EVRAZ ANNOUNCES UNAUDITED INTERIM FINANCIAL RESULTS FOR H1 2012

30 August 2012 – EVRAZ plc ("EVRAZ" or "the Company") (LSE: EVR) today announces its unaudited interim results for the six months ended 30 June 2012 ("the Period").

HIGHLIGHTS

Six months to 30 June (US$ million)	**2012**	2011	Change
Consolidated revenue	**7,619**	8,380	(9.1)%
Consolidated EBITDA	**1,175**	1,629	(27.9)%
Net profit/(Loss)	**(50)**	263	(119)%
Operating cashflow	**1,089**	1,594	(31.7)%
Earnings per share, (US$)	**(0.03)**	0.21	(114)%
Interim dividend per share	**11c**	6.7c	64%
	30 June 2012	31 December 2011	
Net debt	**6,070**	6,442	(5.8)%
Total assets	**17,432**	16,975	2.7%

Mining:

- Production of saleable iron ore products 10.5 million tonnes (+1% vs. H1 2011)
- Raw coking coal production 4.0 million tonnes (+11%)
- Raw steam coal production 0.7 million tonnes (-49%)
- Mining segment revenue[1] US$1,383 million (-32%)

Steel:

- Crude steel production 8.4 million tonnes (-2%)
- Total external steel sales volumes 7.7 million tonnes (-3%)
- Steel segment revenue[1] US$7,019 million (-6%)

Vanadium:

- Primary vanadium production (vanadium in slag) 11,369 tonnes (+12%)
- External vanadium product sales volumes 9,665 tonnes (-13%)
- Vanadium segment revenue[1] US$263 million (-18%)

Corporate developments:

- Railway products division was established to further enhance customer relationships
- Five-year contract signed with Russian Railways
- New labour agreement in place in South Africa
- EVRAZ plc shares included in MSCI UK Index series from 1 June 2012

Investments:

- Capital expenditure of US$565 million (vs. US$462 million in H1 2011)
- Rail mill modernisation at EVRAZ ZSMK well advanced to increase volumes and quality of rails from Q1 2013
- Implementation of pulverised coal injection projects to reduce consumption of coking coal and natural gas in blast furnace production from early 2013
- Capacity and product mix expansion in the North American tubular and rail sectors
- Development of Yerunakovskaya VIII mine, production to commence in H2 2013

[1] Including intersegment revenues

Financial:

- US$600 million 5-year notes issued in April 2012 at 7.4% rate
- Amendments to financial covenants in syndicated loan facilities that provide greater financial flexibility (net leverage ratio increased to 3.5, interest coverage ratio decreased to 3.0).

Dividends:

- EVRAZ declares an interim dividend of US$0.11/ordinary share of EVRAZ plc
- Ex-dividend date – 5 September 2012, record date – 7 September 2012; deadline for currency election – 10 September 2012; fixing of FX rate date – 20 September 2012; payment date – 5 October 2012.

CHIEF EXECUTIVE OFFICER'S REPORT

EVRAZ achieved a creditable performance in the first half of 2012 despite the volatile macroeconomic environment and negative trends in the markets for global steel and global steelmaking raw materials. At the Company's London Investor Day in June 2012 we set out our plan to maximise long term shareholder value creation by adopting five interrelated strategies which will enhance the degree of vertical integration within EVRAZ and thereby further improve our robust cost position in global steel production. Earlier in the year we were pleased to welcome Alexander Izosimov to the Board as an independent non-executive director and, through the adoption of a number of compliance initiatives, we have also strengthened our corporate governance credentials in general.

Outside the Company, the global economy is still uncertain and we therefore remain cautious about prospects for the rest of 2012, however EVRAZ's strong foundation for future growth ensures that the long term outlook for the Company remains positive.

H1 2012 market environment and business performance

The mining segment of our business is a key long term growth driver for EVRAZ, despite the short to medium term pressures on pricing. Iron ore production continued to run at full utilisation levels during H1 2012, coking coal production maintained its recovery towards target levels, while steam coal production was negatively affected by longwall repositionings in the period. The mining segment's main customer remains EVRAZ's own steel operations.

During the Period steel prices continued their slight decrease compared to the second half of 2011. Against this background of market uncertainty, we continued to run our Russian steelmaking facilities at full capacity and our major international plants in North America, Europe and South Africa at high levels of utilisation.

The steel sector in Russia has been resilient during the Period with demand driven by private sector construction activity as well as by Russian Government-financed infrastructure projects. A seasonal improvement in the Russian construction market, which has led to 9.5% higher demand levels than H1 2011, has caused supply constraints and allowed us to slightly increase prices for construction steel in the Russian market from May 2012.

Demand for rails in Russia also remained strong, but our sales volumes were negatively affected by a planned five-month stoppage to modernise our rail and beam mill at EVRAZ ZSMK which is scheduled to last until October.

Demand in North America remains strong, especially for rails, whilst margins for tubular products in the region also remain high. We have been successful in implementing our strategy of expanding into high value added steel products (such as head hardened rails, premium connection OCTG tubes and heat treated seamless pipe) and we were able to successfully increase internal supply our of our steel slabs out of Russia to serve our operations in Europe and North America.

After the end of the Period, we lost a month of production at EVRAZ Highveld Steel and Vanadium in South Africa due to industrial action in July and August 2012. This dispute has now been satisfactorily resolved and a new labour agreement has been reached.

Strategic development

As the result of a process started in 2011, we formulated five key strategies which embody our long term objective to improve returns and ensure a transition towards a stronger platform for the future of the Company. These were set out at our Investor Day in June 2012 and concern: health and safety of our employees, development of human capital, customer focus, increasing efficiency through the EVRAZ Business System, and growth of the business. During the Period we have made progress in all five elements.

Safety remains a key priority for the Company. While we have made some progress in this area over the past two years, we still have a long way to go. Our aim is to change the attitude to HSE issues of our employees at all levels and the safety programmes initiated at EVRAZ's principal sites in 2011 have been further extended in the period.

