equipment.

In 1H 2010, Evraz's **capital expenditure** totalled US$397 million, including US$251 million in respect of its steel segment and US$136 million in respect of its mining segment.

Balance sheet

As of 30 June 2010 **total debt** amounted to US$7,873 million, largely unchanged from US$7,923 million as of 31 December 2009. Cash and cash equivalents together with short-term bank deposits amounted to US$675 million, against US$697 million as of 31 December 2009. **Liquidity**[B], defined as cash and cash equivalents, amounts available under credit facilities and short-term bank deposits with original maturity of more than three months, totalled approximately US$1,598 million as of 30 June 2010 compared with approximately US$1,997 million as of 31 December 2009.

As of 30 June 2010, Evraz had unutilised borrowing facilities of US$923 million, including US$430 million of committed facilities and US$493 million of uncommitted facilities. Committed facilities consisted of credit facilities available for Russian and North American operations in the amounts of US$334 million and US$95 million respectively. Uncommitted facilities consisted of revolving credit lines of US$323 million with international banks for export trade financing at East Metals S.A. and credit facilities available for European, South African and North American operations.

Evraz's **current ratio**, defined as current assets divided by current liabilities, increased from 0.73 as of 30 June 2009 to 1.26 as of 30 June 2010. The increase in the current ratio primarily resulted from decreases in short-term loans and the current portion of long-term loans due to repayments and refinancing activities on the part of management and an increase in working capital.

Net debt[C] decreased to US$7,198 million as of 30 June 2010 compared with US$7,226 million as of 31 December 2009.

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[B] *Please refer to Attachment 3 for calculation of liquidity*

[C] *Please refer to Attachment 4 for calculation of net debt*

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Attachment 1

Adjusted EBITDA

Adjusted EBITDA represents profit from operations adjusted for depreciation, depletion and amortisation, impairment of assets, loss/(gain) on disposal of property, plant and equipment, foreign exchange losses/(gains), deficit on revaluation of property, plant and equipment. Evraz presents an Adjusted EBITDA because it considers Adjusted EBITDA to be an important supplemental measure of its operating performance and believes Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the same industry. 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. Adjusted EBITDA has limitations as an analytical tool and potential investors should not consider it in isolation, or as a substitute for an analysis of our operating results as reported under IFRS. Some of these limitations include:

Adjusted EBITDA does not reflect the impact of financing or financing costs on Evraz's operating performance, which can be significant and could further increase if Evraz were to incur more debt.

Adjusted EBITDA does not reflect the impact of income taxes on Evraz's operating performance.

Adjusted EBITDA does not reflect the impact of depreciation and amortisation on Evraz's operating performance. The assets of Evraz's businesses which are being depreciated and/or amortised will have to be replaced in the future and such depreciation and amortisation expense may approximate the cost to replace these assets in the future. Adjusted EBITDA, due to the exclusion of this expense, does not reflect Evraz's future cash requirements for these replacements. Adjusted EBITDA also does not reflect the impact of a loss on disposal of property, plant and equipment.

Reconciliation of profit (loss) from operations to adjusted EBITDA is as follows:

	Six months ended 30 June	
	2010	2009
	(US$ million)	
Consolidated Adjusted EBITDA reconciliation		
(Loss)/profit from operations	167	(1,046)
Add:		
Depreciation, depletion and amortisation	861	782
Impairment of assets	38	211
Loss on disposal of property, plant & equipment	24	25
Foreign exchange loss (gain)	(74)	(68)
Revaluation deficit	138	564
Consolidated Adjusted EBITDA	**1,154**	468
Steel segment Adjusted EBITDA reconciliation		
(Loss)/profit from operations	1	(882)
Add:		
Depreciation and amortisation	623	571
Impairment of assets	16	221
Loss on disposal of property, plant & equipment	11	15
Foreign exchange loss (gain)	(25)	40
Revaluation deficit	112	424
Steel segment Adjusted EBITDA	**738**	389

