FOR IMMEDIATE RELEASE

**INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2007**

***October 5, 2007*** **– Evraz Group S.A. (LSE: EVR), one of the leading vertically integrated steel production and mining businesses globally, today announces its unaudited interim results for the six months ended 30 June 2007 with both revenues and sales volumes displaying solidly positive performance.**

## 1H 2007 Highlights:

**Financials:**

- **Revenue grew 57.5% to US$6,023 million from US$3,825 million in 1H 2006 due to recent acquisitions, improved sales mix and growth in average prices of steel products.**
- **Consolidated adjusted EBITDA was up 87.0% to US$2,050 million from US$1,096 million in 1H 2006.**
- **Net profit attributable to equity holders grew 98.2% to US$1,126 million from US$568 million in 1H 2006.**
- **Operating cash flow was up by 82.6% to US$1,651 million due to higher profit margins and improved working capital management.**
- **Earnings per GDR increased by 96.9% from US$1.62 for 1H 2006 to US$3.19.**

**Steel:**

- **Crude steel production grew by 5.3% year-on-year to 8.4 million tonnes.**
- **Total steel sales volumes increased by 1.5% to 8.5 million tonnes.**
- **Revenues from vanadium sales rose by 190.4% as a result of the Stratcor and Highveld acquisitions.**

**Mining:**

- **Iron ore production grew by 10.2% to 9.3 million tonnes with iron ore self-coverage reaching 84%.**
- **The acquisition of 50% of Yuzhkuzbassugol in June brought the total shareholding in the coal company to 100%.**

**Acquisitions:**

- **Successful tender offer for 100% of Oregon Steel Mills (USA) for US$2.3 billion completed in January**
- **Acquisition of 93.35% of ZapsibTETs for US$232 million in May**
- **Acquisition of control over Highveld Steel and Vanadium Corporation in April**
- **Acquisition of outstanding 50% in Yuzhkuzbassugol for US$871 million in June**

| Six months to June 30 (US$ million unless otherwise stated) | 1H 2007 | 1H 2006 | Change |
|---|---|---|---|
| Revenue | 6,023 | 3,825 | 57.5% |
| Adjusted EBITDA [1] | 2,050 | 1,096 | 87.0% |
| Profit from operations | 1,755 | 934 | 87.9% |
| Net profit [2] | 1,126 | 568 | 98.2% |
| Earnings per GDR [3], US$ | 3.19 | 1.62 | 96.9% |

*[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*

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**Alexander Frolov, Evraz Group's Chairman and CEO, commented:**

**"In the first half of the year Evraz delivered excellent results and value for our shareholders. The progress we made in pursuit of our growth strategy reflects favourable trading environment, successful acquisitions, solid organic growth and efficient cost management.**

**The Company has once again proven its ability to set stretching tasks and successfully achieve them globally:**

**In Russia, where continued economic growth is boosting construction activity and new infrastructure projects, the Company enjoyed its competitive advantage as a leading producer of construction and railway products. Moreover, this leadership position was further enhanced with the acquisition of Oregon Steel Mills last January, renamed Evraz Oregon Steel Mills, with Evraz becoming the global leader in rails with a strong presence in the two world largest railway markets.**

**One of the major accomplishments over the period was a shift from semi-finished products to higher value added products. In world markets, Evraz benefited from higher plate prices and the first time contribution from our newly acquired Evraz Oregon Steel Mills.**

**Evraz became a major player in the world vanadium market, having acquired control over Highveld Steel and Vanadium Corporation.**

**These acquisitions fit perfectly with our strategy and complemented our existing production base. The focus of our efforts in the first half of the year was, and will remain for some time, consolidation and integration of these new assets into our global business.**

**This year we faced some challenges in our Russian operations which we overcame successfully. We closed the open hearth furnaces in Novokuznetsk, resolving one of our major environmental issues and improving our overall production efficiency.**

**Ensuring safe production at all the production sites has always been a core objective of the management. However, in the first half of the year we had to deal urgently with the reasons and the consequences of the tragic accidents at Yuzhkuzbassugol coal mines. We believe that the steps we have taken - i.e. purchase of the remaining 50% stake of Yuzhkuzbassugol and establishing full control over the coal company, appointment of a new management team, special efforts to ensure strict observation of labour safety rules at all the mines of the Company - will minimise the risks inherent in certain underground coal mining environments and ensure uninterrupted operations in the mining segment of the group.**