Despite these efforts and investments, our Lost Time Injury Frequency Rate, the principal measure of our safety performance, increased by 16% during the Period compared to the first half of 2011. Tragically, we have recorded 11 separate fatal accidents at our operations during the Period. The management team and I are resolute in our determination to address the underlying causes of any critical or near-miss incidents at our operations, with the ultimate objective of operating a zero harm environment.

Growth over the next five years will be largely driven by the expansion in mining which aims to produce 22 million tonnes of iron ore products and 15 million tonnes of coking coal per annum by 2016, thereby increasing our self-coverage in iron ore to 120% and to more than 130% in coking coal. We believe these iron ore and coking coal investments continue to offer an attractive rate of return in spite of the uncertain outlook for commodity prices.

Another important source of growth is through an improvement to the product mix as a result of significantly increasing the share of high value added products in our steel business' portfolio. Investments in this area include the rail mill reconstruction at EVRAZ ZSMK, the building of two new construction steel mills in the south of Russia and Kazakhstan, an upgrade of the wheel shop at EVRAZ NTMK and modernisation of rail and tubular mills North America. Each of these projects has made demonstrable progress during the Period.

The pulverised coal injection projects, scheduled for completion at the end of 2012 at EVRAZ NTMK and early 2013 at EVRAZ ZSMK, will increase our energy efficiency substantially, thereby reducing the need for natural gas and reduce our coking coal consumption by 20%. The positive impact of these projects will be significant to the Company in most market scenarios because the main driver for profitability from these investments is a sustained reduction in the consumption of natural gas usage by our operations.

Corporate Governance

Since our admission to the FTSE 100 in December 2011, we have undertaken a number of initiatives to further strengthen our corporate governance. These include the adoption of a new Code of Business Conduct which we are currently rolling out across the Group and initiatives to ensure compliance with the UK Bribery Act, such as training, more detailed policies and internal procedures for employees. Furthermore, we strengthened our Board with the appointment of Alexander Izosimov as an independent non-executive director in February 2012.

Outlook

The global economy and, in turn, the steel industry, remain very volatile and we continue to be cautious on the outlook for the remainder of 2012. Due to our low position on the global cost curve, our steelmaking capacity continues to operate at high utilisation rates and we expect our steel production volumes in Q3 2012 to be broadly in line with Q2 2012. Export prices continue to decline, while we have slightly increased prices for construction steel products in the Russian market in June-September 2012.

The volumes of export sales are currently booked for slightly over one month's production and inventories at traders and at our mills and ports remain low. Whilst we expect that 2012 will continue to provide challenging short-term headwinds for our business, we are committed to investing in our future growth through increasing mining volumes, improving product mix and reducing costs. Although the full benefit of these investments is expected to be realised in the medium to long term, we anticipate some positive impact in H2 2012.

I continue to believe that we have the right strategy for our business and, allied with our strong and experienced management team, we are well positioned for the future.

FINANCIAL REVIEW

Six months to 30 June (US$ million)	**2012**	2011	Change
Revenue	**7,619**	8,380	(9.1)%
EBITDA	**1,175**	1,629	(27.9)%
EBITDA margin	**15.4%**	19.4%	(20.6)%
Profit from operations	**430**	859	(49.9)%
Net profit/(loss)	**(50)**	263	(119)%
Earnings per share, (US$)	**(0.03)**	0.21	(114)%
	30 June 2012	31 December 2011	
Net debt	**6,070**	6,442	(5.8)%

EVRAZ's consolidated revenues for the Period decreased by 9.1% to US$7,619 million compared with US$8,380 million for the first six months of 2011. Approximately half the decrease was a result of reduced steel sales volumes and prices.

EVRAZ's sales volumes of steel products to third parties decreased from 7.9 million tonnes in H1 2011 to 7.7 million tonnes in H12012, primarily as a result of the fall in demand for steel products in Europe. Sales volumes in Russia and Ukraine, export sales volumes from Russian and Ukrainian operations, sales volumes from South African operations and North American operations remained broadly flat in H1 2012 compared to H12011.

Average steel sales prices decreased by 3% in H1 2012 compared to H1 2011 reflecting softening demand in most of our major markets.

Geographic breakdown of consolidated revenues (based on location of customer)

	Six months to 30 June				
	2012		2011		2012 v 2011
	US$ million	**% of total**	**US$ million**	**% of total**	**% change**
Russia	**3,157**	**41.4%**	3,346	39.9%	(5.6)%
Americas	**1,804**	**23.7%**	1,858	22.2%	(2.9)%
Asia	**1,151**	**15.1%**	1,178	14.1%	(2.3)%
Europe	**741**	**9.7%**	1,081	12.9%	(31.5)%
CIS (excl. Russia)	**526**	**6.9%**	624	7.4%	(15.7)%
Africa	**238**	**3.1%**	290	3.5%	(17.9)%
Rest of the world	**2**	**0.1%**	3	0.0%	0%
Total	**7,619**	**100%**	8,380	100%	(9.1)%

Revenues from sales in Russia decreased in H1 2012 due to lower sales of mining products to third parties and lower average steel prices compared with H1 2011 (-US$16/t on average).

However, in H1 2012 Russian revenues increased as a proportion of total revenue due to relatively stable sales of Russian construction and railway products. Revenues from non-Russian sales decreased by 11.4% to US$4,462 million compared with US$5,034 million in H1 2011 and also decreased as a percentage of total revenues to 58.6%, compared with 60.1%, largely due to weakness in European sales.

In the first six months of 2012, the consolidated cost of revenues amounted to US$6,029 million compared with US$6,183 million in H1 2011. The effect of weakening of local currencies against the US dollar contributed to the decrease in costs in H1 2012 compared with the same period of 2011. This was however partially offset by a higher depreciation, depletion and amortisation charge caused by an increase in the mineral deposits depletion base following updated reserve evaluations in June 2011.

The reduction in consolidated revenues and a much smaller reduction in cost of revenue resulted in gross profit decreasing by 27.6% from US$2,197 million in H1 2011 to US$1,590 million in H1 2012.

Selling and distribution costs increased by US$68 million to US$621 million during the Period, the main reasons being a change in sales terms in Russia from FCA to CPT starting April 2011 (resulting in a corresponding increase in revenues) as well as rising rail tariffs.