	Six months ended 30 June	
	2010	2009
	(US$ million)	
Mining segment Adjusted EBITDA reconciliation		
(Loss)/profit from operations	179	(202)
Add:		
Depreciation, depletion and amortisation	185	187
Impairment of assets	5	(11)
Loss on disposal of property, plant & equipment	10	7
Foreign exchange loss (gain)	(3)	1
Revaluation deficit	14	112
Mining segment Adjusted EBITDA	**390**	94
Vanadium segment Adjusted EBITDA reconciliation		
(Loss)/profit from operations	35	(48)
Add:		
Depreciation and amortisation	19	8
Impairment of assets	17	-
Foreign exchange gain	-	2
Revaluation deficit	10	4
Vanadium segment Adjusted EBITDA	**81**	(34)
Other operations Adjusted EBITDA reconciliation		
Profit from operations	49	25
Add:		
Depreciation and amortisation	33	15
Impairment of assets	-	1
Loss on disposal of property, plant & equipment	3	3
Foreign exchange loss	(2)	2
Revaluation deficit	2	24
Other operations Adjusted EBITDA	**85**	70

Attachment 2

Reconciliation of the reported net loss to net result without the effects of non-cash and one-off transactions:

	Six months ended 30 June 2009
Net loss	**(270)**
Add:	
Additional depreciation (revaluation vs. cost model of accounting)	316
Revaluation deficit on property, plant and equipment	98
Additional impairment	2
Sale of Koksovaya to Raspadskaya	50
Impairment of Stratcor	17
Fair value of cross-currency swaps	19
Fair value of Delong shares	18
Impairment of steelmaking equipment	16
Impairment of investments in scrap business	18
Net profit without the above-mentioned effects	**284**

Attachment 3

Liquidity

	30 June 2010	31 December 2009
	(US$ million)	
Liquidity Calculation		
Cash and cash equivalents	654	675
Amounts available under credit facilities	923	1,300
Short-term bank deposits	21	22
Total estimated liquidity	1,598	1,997

Attachment 4

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:

	30 June 2010	31 December 2009
	(US$ million)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	6,133	5,931
Short-term loans and current portion of long-term loans	1,740	1,992
Less:		
Short-term bank deposits	(21)	(22)
Cash and cash equivalents	(654)	(675)
Net Debt	**7,198**	**7,226**

Evraz Group S.A.

Unaudited Interim Condensed Consolidated Statement of Operations
(In millions of US dollars, except for per share information)

	Six-month period ended 30 June 2010	2009
Revenue		
Sale of goods	**6,256**	4,485
Rendering of services	**123**	154
	6,379	4,639
Cost of revenue	**(5,296)**	(4,297)
Gross profit	**1,083**	342
Selling and distribution costs	**(375)**	(284)
General and administrative expenses	**(375)**	(311)
Social and social infrastructure maintenance expenses	**(33)**	(17)
Gain/(loss) on disposal of property, plant and equipment	**(24)**	(25)
Impairment of assets	**(38)**	(211)
Revaluation deficit on property, plant and equipment	**(138)**	(564)
Foreign exchange gains/(losses), net	**74**	68
Other operating income	**19**	13
Other operating expenses	**(26)**	(57)
Profit/(loss) from operations	**167**	(1,046)
Interest income	**5**	27
Interest expense	**(368)**	(335)
Share of profits/(losses) of joint ventures and associates	**22**	(7)
Gain/(loss) on financial assets and liabilities	**(37)**	110
Loss on disposal groups classified as held for sale	**(52)**	(3)
Other non-operating gains/(losses), net	**(1)**	(6)
Profit/(loss) before tax	**(264)**	(1,260)
Income tax benefit/(expense)	**(6)**	261
Net profit/(loss)	**(270)**	(999)
Attributable to:		
Equity holders of the parent entity	**(267)**	(987)
Non-controlling interests	**(3)**	(12)
	(270)	(999)
Earnings/(losses) per share:		
basic, for profit attributable to equity holders of the parent entity, US dollars	**(1.93)**	(7.55)
diluted, for profit attributable to equity holders of the parent entity, US dollars	**(1.93)**	(7.55)