**Management at all the subsidiaries demonstrated good teamwork abilities in successfully attaining the targets that had been set. I am confident that all the employees of Evraz will continue to do their best to ensure value growth in the interests of all the Company's stakeholders."**

**Commenting on the outlook for the remainder of 2007 and beyond Alexander Frolov said:**

**"In the second half of the year we expect to produce 7.6-7.8 million tonnes of crude steel and 7.4-7.6 million tonnes of rolled products including 1 million tonnes in the US and 370,000 tonnes in South Africa. For the full year pig iron sales will amount to 1 million tonnes including 437,000 tonnes sold in the first half of 2007.**

**The revised 2007 capex programme of approximately US$690 million will mainly be for the ongoing projects and maintenance as well as efficiency improvements at Highveld and production safety at Yuzhkuzbassugol. Zapsib blast furnace #1 reline was successfully completed in early October.**

**Continued growth in the Russian construction market together with a positive impact from newly acquired assets in the US and South Africa on the back of estimated strong pricing environment through the second half of the year are expected to increase Evraz consolidated revenues for the full year by 45-55% and EBITDA by 55-60%."**

## Summary Results:

**Evraz's consolidated revenues increased by 57.5% to US$6,023 million in the first six months of 2007 from US$3,825 million in the first six months of 2006. The steel segment sales accounted for the majority of the increase in revenues largely due to the improved sales mix, new acquisitions and growth in average prices of steel products. Sales volumes of steel products increased by 1.5% from 8.3 million tonnes in the first half of 2006 to 8.5 million tonnes in the first half of 2007. Recent acquisitions - i.e. Evraz Oregon Steel Mills, Stratcor and Highveld - contributed US$1,116 million to the consolidated revenues, or 50.8% of the increase, with organic growth accounting for the remainder.**

**Geographic breakdown of consolidated revenues**

| | Six months ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | 2007 v 2006 |
| | US$ million | % of total | US$ million | % of total | % change |
| Russia | 2,791 | 46.3% | 1,900 | 49.7% | 46.9% |
| Asia | 1,068 | 17.7% | 1,083 | 28.3% | (1.4)% |
| Americas | 961 | 16.0% | 117 | 3.1% | 721.4% |
| Europe | 820 | 13.6% | 596 | 15.6% | 37.6% |
| CIS | 277 | 4.6% | 118 | 3.1% | 134.7% |
| Africa | 102 | 1.7% | 11 | 0.3% | 827.3% |
| Rest of the world | 4 | 0.1% | - | 0.0% | n/m |
| Total | 6,023 | 100.0% | 3,825 | 100.0% | 57.5% |

**In the first six months of 2007, consolidated cost of revenues amounted to US$3,725 million compared with US$2,517 million in the first half of 2006. Cost of revenues as a share of consolidated revenues decreased from 65.8% reported in the first half of 2006 to 61.8% in the first half of 2007. The decrease was primarily attributable to the growth in steel products margins due to both positive price and product mix in the six months ended 30 June 2007 compared to the same period in 2006, while Evraz's own iron ore production served, to a considerable extent, to shield Evraz's consolidated gross profits from the impact of increased prices of iron ore. Gross profit was up 75.7% at US$2,298 million from US$1,308 million in the first half of 2006.**

**In the first half of 2007, revenues from non-Russian sales increased in monetary terms to US$3,232 million, or 53.7% as a proportion of total revenues, from US$1,925 million, or 50.3%, in the first half of 2006, in spite of a significant reduction in export sales volumes of semis from Russian operations to Asian markets. The main drivers of the growth of revenues outside Russia were sales of high value added steel products by Evraz Oregon Steel Mills in North America, increased plates prices in Europe and sales of vanadium products by Stratcor and Highveld.**

**Revenues from sales in Russia increased in monetary terms both due to higher steel volumes (+21%) diverted from export markets to capitalise on the booming Russian construction market and due to higher average steel prices. The average revenue per tonne of steel products was up by 39.7% to US$637 from US$456 in the first half of 2006.**

**Profit from operations increased by 87.9% to US$1,755 million in the first half of 2007, amounting to 29.1% of consolidated revenues, from US$934 million, or 24.4% of consolidated revenues, in the same period of 2006. The increase is attributable to the growth in consolidated gross profit margin. The SG&A expenses as a percentage of consolidated revenues decreased from 9.0% to 8.1%.**

**Consolidated adjusted EBITDA** almost doubled (+87.0%) to US$2,050 million, or 34.0% of revenues, in the first half of 2007 compared with US$1,096 million, or 28.7% in the first half of 2006.