Consolidated EBITDA decreased to US$1,175 million in H1 2012 compared to US$1,629 million in H1 2011, with an EBITDA margin of 15.4% and 19.4% respectively. The H1 2012 result was helped by the fact that the softening of steel selling prices lagged behind the reduction in production expenditures caused mostly by declining raw materials prices and a decrease in conversion costs resulting from rouble depreciation in Q2 2012.

Profit from operations decreased from US$859 million, or 10.3% of consolidated revenues, for H1 2011, to US$430 million, or 5.6% of consolidated revenues, for 1H 2012. The reduction in profit from operations is mainly attributable to: the drop in gross profit, the increase in selling and distribution costs, a special impairment, offset by the impact of foreign exchange movements.

Impairment of assets was US$80 million in H1 2012, compared to US$32 million in H1 2011. The larger impairment charge was mostly due to a reduction in the sales pricing outlook for EVRAZ DMZP. We consider the impairment in H1 2012 to be largely special and the result of uncertain economic conditions in the period.

Foreign exchange gains amounted to US$28 million in H1 2012, compared to a loss of US$220 million in H1 2011. These foreign exchange effects are mostly due to inter-company loans between Russian subsidiaries whose functional currency is the rouble, and other subsidiaries whose functional currency is the US dollar. These foreign exchange gains are a reflection of fluctuations in the RUB/USD exchange rate, so that the Company's accumulated profit would only be permanently affected by a long term movement in the exchange rates.

Interest expense decreased by 18.1% to US$317 million in the Period compared with US$387 million in the corresponding period of 2011, mostly due to the incentivised conversion of US$650 million of convertible bonds in June 2011, which were bearing coupons of 7.25%. Other factors in the reduction include: the effect of a weaker rouble on the rouble bond coupons, refinancing of certain bank loans at lower rates, lower average utilisation of revolving lines of credit. The reported interest expense does not include realised gains on the cross-currency swaps related to the rouble bonds issued by our Russian subsidiaries. This realised gain in H1 2012 was US$42 million, giving an adjusted interest expense of US$275 million. This realised gain was accounted for in other non-operating gains and losses.

In H1 2012, income tax expense amounted to US$136 million compared with an income tax expense of US$210 million in H1 2011. EVRAZ's effective tax rate, defined as income tax expense as a percentage of profit before tax, increased to 158% in the six months of 2012 from 44.4% in the first six months of 2011. The main reason for our large effective tax rate in H1 2012 was that deferred tax assets for stand-alone tax loss carryforwards at EVRAZ Highveld Steel and Vanadium, EVRAZ DMZP and EVRAZ Group S.A. are not recognised in the accounts as it is not currently considered probable that these tax losses will be recovered from future profits in the time frame allowed by the respective tax laws.

Cash flow and debt

The net cash inflow from operating activities during H1 2012 was US$1,089 million (H1 2011: US$1,594) and primarily reflects a weaker gross profit.

Capital expenditure was US$565 million in H1 2012 compared with US$462 million in H1 2011. The capital expenditure in H1 2012 consisted of US$320 million investment in EVRAZ's steel businesses and a further US$225 million investment in EVRAZ's mining segment. The major project in the mining segment included development of Yerunakovskaya VIII and in the steel segment the reconstruction of the rail mill in EVRAZ ZSMK and introduction of PCI at both Russian mills, which should contribute positively to the Company's results from H2 2012.

In H1 2012 there was a net cash inflow from financing activities of US$359 million. This is mostly the result of drawing on available credit lines in late June to increase the available cash balance. As a result cash and cash equivalents totalled US$1,763 million at 30 June 2012, against US$1,155 million as at 30 June 2011. This relatively large cash balance was created to reduce refinancing risk related to the repayment of approximately US$500 million equivalent of rouble bonds in March 2013 as well as US$534 million of Eurobonds due in April 2013. EVRAZ has placed the majority of the cash in excess of necessary working capital requirements in flexible interest bearing deposits with creditworthy institutions.

Free cash flow generation in H1 2012 was US$362 million (H1 2011: US$781 million), as a result of lower operating results as well as higher capital expenditure.

As at 30 June 2012, total debt amounted to US$7,833 million compared to US$7,245 million as of 31 December 2011. This was the result of drawing on available credit lines to increase the cash balance. In April 2012 we issued US$600 million of 2017 Eurobonds as a further step in extending debt maturities. As at the period end, the average maturity of our debt stood at 4.1 years.

Net debt at the end of the Period decreased 5.8% to US$6,070 million compared with US$6,442 million as of 31 December 2011, reflecting our robust cash flow despite the challenging operating environment.

EVRAZ has a longer term target net leverage ratio of below 2. The net leverage ratio is defined as net debt divided by LTM EBITDA, where LTM stands for last twelve months. The net leverage ratio as at 30 June 2012 was 2.53 (31 December 2011: 2.27). This is mainly the result of falling EBITDA. In view of this situation, in June 2012 EVRAZ agreed a resetting of the testing levels for maintenance covenants in a number of banking facilities to secure greater financial flexibility. The limit for the net leverage ratio is now 3.5.

At 30 June 2012, the Company's total debt to LTM EBITDA ratio increased above the level of 3.0, which triggered restrictions on further increasing total debt pursuant to the covenants of some of the Company's borrowings until the ratio falls to below 3.0. However, new borrowings are allowed for refinancing and other purposes defined in the facilities' documentation. Given EVRAZ's large cash balance it is not expected that the business of the Company will be affected by this restriction.

Liquidity and funding

As of 30 June 2012, EVRAZ had unutilised borrowing facilities of US$912 million, including US$163 million of committed facilities. Committed facilities consisted of credit facilities available for Russian and North American operations in the amounts of US$161 million and US$2 million, respectively. Uncommitted facilities consisted of revolving credit lines of US$539 million with international banks for export trade financing at East Metals A.G. and credit facilities available for South African, European, Russian and North American operations in the amounts of US$48 million, US$107 million, US$40 million and US$15 million, respectively.