Evraz Group S.A.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
(In millions of US dollars)

	Six-month period ended 30 June	
	2010	**2009**
Net profit/(loss)	**(270)**	(999)
Other comprehensive income		
Effect of translation to presentation currency	**(501)**	(465)
Net gains/(losses) on available-for-sale financial assets	**(22)**	20
Net (gains)/losses on available-for-sale financial assets reclassified to profit or loss	**18**	-
Income tax effect	**-**	(2)
	(4)	18
Surplus on revaluation of property, plant and equipment of the Group's subsidiaries	**2,087**	7,901
Deficit on revaluation of property, plant and equipment recognised in other comprehensive income	**(1,026)**	(38)
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	**(38)**	(45)
Income tax effect	**(212)**	(1,656)
	811	6,162
Surplus on revaluation of property, plant and equipment of the Group's joint ventures and associates	**19**	66
Effect of translation to presentation currency	**(23)**	(37)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	**(4)**	29
Total other comprehensive income/(loss)	**302**	5,744
Total comprehensive income/(loss), net of tax	**32**	4,745
Attributable to:		
Equity holders of the parent entity	**30**	4,680
Non-controlling interests	**2**	65
	32	4,745

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Evraz Group S.A.

Unaudited Interim Condensed Consolidated Statement of Financial Position
(In millions of US dollars)

	30 June 2010	31 December 2009
ASSETS		
Non-current assets		
Property, plant and equipment	**14,736**	14,941
Intangible assets other than goodwill	**1,016**	1,098
Goodwill	**2,165**	2,211
Investments in joint ventures and associates	**738**	687
Deferred income tax assets	**35**	40
Other non-current financial assets	**91**	66
Other non-current assets	**161**	128
	18,942	19,171
Current assets		
Inventories	**2,042**	1,886
Trade and other receivables	**1,229**	1,001
Prepayments	**132**	134
Receivables from related parties	**68**	107
Income tax receivable	**23**	58
Other taxes recoverable	**262**	258
Other current assets	**76**	121
Cash and cash equivalents	**654**	675
	4,486	4,240
Assets of disposal groups classified as held for sale	**113**	13
	4,599	4,253
Total assets	**23,541**	23,424
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent entity		
Issued capital	**375**	375
Additional paid-in capital	**1,739**	1,739
Revaluation surplus	**7,059**	6,338
Legal reserve	**36**	36
Unrealised gains and losses	**-**	4
Accumulated profits	**2,990**	3,164
Translation difference	**(1,887)**	(1,372)
	10,312	10,284
Non-controlling interests	**319**	324
	10,631	10,608
Non-current liabilities		
Long-term loans	**6,133**	5,931
Deferred income tax liabilities	**2,526**	2,537
Finance lease liabilities	**47**	58
Employee benefits	**289**	307
Provisions	**180**	176
Other long-term liabilities	**87**	68
	9,262	9,077
Current liabilities		
Trade and other payables	**1,174**	1,069
Advances from customers	**70**	112
Short-term loans and current portion of long-term loans	**1,740**	1,992
Payables to related parties	**231**	235
Income tax payable	**130**	108

	30 June 2010	31 December 2009
Other taxes payable	**185**	140
Current portion of finance lease liabilities	**16**	17
Provisions	**38**	35
Amounts payable under put options for shares of subsidiaries	**4**	17
Dividends payable by the Group's subsidiaries to non-controlling shareholders	**12**	13
	3,600	3,738
Liabilities directly associated with disposal groups classified as held for sale	**48**	1
	3,648	3,739
Total equity and liabilities	**23,541**	23,424