In the first half of 2007, the Company reported consolidated **net profit attributable to equity holders of Evraz Group** of US$1,126 million vs. US$568 million in the same period of 2006. In the first half of 2007, the income tax expense amounted to $476 million, which is an effective tax rate of 29.1%, up from 28.3% in the first half of 2006, reflecting a higher share of profits generated by Evraz outside Russia in the countries with statutory tax rates generally exceeding the corporate tax rate in Russia.

## Review of Operations

### Steel Segment Results

| Six months to June 30 (US$ million unless otherwise stated) | 1H 2007 | 1H 2006 | Change |
|---|---|---|---|
| Revenues | 5,905 | 3,764 | 56.9% |
| Profit from operations | 1,439 | 837 | 71.9% |
| Adjusted EBITDA | 1,672 | 958 | 74.5% |
| Adjusted EBITDA margin | 28.3% | 25.5% | |

### Steel Segment Sales

| Six months to June 30 ('000 tonnes) | 1H 2007 | 1H 2006 | Change |
|---|---|---|---|
| Steel products | | | |
| Pig iron | 437 | 639 | (31.6)% |
| Semi-finished products | 2,652 | 3,592 | (26.2)% |
| Construction sector | 2,618 | 2,033 | 28.8% |
| Railway sector | 1,079 | 814 | 32.6% |
| Flat-rolled products | 1,053 | 831 | 26.7% |
| Tubular products | 195 | 7 | n/m |
| Other steel products | 432 | 428 | 0.9% |
| Total | 8,466 | 8,344 | 1.5% |
| Vanadium products | 9.7 | 4.3 | 125.6% |

| | Six months ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | 2007 v 2006 |
| | US$ million | % of total | US$ million | % of total | % change |
| Construction products [1] | 1,783 | 30.2% | 914 | 24.3% | 95.1% |
| *of which EOSM* | *104* | *1.8%* | | | |
| *of which Highveld* | *43* | *0.7%* | | | |
| Railway products [2] | 777 | 13.2% | 466 | 12.4% | 66.7% |
| *of which EOSM* | *187* | *3.2%* | | | |
| *of which Highveld* | *5* | *0.1%* | | | |
| Flat-rolled products [3] | 891 | 15.1% | 498 | 13.2% | 78.9% |
| *of which EOSM* | *212* | *3.6%* | | | |
| *of which Highveld* | *43* | *0.7%* | | | |
| Tubular products [4] | 255 | 4.3% | 3 | 0.1% | n/m |
| *of which EOSM* | *250* | *4.2%* | | | |
| Semi-finished products [5] | 1,362 | 23.1% | 1,393 | 37.0% | (2.2)% |
| Other steel products [6] | 266 | 4.5% | 204 | 5.4% | 30.4% |
| Vanadium products [7] | 241 | 4.1% | 83 | 2.2% | 190.4% |
| *of which Stratcor* | *98* | *1.7%* | | | |
| *of which Highveld* | *59* | *1.0%* | | | |
| Other products [8] | 330 | 5.6% | 203 | 5.4% | 62.6% |
| *of which EOSM* | *76* | *1.3%* | | | |
| *of which Highveld* | *36* | *0.6%* | | | |
| Total | 5,905 | 100.0% | 3,764 | 100.0% | 56.9% |

[1] *Includes rebars, wire rods, wire, H-beams, channels and angles.*

[2] *Includes rails 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 vanadium in alloys and chemicals and vanadium in slag.*

[8] *Includes coke and coking products, refractory products, ferroalloys and resale of coking coal*

**Steel segment revenues** for the first half of 2007 were US$5,905 million, an increase of 56.9% from US$3,764 million in the first half of 2006. Steel segment revenues benefited from the improved sales mix of the Russian operations in favour of higher margin products sold in the Russian market, the positive price dynamics for steel products and the acquisitions of Stratcor in August 2006, Evraz Oregon Steel Mills in January 2007 and Highveld in May 2007. Post-acquisition revenues of Evraz Oregon Steel Mills, Highveld and Stratcor amounted to US$828 million (14.0% of steel segment revenues), US$190 million (3.2% of steel segment revenues) and US$98 million (1.7% of steel segment revenues), respectively. Revenues from existing operations grew by US$1,025 million.