Term debt maturities due during the period to 30 June 2014 total US$1,332 million. EVRAZ's current liquidity (as of 30 June 2012 cash of US$1,763 million and US$912 million of unutilised borrowing facilities, of which approximately US$300 million of cash is needed as working capital) is more than sufficient to cover these repayments. The Company's forecasts, taking into account possible changes in trading performance, show that EVRAZ will be able to operate within the level of its current debt facilities for the foreseeable future.

Furthermore, in an effort to diversify EVRAZ's sources of funding, the Company has requested, and the credit committee of one of its' major lenders has approved in August 2012, a project finance facility for the development of the first phase of the Mezhegey coal reserves. If finalised, this will be the Company's first non-recourse project finance facility and a possible pattern for funding future greenfield projects. The expected structure of this funding will not affect the compliance with current covenants.

Dividend

The Board has declared an ordinary interim dividend of 11 cents per share, compared to 6.7 cents per share equivalent ordinary interim dividend as paid on Evraz Group S.A. shares and GDRs for the same period last year.

This dividend reflects cash flow generation in H1 2012 and confidence in the longer-term outlook for the Company, in spite of the current challenging operating environment.

Outlook

The uncertain economic environment in Europe should not have a significant direct effect on the Company as European operations account for less than 9.7% of total revenue. However, the Company's business as a whole will be affected if the repercussions of economic uncertainty in Europe were to impact the global economy substantially.

The Company's results in H2 2012 will be affected by the delayed effect of the reduction in steel prices in Q2 2012 (due to a lag of up to two months, particularly for export sales, between the fixing of a price in a sales contract and when revenue is recognised) and the continuing softness in prices. Industrial action at EVRAZ Highveld Steel and Vanadium and a decrease in rail sales resulting from the project of modernisation of the rail mill at EVRAZ ZSMK will also negatively affect H2 2012 performance.

The Company continues to review longer-term spending plans, and expects H2 2012 capital expenditure to be in the range of US$650-$750 million. EVRAZ is continuing to invest in projects that it expects to positively impact the Company's profits from H2 2012 and 2013, giving EVRAZ confidence in achieving its' goals of growth and deleveraging.

As disclosed at the Investor Day on 19 June 2012, EVRAZ expects its net leverage ratio to increase at the end of 2012 (but within the limits set by our covenants) before falling in 2013 as the positive effects of capital expenditure investments begin to be realised.

REVIEW OF OPERATIONS

Mining segment

Markets performance

Iron ore

Iron ore prices during the first half of 2012 were negatively impacted by weakening steel demand and falling Chinese steel prices which in turn depressed prices for steel input materials such as iron ore.

Iron ore prices declined 8% during the H1 2012, however despite the softening demand and pricing environment, prices have remained above their October 2011 lows of $117 per tonne and remain significantly above their historic levels.

The medium to long term prices for iron ore are expected to stabilise as Chinese economic and infrastructure growth recovers, driving demand for steel as the effects of Chinese Government stimulus packages start to filter through.

Coking coal

Coking coal prices remained relatively flat in H1 2012 in spite of decreasing global demand for steel, which in turn negatively impacted coking coal consumption.

During the start of Q3 2012, coking coal prices have fallen sharply following Australian miners returning to production after industrial action and as a result of the weakening demand outlook**.**

EVRAZ performance

Mining segment results

Six months to 30 June (US$ million)	**2012**	2011	Change
Revenues	**1,383**	2,040	(32.2)%
Profit from operations	**72**	715	(89.9)%
EBITDA	**417**	962	(56.7)%
EBITDA margin	**30.2%**	47.2%	(17.0)%

Mining Segment Sales*

	Six months to 30 June				
	2012		2011		2012 v 2011
	US$ million	**% of total**	US$ million	% of total	% change
Iron ore products	**928**	**67.1%**	1,292	63.4%	(28.2)%
Iron ore concentrate	249	18.0%	377	18.5%	(34.0)%
Sinter	241	17.4%	306	15.0%	(21.2)%
Pellets	328	23.7%	453	22.2%	(27.6)%
Other	110	8.0%	156	7.7%	(29.5)%
Coal products	**391**	**28.3%**	703	34.4%	(44.4)%
Raw coking coal	36	2.6%	121	5.9%	(70.2)%
Coking coal concentrate	319	23.1%	487	23.9%	(34.5)%
Raw steam coal	7	0.5%	25	1.2%	(72.0)%
Steam coal concentrate	29	2.1%	70	3.4%	(58.6)%
Other revenues	64	4.6%	45	2.2%	42.2%
Total	**1,383**	**100.0%**	2,040	100.0%	(32.2)%

Six months to 30 June ('000 tonnes)	**2012**	2011	Change
Iron ore products	**9,335**	10,101	(7.6)%
Iron ore concentrate	2,679	3,145	(14.8)%
Sinter	2,364	2,227	6.2%
Pellets	2,944	3,090	(4.7)%
Other	1,348	1,639	(17.8)%
Coal products	**3,014**	4,942	(39.0)%
Raw coking coal	437	1,190	(63.3)%
Coking coal concentrate	2,155	2,471	(12.8)%
Raw steam coal	199	681	(70.8)%
Steam coal concentrate	223	600	(62.8)%

** Including intersegment sales, excluding Mapoch mine sales to EVRAZ Highveld Steel and Vanadium Limited*

Mining segment revenues decreased by 32.2% to US$1,383 million in H1 2012 compared to US$2,040 million in H1 2011. This reflected a significant fall in prices of iron ore and coking coal in the Period compared with the corresponding period of 2011.

Mining segment sales volumes of iron ore products decreased by 7.6% in H1 2012 compared to H1 2011. Sales volumes of coking coal concentrate decreased by 12.8%, while sales volumes of steam coal concentrate decreased by 62.8% in H1 2012 compared with H1 2011. Total sales volumes of coal products decreased by 39.0%, caused mostly by increased consumption of own coal in the production of concentrate and reduced steam coal mining in Q1 2012.

In H1 2012 mining segment sales to the steel segment amounted to US$1,027 million, or 74% of mining segment sales, compared with US$1,433 million, or 70% of mining segment sales, in H1 2011.