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Unaudited Interim Condensed Consolidated Statement of Cash Flows
(In millions of US dollars)

	Six-month period ended 30 June	
	2010	**2009**
Cash flows from operating activities		
Net profit/(loss)	**(270)**	(999)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:		
Deferred income tax benefit	**(209)**	(354)
Depreciation, depletion and amortisation	**861**	782
(Gain)/loss on disposal of property, plant and equipment	**24**	25
Impairment of assets	**38**	211
Revaluation deficit on property, plant and equipment	**138**	564
Foreign exchange (gains)/losses, net	**(74)**	(68)
Interest income	**(5)**	(27)
Interest expense	**368**	335
Share of (profits)/losses of joint ventures and associates	**(22)**	7
(Gain)/loss on financial assets and liabilities	**37**	(110)
Loss on disposal groups classified as held for sale	**52**	3
Other non-operating (gains)/losses, net	**1**	6
Bad debt expense	**19**	26
Changes in provisions, employee benefits and other long-term assets and liabilities	**(67)**	(25)
Expense arising from the share option plans	**-**	9
Share-based payments under cash-settled award	**(3)**	-
	888	385
Changes in working capital:		
Inventories	**(220)**	778
Trade and other receivables	**(289)**	411
Prepayments	**(2)**	(12)
Receivables from/payables to related parties	**-**	(99)
Taxes recoverable	**89**	214
Other assets	**38**	(48)
Trade and other payables	**205**	(338)
Advances from customers	**(39)**	(40)
Taxes payable	**76**	(126)
Other liabilities	**(2)**	(2)
Net cash flows from operating activities	**744**	1,123
Cash flows from investing activities		
Issuance of loans receivable to related parties	**(46)**	-
Proceeds from repayment of loans issued to related parties, including interest	**5**	-
Issuance of loans receivable	**-**	(28)
Proceeds from repayment of loans receivable, including interest	**1**	71
Proceeds from the transaction with a 49% ownership interest in NS Group	**-**	508
Purchases of subsidiaries, net of cash acquired	**(17)**	-
Purchases of other investments	**-**	(3)

	Six-month period ended 30 June 2010	2009
Sale of other investments	**-**	2
Restricted deposits at banks in respect of investing activities	**16**	-
Short-term deposits at banks, including interest	**4**	11
Purchases of property, plant and equipment and intangible assets	**(397)**	(203)
Proceeds from disposal of property, plant and equipment	**7**	5
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	**41**	17
Other investing activities, net	**1**	-
Net cash flows from/(used in) investing activities	**(385)**	380
Cash flows from financing activities		
Purchase of treasury shares	**-**	(3)
Sale of treasury shares	**-**	5
Net proceeds from/(repayment of)bank overdrafts and credit lines, including interest	**126**	(727)
Proceeds from loans and promissory notes	**1,930**	763
Repayment of loans and promissory notes, including interest	**(2,344)**	(1,721)
Gain on derivatives not designated as hedging instruments	**11**	-
Payments under covenants reset	**(15)**	-
Restricted deposits at banks in respect of financing activities	**-**	1
Dividends paid by the parent entity to its shareholders	**-**	(90)
Dividends paid by the Group's subsidiaries to non-controlling shareholders	**-**	(1)
Payments under finance leases, including interest	**(12)**	(12)
Proceeds from sale-leaseback	**-**	10
Net cash flows from/(used in) financing activities	**(304)**	(1,775)
Effect of foreign exchange rate changes on cash and cash equivalents	**(55)**	20
Net increase/(decrease) in cash and cash equivalents	**-**	(252)
Cash of disposal groups classified as held for sale	**(21)**	-
Cash and cash equivalents at beginning of period	**675**	930
Cash and cash equivalents at end of period	**654**	678
Supplementary cash flow information:		
Cash flows during the period:		
Interest paid	**(293)**	(317)
Interest received	**5**	15
Income taxes paid	**(101)**	(60)