The recent acquisitions were also the main reason for an increase in revenues from non-Russian sales that accounted for 54% of steel segment revenues in the first six months of 2007 compared with 53% in the first six months last year.

There was a 10% reduction in steel sales volumes of the Russian operations (mainly semis for export) due to a number of factors, including smaller volumes of de-stocking (600,000 tonnes in the first six months of 2006 vs. 300,000 tonnes in the first six months of 2007), closure of open hearth furnaces in Novokuznetsk and a maintenance shutdown of a blast furnace at Zapsib in June.

Significant growth of 95.1% in the proportion of revenues attributable to sales of construction products reflects substantially higher sales volumes of the construction products in the Russian market complemented by the additional sales volumes in North America and South Africa.

**Proportion of revenues attributable to sales of railway and tubular products increased as a result of the acquisition of Evraz Oregon Steel Mills.**

**The proportion of revenues attributable to sales of flat-rolled products rose from 13.2% to 15.1% due to higher sales prices for plate in Europe in the six months ended 30 June 2007 compared to the same period in 2006 and additional sales volumes contributed by Evraz Oregon Steel Mills and Highveld.**

**A 2.2% decline in the proportion of revenues attributable to sales of semi-finished products resulted from substantially lower sales volumes of semis sold by the Russian operations to the export markets and allocation of production capacities in favour of higher margin construction and railway products, as well as additional re-rolling of slab produced by the Russian operations at Evraz Oregon Steel Mills.**

**The proportion of revenues attributable to sales of vanadium products increased vs. the same period last year as a result of the acquisitions of Stratcor and Highveld, both being important players in the global vanadium market.**

**In the first half of 2007, the steel segment profit from operations increased by 71.9% to US$1,439 million, or 24.4% of steel segment revenues, from US$837 million, or 22.2% of steel segment revenues in the first half of 2006.**

**In the first half of 2007, adjusted EBITDA in the steel segment totalled US$1,672 million and 28.3% of steel segment revenues, compared with $958 million, and 25.5% in the first half of 2006.**

**Mining Segment Results**

| Six months to June 30 (US$ million unless otherwise stated) | 1H 2007 | 1H 2006 | Change |
|---|---|---|---|
| Revenues | 805 | 480 | 67.7% |
| Profit from operations | 298 | 106 | 181.1% |
| Adjusted EBITDA | 345 | 134 | 157.5% |
| Adjusted EBITDA margin | 42.9% | 27.9% | |

**Mining Segment Production**

| Six months to June 30 (thousand tonnes) | 1H 2007 | 1H 2006 | Change |
|---|---|---|---|
| Iron ore | 9,251 | 8,393 | 10.2% |
| Coking coal [1] | 10,838 | 8,592 | 26.1% |

*1 Includes raw coking coal total production of Raspadskaya, Yuzhkuzbassugol and Mine 12. As at 30 June 2007 Evraz Group held a 40.0% effective interest in Raspadskaya Mine. Evraz Group held a 50% interest in ZAO Yuzhkuzbassugol until 8 June 2007 and accounted for its results under the equity method. Since 8 June 2007 the financial results of Yuzhkuzbassugol are fully consolidated into the Group.*

**Mining segment revenues grew by 67.7% to US$805 million in the first half of 2007, compared with US$480 million in the corresponding period in 2006, reflecting mainly the growth in the average prices of iron ore. Sales volumes of iron ore increased by 10.2%.**

**In the first half of 2007 mining sales to the steel segment amounted to US$696 million, or 86.5% of mining segment sales, vs. US$426 million, or 88.8% of mining segment sales in the comparative period last year.**

Prior to the acquisition of Yuzhkuzbassugol in June 2007, substantially all of Evraz's mining segment sales consisted of iron ore. Post-acquisition revenues of Yuzhkuzbassugol amounted to US$24 million.

In the first half of 2007 iron ore self-coverage amounted to approximately 84%, compared with 78% in the first half of 2006. Self–coverage in coking coal in the first six months of the year reached 83%.

**The mining segment profit from operations** increased by 181.1% to US$298 million in the first six months of 2007, or 37.0% of mining segment revenues. This compares with US$106 million, or 22.1% of mining segment revenues in the corresponding period of 2006. The growth was a result of higher iron ore prices.