In H1 2012, EVRAZ's iron ore requirements were self-covered by approximately 101% compared with 99% in H1 2011 and with 106% in H2 2011. Self-coverage in coking coal was 69% in H1 2012 compared with 62% in H1 2011 and 49% in H2 2011. Approximately 38% and 48% of third party sales by the mining segment were to customers in Russia in H1 2012 and 2011 respectively. The increase in the percentage of third party sales outside Russia is primarily attributable to a significant reduction of iron ore and coal sales volumes to third parties in Russia.

Mining segment gross profit dropped to US$206 million in H1 2012 compared with US$949 million in H1 2011, representing a gross profit margin of 14.9% of mining segment revenues in H1 2012 compared with 46.6% in the same period of 2011. The decrease in the gross profit margin reflected lower prices for steel and mining products and higher depletion charges.

Operational update – Mining segment

Mining: Iron Ore

An investment project to build up the capacity of EVRAZ KGOK to reach 55 million tonnes of crude ore per annum (+10% capacity) is progressing according to plan. It is expected to be completed in December 2012. We are also on schedule with Sobstvenno-Kachkanarskoye ore deposit (SKD) project at EVRAZ KGOK: in Q2 2012 a cut-off parameter report (TEO of conditions) and an estimation of resources report for 6.9 billion tonnes of iron ore were approved by the Russian Ministry of Natural Resources (GKZ); the SKD design and engineering works are well in progress (80% complete) and in Q4 2012 are expected to be submitted for approval by the state construction expertise.

Evrazruda, another iron ore mining company, in Q2 2012 completed a scoping study and is launching the major reconstruction of the Sheregesh iron ore mine to gradually increase its production of ore by 2.5 times and in 2016 to reach a capacity of 4.8 million tonnes per annum. At the Tashtagol mine a successfully commissioned back-fill mining process gave access to extra 32 million tonnes of iron-reach resources (44% Fe content). Evrazruda also completed the debottlenecking programme at the Abagur benefication plant, which improved the quality and reliability of the plant's operations, especially in severe Siberian winters.

Cost savings and operational improvements stayed in focus of our mining division. In H1 2012 the following positive economic effects were realised from these initiatives: US$10.5 million at EVRAZ VGOK, US$3.0 million at EVRAZ KGOK and US$4.0 million at Evrazruda. This was achieved through increase in labour productivity and more effective cost control measures. In Q2 2012 a special programme of operational improvements was developed for Evrazruda with the help of international mining consultants. Started in 2012, the programme is expected to drive up labor productivity by 15% by 2014 thus increasing production by 1.6 million tonnes per annum.

Mining: Coal

The development of the Yerunakovskaya VIII coking coal mine within EVRAZ's existing Yuzhkuzbasugol portfolio of mines is the largest ongoing investment project, aimed at increasing production capacity by 2 million tonnes per annum. Construction of the Yerunakovskaya VIII is proceeding as planned and is expected to enter production in the second half of 2013.

The coal division is also preparing to launch the first phase of the greenfield coking coal mining project at Mezhegey. It is expected that at this stage we will mine approximately 1.5 million tonnes of additional run-of-mine coking coal starting from 2014.

Assisted by US and Australian consultants, EVRAZ has initiated the programme of New Technologies for Coal Mining (NTCM-programme). From April to June the mining assets of Yuzhkuzbassugol were examined which led to a wide set of initiatives including: effective degasification and ventilation, higher rates of development, quick longwall changeovers and highly mechanised roof bolting. Programme start is scheduled for Q3 2012.

In H1 2012 EVRAZ introduced a debottlenecking programme for key mines of Yuzhkuzbasugol in order to stabilise and improve their production as compared to 2011.

Additionally in H1 2012, three full sets of longwall equipment (roof supports, shearers, face conveyors and supplementary equipment) were purchased for mines Alardinskaya and Uskovskaya. This is expected to have a major positive effect for coking coal production in H2 2012 and later periods.

Resources of the Yuzhkuzbasugol Gramoteinskaya mine grew by 220 million tonnes of steam coal by purchasing the license for Mencherepsky-Severny deposit.

Steel Segment

Markets Performance

The declining steel prices seen in H2 2011 continued into the first half of 2012, led by the economic uncertainty within the Euro zone, global Asian overproduction and weakening Chinese demand growth.

Global crude steel production grew 4.9% during H1 2012 compared to H2 2011 with Chinese output increasing by 7.6% in the first half this year. Global crude steel production is expected to remain flat in the second half of 2012. However, there have been indications that Chinese steel mills might have to begin to contract production levels due diminishing margins. A decrease in Chinese steel output is expected to have a beneficial effect on global steel prices.

The Chinese Government’s stimulus package, currently estimated at up to US$1.1 trillion, would support long-term steel demand.

Given the lasting economic uncertainty within the Euro zone and traditional seasonal weakness for steel over the summer month, the market for steel globally is expected to remain challenging during the second half of the year.

Steel prices in Russia and the CIS remained steady in the first half of 2012 with billet prices rising by 0.9% and slab prices with 5.7%. Crude steel output increased by 4.7%, whereas finished steel production rose by 2.1% with finished steel apparent consumption increasing at a rate of 3.8%. Long-term consumption growth for long steel products in Russia and the CIS is expected to be underpinned by a necessity to modernise infrastructure in the region, significant residential construction potential and a number of international events in Russia over the coming years including the 2014 Winter Olympics and 2018 FIFA World Cup.

US economic indicators in the first half of 2012 have shown early signs of economic recovery, with demand for durable goods remaining strong and residential construction increasing.

North American demand for large diameter steel pipes is expected to growth at 4.0% annual growth rate between 2012 and 2016 and prices in North America for flat rolled and pipe products improved marginally during H1 2012. US crude steel production in the first half of the year increased by 5.8% with finished steel production increasing by 6.0% and apparent finished steel consumption by 4.8%. Pricing environment remained challenging with hot rolled coils price falling by 9.5% and rebar prices stable with a slight 0.3% increase.