**Adjusted EBITDA in the mining segment** rose by 157.5% to US$345 million, or 42.9% of mining segment revenues in the first half of 2007 from US$134 million, or 27.9% in the corresponding period of 2006.

## Consolidated Group Financial Position

### Cash flow

**Cash flow from operating activities** increased by 82.6% to US$1,651 million in the first six months of 2007 vs. US$904 million in the same period of 2006. The increase in net cash generated by operations was primarily due to increased profit margins.

**Cash used in investing activities** totalled US$3,636 million in the first half of 2007 vs. US$1,036 million in the first half of 2006.

In the first half of 2007 **capital expenditures** amounted to US$235 million compared with US$262 million in the first half of 2006.

### Balance sheet

| Estimated Liquidity (US$ million) | As of 30 June 2007 | As of 31 December 2006 |
|---|---|---|
| Cash and cash equivalents | 386 | 842 |
| Amount available under credit facilities | 1,279 | 388 |
| Short-term bank deposits | 23 | 24 |
| Total estimated liquidity | 1,688 | 1,254 |

**Net debt** [1] increased to US$4,743 million as of 30 June 2007 from US$1,833 million as of 30 June 2006. **Cash reserves** decreased to US$386 million as of 30 June 2006 from US$842 million as of 31 December 2006.

Evraz has sufficient liquidity to support its current operations and meet its current debt obligations (subject to refinancing of the short-term bridge loan facility of US$1,800 million used to finance the acquisition of Evraz Oregon Steel Mills in January 2007). Evraz had estimated liquidity (defined as cash and cash equivalents, amounts available under unrestricted credit facilities and short-term bank deposits) of US$1,688 million as of 30 June 2007 compared with US$1,254 million as of 31 December 2006. The cash balance, including US$23 million in short-term deposits, reduced by 52.8% to US$409 million.

As of 30 June 2007, **total assets** amounted to US$14,446 million reflecting an increase of 69.7% to US$8,511 million as of 31 December 2006.

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

**Parent shareholders' equity, including reserves and accumulated profits as at 30 June 2007, increased 24.8% to US$5,073 million from US$4,064 million as at 31 December 2006.**

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**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 disposal of property, plant and equipment. Evraz presents Adjusted EBITDA because Evraz considers Adjusted EBITDA to be an important supplemental measure of its operating performance and Evraz 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 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. By excluding this expense from Adjusted EBITDA, Adjusted EBITDA 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 Adjusted EBITDA to profit from operations is as follows (unaudited):**

| | (Six months ended 30 June) | |
|---|---|---|
| | 2007 | 2006 |
| | (US$ million) | |
| **Consolidated Adjusted EBITDA reconciliation** | | |
| Profit from operations | 1,755 | 934 |
| Add: | | |
| Depreciation | 286 | 141 |
| Impairment of assets | 5 | 10 |
| Loss on disposal of property, plant & equipment | 4 | 11 |
| Consolidated Adjusted EBITDA | 2,050 | 1,096 |
| **Steel segment Adjusted EBITDA reconciliation** | | |
| Profit from operations | 1,439 | 837 |
| Add: | | |
| Depreciation | 227 | 106 |
| Impairment of assets | 6 | 5 |
| Loss on disposal of property, plant & equipment | - | 10 |
| Steel segment Adjusted EBITDA | 1,672 | 958 |
| **Mining segment Adjusted EBITDA reconciliation** | | |
| Profit from operations | 298 | 106 |
| Add: | | |
| Depreciation | 46 | 27 |
| Reversal of impairment of assets | (1) | - |
| Loss on disposal of property, plant & equipment | 2 | 1 |
| Mining segment Adjusted EBITDA | 345 | 134 |
| **Other operations Adjusted EBITDA reconciliation** | | |
| Profit from operations | 30 | 24 |
| Add: | | |
| Depreciation | 13 | 8 |
| Impairment of assets | - | 5 |
| Loss on disposal of property, plant & equipment | 2 | - |
| Other operations Adjusted EBITDA | 45 | 37 |
| Unallocated income / (expense), net | (7) | 5 |
| Inter-segment unrealised profits | (5) | (38) |

**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:**

| | June 30 2007 | December 31 2006 |
|---|---|---|
| | (US$ million) | |
| **Net Debt Calculation** | | |
| Add: | | |
| Long-term loans, net of current portion | 2,201 | 1,855 |
| Short-term loans and current portion of long-term loans | 2,951 | 741 |
| Less: | | |
| Short-term bank deposits | (23) | (24) |
| Cash and cash equivalents | (386) | (842) |
| Net Debt | 4,743 | 1,730 |