Within Europe steel output and utilisation rates continued to decline during the first half of 2012 as a result of the on-going economic uncertainty within the Euro zone and concerns about the strength of European manufacturing. The decline in steel prices in Europe was further exacerbated by oversupply. European crude steel production increased by 4.0% with finished steel production slightly higher by 0.2% and apparent finished steel consumption marginally lower by 0.1%. Overall the environment resulted in rebar price decrease of 3.1%, however, hot rolled coils prices went up by 6.5%. Without a resolution to the European crisis, the market for European steel is expected to remain difficult during the second half of 2012 with the normal seasonal weakness.

South African crude steel production increased by 3.3% in the first half of 2012. Finished steel production rose 4.5% and apparent finished steel consumption fell by 0.9% for the same period. Pricing environment remained challenging with prices slightly down for the period.

EVRAZ performance

Steel segment results

Six months to 30 June (US$ million)	**2012**	2011	Change
Revenues*	**7,019**	7,492	(6.3)%
Profit from operations	**386**	376	2.7%
EBITDA	**699**	744	(6.0)%
EBITDA margin	**10.0%**	9.9%	0.1%

**Segment revenues include intersegment sales*

	Six months ended 30 June				
	2012		2011		2012 v 2011
	US$ million	**% of total**	US$ million	% of total	% change
Steel products					
Construction products [1]	2,174	31.0 %	2,129	28.4 %	2.1%
Railway products [2]	996	14.2%	999	13.3%	(0.3)%
Flat-rolled products [3]	1,257	17.9%	1,499	20.0%	(16.1)%
Tubular products [4]	596	8.4%	607	8.1%	(1.8)%
Semi-finished products [5]	1,044	14.9%	1,204	16.1%	(13.3)%
Other steel products [6]	257	3.7%	294	3.9%	(12.6)%
Other revenues [7]	695	9.9%	760	10.2%	(8.6)%
Total	7,019	100%	7,492	100%	(6.3)%

[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.*

Six months to 30 June (‘000 tonnes)	**2012**	2011	Change
Steel products			
Construction products	**2,844**	2,714	4.8%
Railway products	**1,053**	1,072	(1.8)%
Flat-rolled products	**1,425**	1,534	(7.1)%
Tubular products	**389**	422	(7.8)%
Semi-finished products	**1,722**	1,904	(9.6)%
Other steel products	**314**	333	(5.7)%
Total	**7,747**	7,979	(2.9)%

** Including intersegment sales*

Steel segment revenues decreased by 6.3% to US$7,019 million in H1 2012 compared with US$7,492 million in H1 2011. Steel segment revenues were affected by decreasing prices for steel products and lower sales volumes during the Period.

Consolidated crude steel production decreased by 6%, mainly due to scheduled capital repairs, maintenance work and modernisation at Russian steel mills. The proportion of revenue attributable to sales of construction products increased as the result of growth in sales volumes of beams, rebars and wires whilst sales of railway products slightly increased as a proportion of total revenue due to higher average prices and higher sales volumes of wheels and tyres.

Sales of flat-rolled products (primarily plates) decreased due to a significant decline in prices and volumes, in particular in Europe.

The proportion of revenues attributable to sales of tubular products slightly increased primarily due to higher average prices for tubular products.

The proportion of revenues attributable to sales of semi-finished products decreased primarily due to a significant reduction in sales volumes of pipe blanks, which were replaced by additional volumes of construction products sold in Russia.

Revenues from sales of other steel products (mainly rounds, grinding balls and mine uprights sold in Russia) slightly decreased as a proportion of steel segment revenues due a more than average decline in sales prices and volumes.

Revenues attributable to non-steel sales decreased as a proportion of steel segment sales primarily due to a decline in sales volumes and prices of coke.

For the six months ended 30 June 2012 and 2011, steel segment sales to the mining segment totalled US$79 million and US$89 million respectively. The decrease is attributable to lower sales prices and volumes.

Revenues from sales in Russia amounted to 43% of steel segment revenues in H1 2012, compared with approximately 41% in H1 2011. The increased share of revenues from sales in Russia is primarily attributable to the higher sales of construction products and stable sales of railway products.

Steel segment cost of revenues decreased to 81.9% of steel segment revenues, or US$5,749 million, in H1 2012 from 83.2% of steel segment revenues, or US$6,237 million, in H1 2011. The decrease in cost of revenue in monetary terms is attributable to a significant decline in prices for all main raw materials (in particular prices for coking coal and iron ore), positive effect of rouble depreciation and a decrease in production volumes of steel products (net of re-rolled volumes within the group).

Steel segment gross profit increased by 1.1% from US$1,255 million in H1 2011 to US$1,270 million in the same period of 2012. At the same time, gross profit margin increased from 16.8% to 18.1% in H1 2011 and 2012, respectively, reflecting lower cost of raw materials and the benefit of rouble depreciation.

Operational update – Steel segment

Steel: Russia

We are in the final implementation stage of the pulverised coal injection (PCI) project, which will allow EVRAZ's Russian steel operations to reduce costs by using less coking coal and natural gas in blast furnace production. PCI is expected to be launched at EVRAZ NTMK by the end of 2012 and at EVRAZ ZSMK during H1 2013.

Reconstruction of the continuous casting machine #3, along with the earlier construction of ladle furnace #4 and the revamp of blast furnace #5 at EVRAZ NTMK allowed an increase in steel products production capacity from 4.2 to 4.5 million tonnes of steel per annum.

Completion of the modernisation of the rail and beam mill at EVRAZ NTMK led to an improvement in quality, which significantly increased rail wear resistance. This quality improvement allowed the Company to achieve significant price increase for rails produced at EVRAZ NTMK from April 2012. The plant also broadened its' product range to include new types of wheels and wide beams, which included wheels that qualifies for sale on the North American market.

At EVRAZ ZSMK rail and beam mill modernisation is proceeding in line with the plan. Mill was stopped for reconstruction in April and is expected to be restarted in October. New technology will allow mastering of new rails with head hardening. It is expected that the production of homologated rails will start in the first half of 2013 and sales will start in the second half of 2013.

The EVRAZ ZSMK power plant upgrade is on track to be completed by 2014. It will allow to increase power generation by 54.6% in 2015 vs. 2011, reaching capacity of 3.75 billion kw/h per year by 2015.

Steel: International

North American steel business of EVRAZ achieved record highs both in steel output and sales of rails during the first half of 2012. Rail quality improvement project is on track, starting to positively impact EBITDA from 2013. During H1 2012, the expansion to the heat treat facility in Calgary was commenced. On operational side first pass yields gained across the North American pipe business due to a number of implemented improvements. The Portland spiral mill returned back to operations after having been idle for 3 years.

Within EVRAZ's European steel operations the loss making heavy section mill at EVRAZ Vitkovice was shutdown effective from February 2012.

EVRAZ Highveld Steel (South Africa) launched an optimisation programme to reduce fixed costs, the benefits of which are expected to be effective from Q4 2012. Starting June EVRAZ implemented a number of initiatives to improve working shift schedules which will result in increased workplace safety, reduced overtime and higher productivity. The company successfully resolved the industrial dispute which occurred during that period.

At EVRAZ Steel Ukraine a programme of operational improvements to double EBITDA was approved in the first half of 2012. At EVRAZ DMZ blast furmace production was stabilized and improved. Following implementation of the Customer Focus pillar of our strategy EVRAZ DMZ has developed new sections for European and the Middle Eastern markets.

Vanadium segment

Markets performance

Vanadium is a key element in the steel making process, with the majority of globally produced vanadium used as an alloying agent to increase steel strength. As a result, demand for vanadium is closely linked to steel production levels, in particular high strength steels.

Ferrovanadium prices continued to perform strongly during the first half of 2012, reaching $25.6 per kg V (European Fe-V price) at the end of June and registering a 10% increase during the Period. However, prices still remain 10% below the prices achieved in August-September 2011. Ferrovanadium prices follow a smooth pattern with relatively low volatility. No major price spikes have been registered since 2009-2010 as producers of high strength and specialty steel begin to substitute other material (e.g. niobium) for vanadium.

Chinese building regulations remain the potential upside driver for the industry. In mid-2011, the Chinese government instituted a directive that mandated the use of vanadium-containing Grade 3 rebar in all new building designs. Market analysts estimate that upgrading 90 million tonnes of Grade 2 rebar to Grade 3 standard using vanadium would add 27 thousand tonnes of annual demand (35% of current total global consumption).

EVRAZ performance

Vanadium segment results

Six months to 30 June (US$ million)	**2012**	2011	Change
Revenues	**263**	320	(17.8)%
Loss from operations	**(19)**	(19)	0%
EBITDA	**4**	(3)	233.3%
EBITDA margin	**1.5%**	(0.9)%	2.4%

	Six months to 30 June				
	2012		2011		2012 v 2011
	US$ million	**% of total**	US$ million	% of total	% change
Vanadium in slag	**1**	**0.4%**	17	5.3%	(94.1)%
Vanadium in alloys and chemicals	**258**	**98.1%**	297	92.8%	(13.1)%
Other revenues	**4**	**1.5%**	6	1.9%	(33.3)%
Total	**263**	**100%**	320	100%	17.8%

Six months to 30 June (‘000 tonnes of pure Vanadium)	**2012**	2011	Change
Vanadium products	**10.0**	11.5	(13.0)%
Vanadium in slag	**0.1**	1.5	(93.3)%
Vanadium in alloys and chemicals	**9.9**	10.0	(1.0)%

** Including intersegment sales*

Vanadium segment revenues decreased by 17.8% to US$263 million in H1 2012, compared with US$320 million in H1 2011, reflecting decreased sales volumes and prices of vanadium products. Sales volumes of the vanadium segment decreased from 11.5 thousand tonnes of pure vanadium in H1 2011 to 10.0 thousand tonnes of pure vanadium in H1 2012 primarily due to the shift of vanadium slag sales to the H2 2012, while sales of high-margin vanadium alloys and chemicals matched the levels of the same period of 2011.

Vanadium segment cost of revenues decreased to 92.0% of vanadium segment revenues, or US$242 million, in H1 2012 from 95.0% of vanadium segment revenues, or US$304 million, in H1 2011. The decrease in vanadium segment cost of revenues was attributable to a decrease in production volumes, lower cost of raw materials and the depreciation of local currencies against the US dollar.

Gross profit of the vanadium segment increased from US$16 million in H1 2011 to US$21 million in H1 2012, the result being a gross profit margin of 8.0 % of vanadium segment revenues in H1 2012 compared with 5.0% in the same period of 2011. The increase in the gross profit margin is explained by a higher decline of the segment costs compared to a reduction of the segment revenues.

Operational update – Vanadium segment

As a result of operational improvements EVRAZ Vanady-Tula operation achieved record productivity levels of around 40 tonnes of V2O5 per day during H1 2012, which represents a 15% improvement compared to production rates when EVRAZ purchased the asset in 2010.

Additionally EVRAZ Stratcor vanadium plant in Arkansas commenced its' project to use EVRAZ's own vanadium slag, to increase synergy levels within the EVRAZ group.

EVRAZ performance

Other operations segment results

Six months to 30 June (US$ million)	**2012**	2011	Change
Revenues	**541**	482	12.2%
Profit from operations	**71**	74	(4.1)%
Adjusted EBITDA	**94**	83	13.3%
Adjusted EBITDA margin	**17.4%**	17.2%	0.2%

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting EVRAZ were set out in detail under the heading Principal Risks and Uncertainties on pages 26 to 29 of the Annual Report 2011. The principal risks of the Company are unchanged from those identified in the Annual Report but we provide the following update on those risks which impacted the Company during the Period and which we expect to be most significant for the rest of the year:

- Global economic and industry conditions

  EVRAZ Steel, Mining and Vanadium operations are highly dependent and sensitive to the global macroeconomic environment. The risk to EVRAZ operations can impact differently dependent on the regions of activity and on EVRAZ's products, finished, semi-finished or commodities. This risk has potential impact on price and volumes. As EVRAZ operations have a high level of fixed costs, global economic and industry conditions will have significant impact on operational performance. EVRAZ has a focused investment priority aimed at reducing and managing fixed costs and reducing direct costs by expanding its self-coverage of key raw material inputs with the objective of being among the lowest cost producers in the sector.