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

| | Six months ended 30 June 2007 | 2006 |
|---|---|---|
| **Revenue** | | |
| Sale of goods | 5,917 | 3,766 |
| Rendering of services | 106 | 59 |
| | 6,023 | 3,825 |
| Cost of revenue | (3,725) | (2,517) |
| **Gross profit** | 2,298 | 1,308 |
| Selling and distribution costs | (205) | (118) |
| General and administrative expenses | (282) | (228) |
| Social and social infrastructure maintenance expenses | (33) | (40) |
| Loss on disposal of property, plant and equipment | (4) | (11) |
| Impairment of assets | (5) | (10) |
| Foreign exchange gains/(losses), net | (6) | 39 |
| Other operating income/(expenses), net | (8) | (6) |
| **Profit from operations** | 1,755 | 934 |
| Interest income | 19 | 8 |
| Interest expense | (181) | (107) |
| Share of profits/(losses) of joint ventures and associates, net | 46 | 10 |
| Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition | 2 | - |
| Loss on financial liabilities | (2) | - |
| Loss on disposal groups classified as held for sale | (3) | - |
| Other non-operating gains/(losses), net | 2 | 3 |
| **Profit before tax** | 1,638 | 848 |
| Income tax expense | (476) | (240) |
| **Net profit** | 1,162 | 608 |
| Attributable to: | | |
| Equity holders of the parent entity | 1,126 | 568 |
| Minority interests | 36 | 40 |
| | 1,162 | 608 |
| Earnings per share: | | |
| basic, for profit attributable to equity holders of the parent entity, US dollars | 9.56 | 4.86 |
| diluted, for profit attributable to equity holders of the parent entity, US dollars | 9.48 | 4.82 |

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**Evraz Group S.A.**
**Unaudited Interim Condensed Consolidated Balance Sheet**
***(In millions of US dollars)***

| | June 30, 2007 | December 31, 2006 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 7,557 | 3,665 |
| Intangible assets other than goodwill | 703 | 34 |
| Goodwill | 1,282 | 115 |
| Investments in joint ventures and associates | 835 | 1,491 |
| Restricted deposits at banks | 12 | 219 |
| Other non-current assets | 129 | 67 |
| | 10,518 | 5,591 |
| **Current assets** | | |
| Inventories | 1,335 | 855 |
| Trade and other receivables | 997 | 638 |
| Loans receiveable | 16 | 19 |
| Receivables from related parties | 48 | 54 |
| Income tax receivable | 29 | 51 |
| Other taxes recoverable | 319 | 331 |
| Short-term investments and notes receivable | 24 | 25 |
| Restricted deposits at banks | 207 | - |
| Cash and cash equivalents | 386 | 842 |
| | 3,361 | 2,815 |
| Assets of disposal groups classified as held for sale | 567 | 105 |
| | 3,928 | 2,920 |
| **Total assets** | 14,446 | 8,511 |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Parent shareholders' equity | | |
| Issued capital | 320 | 318 |
| Treasury shares | (1) | - |
| Additional paid-in capital | 284 | 531 |
| Revaluation surplus | 274 | - |
| Legal reserve | 29 | 28 |
| Accumulated profits | 3,625 | 2,748 |
| Translation difference | 542 | 439 |
| | 5,073 | 4,064 |
| Minority interests | 119 | 169 |
| | 5,192 | 4,233 |
| **Non-current liabilities** | | |
| Long-term loans | 2,201 | 1,855 |
| Deferred income tax liabilities | 1,228 | 289 |
| Finance lease liabilities | 58 | 42 |
| Post-employment benefits | 264 | 111 |
| Provisions | 104 | 39 |
| Other long-term liabilities | 65 | 52 |
| | 3,920 | 2,388 |
| **Current liabilities** | | |
| Trade and other payables | 856 | 532 |
| Short-term loans and current portion of long-term loans | 2,951 | 741 |
| Payables to related parties | 227 | 176 |
| Income tax payable | 139 | 66 |
| Other taxes payable | 150 | 96 |
| Current portion of finance lease liabilities | 14 | 11 |
| Provisions | 55 | 8 |

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| | June 30, 2007 | December 31, 2006 |
|---|---|---|
| **Amounts payable under put options for shares of subsidiaries** | **797** | **175** |
| **Dividends payable by the parent entity to its shareholders** | **71** | **38** |
| **Dividends payable by the Group's subsidiaries to minority shareholders** | **27** | **24** |
| | **5,287** | **1,867** |
| **Liabilities directly associated with disposal groups classified as held for sale** | **47** | **23** |
| | **5,334** | **1,890** |
| **Total equity and liabilities** | **14,446** | **8,511** |

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

| | Six months ended 30 June | |
|---|---|---|
| | 2007 | 2006 |
| **Cash flows from operating activities** | | |
| Net profit | 1,162 | 608 |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Depreciation, depletion and amortisation | 286 | 141 |
| Deferred income tax benefit | (23) | (32) |
| Loss on disposal of property, plant and equipment | 4 | 11 |
| Impairment of assets | 5 | 10 |
| Foreign exchange (gains)/losses, net | 6 | (39) |
| Share of (profits)/losses of joint ventures and associates, net | (46) | (10) |
| Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition | (2) | - |
| Loss on financial liabilities | 2 | - |
| Loss on disposal groups classified as held for sale | 3 | - |
| Other non-operating (gains)/losses, net | (2) | (3) |
| Interest income | (19) | (8) |
| Interest expense | 181 | 107 |
| Bad debt expense | 8 | 10 |
| Share-based payments | 3 | 6 |
| | 1,568 | 801 |
| Changes in working capital: | | |
| Inventories | 59 | 217 |
| Trade and other receivables | (51) | (151) |
| Prepayments | 14 | 8 |
| Receivables from / payables to related parties | 18 | (28) |
| Taxes recoverable | 109 | 85 |
| Other assets | 9 | 1 |
| Trade and other payables | (110) | 38 |
| Advances from customers | (1) | 30 |
| Taxes payable | 35 | (93) |
| Other liabilities | 1 | (4) |
| **Net cash flows from operating activities** | 1,651 | 904 |
| | | |
| **Cash flows from investing activities** | | |
| Issuance of loans receivable | (3) | - |
| Proceeds from repayment of loans receivable, including interest | 11 | - |
| Purchases of subsidiaries, net of cash acquired | (3,507) | (11) |
| Prepayments for purchases of subsidiaries | - | (12) |
| Purchases of minority interests | (45) | (1) |
| Payments to acquire equity of other companies | (2) | – |
| Purchase of interest in associates/joint ventures | - | (522) |
| Restricted deposits at banks | - | 10 |
| Short-term deposits at banks, including interest | 14 | (264) |
| Purchases of property, plant and equipment | (235) | (262) |
| Proceeds from disposal of property, plant and equipment | 8 | 5 |
| Proceeds from sale/redemption of debt instruments of other companies | - | 1 |

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| | Six months ended 30 June 2007 | 2006 |
|---|---|---|
| Proceeds from sale of disposal groups classified as held for sale, net of transaction costs | 82 | - |
| Dividends and advances in respect of future dividends received | 41 | 20 |
| **Net cash flows used in investing activities** | **(3,636)** | **(1,036)** |
| **Cash flows from financing activities** | | |
| Proceeds from issuance of share capital, net of transaction costs | - | 1 |
| Proceeds from exercise of share options | 35 | - |
| Purchase of treasury shares | (12) | - |
| Sale of treasury shares | 5 | - |
| Net proceeds from/(repayment of) bank overdraft and credit lines, including interest | 180 | 48 |
| Proceeds from loans and promissory notes | 2,051 | 277 |
| Repayment of loans and promissory notes, including interest | (337) | (199) |
| Repayment of loans and promissory notes, including interest, to related parties | (1) | - |
| Dividends paid by the parent entity to its shareholders | (357) | (134) |
| Dividends paid by the Group's subsidiaries to minority shareholders | (28) | (24) |
| Payments under finance leases, including interest | (11) | (10) |
| Payments of restructured taxes, including interest | - | (4) |
| **Net cash flows from/(used in) financing activities** | 1,525 | (45) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 4 | 18 |
| Net decrease in cash and cash equivalents | (456) | (159) |
| Cash and cash equivalents at beginning of period | 842 | 641 |
| **Cash and cash equivalents at end of period** | **386** | **482** |
| **Supplementary cash flow information:** | | |
| Cash flows during the period: | | |
| Interest paid | (150) | (96) |
| Interest received | 13 | 7 |
| Income taxes paid | (409) | (251) |

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