- Dependency on certain key markets

  EVRAZ revenues are substantially derived from customers in Russia, around 40% and North America, around 24%, and as a result EVRAZ commercial success is closely aligned to the operating and economic environment in these two regions. The strategic risks and opportunities within these two regions are regularly reviewed; key risks and opportunities are the quality and nature of the Company's product portfolio, relative cost effectiveness and the sustainability of industry sector market positioning together with effective in-house and external distribution networks and developed customer awareness and anticipation, complemented by a mix of medium and long term contracts and exploring adjacent regional markets for potential development.

- Political actions

  Possible adverse consequences from specific or general political actions that may hinder the Company's long term strategic planning and business objectives with consequences that may affect access to international financial markets resulting in deterioration of EVRAZ's operational performance and financial condition. The Company's business Code of Conduct seeks to guide and enshrine proper business practice with all EVRAZ's counterparties and stakeholders and in addition promote diligent attention to all local and international regulations, laws and taxation regimes.

- Capital expenditure financing

  Steel production and mining are both capital intensive operational activities requiring both continuing maintenance and development capital expenditure, in addition to capital expenditure focused on improving the Company's cost effectiveness and increasing self-coverage of the Company's primary raw material inputs. These intended and planned investments are aligned to the Company's expectations and forward business performance with resulting Free Cash Flow before capital expenditure and planned liquidity. The risks that events or economic issues outside those factored into the Company's forward business plans, may negatively impact the Company's anticipated Free Cash Flow could cause certain elements of the planned capital expenditure to be re-phased, deferred or abandoned with consequential impact on the group's planned future performance. The Company has developed various stressed business scenarios to assess the Company's ability to meet capital expenditure requirements both for maintaining current operations as well as commissioning key projects.

- Health, safety and environmental (HSE) issues

  EVRAZ operations are subject to a wide range of HSE laws, regulations and standards, the breach of any of which may result in fines, penalties or other sanctions. Such action could have a material adverse effect on the Company's business, financial condition and future business prospects. Further, HSE is a functional area where there is continual introduction of new laws, regulations and sanctions New regulatory activity could result in elements of EVRAZ's operations becoming uneconomic. Given that HSE risks can be critical, HSE issues have direct oversight at Board level and HSE procedures and material priorities have primary hearing at all internal management level meetings

- Labour & community relations

  EVRAZ business depends on good labour relations with its employees. Labour disputes, restrictive labour and employment laws, and increasing costs relating to scarce skilled labour could have a major impact on EVRAZ business performance. Overall EVRAZ seeks to maintain good labour relations with its employees and where appropriate with employee representatives, including unions. The risks from industrial disputes and poor employer reputation in the communities in the vicinity of the Company's operations can be economically damaging. The Company and its local operations are generally active and visible in their localities, and timely and regular contact is maintained with employees and employee representatives at all sites and places of operation. Whistleblowing facilities are active at all locations and processes are in place to positively handle Human Resource and employment issues. Where issues develop into unavoidable industrial disputes, processes are in place to mitigate the effect of any such action, maintain the continuing communication with employee representatives and if appropriate with employees directly to ensure speedy and equitable resolution of such disputes, as demonstrated by the resolution of the recent South African industrial disruption

- Business interruption

  EVRAZ's mining, smelting, and refining operations are subject to a number of operational risks which could cause prolonged shut-downs or production delays. Any such event could have a material adverse effect on the Company's operating performance, production, financial condition and future prospects. In addition, long term business interruption may result in loss of customers, competitive advantage being compromised and damage to the Company's reputation. To mitigate such risks the Company has defined and established business continuity plans, procedures and protocols. The Company carries certain business interruption insurance, except of particular mining events. These plans, procedures and protocols are subject to regular review and audit of their appropriateness and effectiveness

- Treasury and Taxation

  EVRAZ, as with many large and multi-national corporates faces a variety of treasury and taxation risks including liquidity, credit access, currency fluctuation, and interest rate and tax compliance risks. EVRAZ employs skilled specialists both internal and external to manage and mitigate such risks and the management of such risks is embedded in the established management internal controls. Oversight of the key risks is reported within the monthly Board reports and by the review of compliance of such internal controls by a management independent internal audit function, which reports to the Audit Committee as a whole and individually to Audit Committee members and senior executive management by way of monthly internal audit reports.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of our knowledge this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

An indication of important events that have occurred during the first six months and their impact on the consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and material related party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report

By order of the Board

Alexander Frolov	Giacomo Baizini
Chief Executive Officer	Chief Financial Officer

29 August 2012

Appendix 1

EBITDA

EBITDA represents profit from operations plus depreciation, depletion and amortisation, impairment of assets, loss (gain) on disposal of property, plant and equipment, and foreign exchange loss (gain). EVRAZ presents an EBITDA because it considers EBITDA to be an important supplemental measure of its operating performance and believes that EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the same industry. 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 EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. 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:

- 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.
- EBITDA does not reflect the impact of income taxes on EVRAZ's operating performance.
- 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 of replacement of these assets in the future. EBITDA, due to the exclusion of these costs, does not reflect EVRAZ's future cash requirements for these replacements. EBITDA also does not reflect the impact of a loss on disposal of property, plant and equipment.

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

	Six months to 30 June	
	2012	2011
	(US$ million)	
Consolidated EBITDA reconciliation		
Profit from operations	430	859
Add:		
Depreciation, depletion and amortisation	668	501
Impairment of assets	80	32
Loss on disposal of property, plant & equipment	25	17
Foreign exchange loss/(gain)	(28)	220
Consolidated EBITDA	**1,175**	**1,629**
Steel segment EBITDA reconciliation		
Profit from operations	386	376
Add:		

	Six months to 30 June	
	2012	2011
	(US$ million)	
Depreciation and amortisation	257	288
Impairment of assets	64	7
Loss on disposal of property, plant & equipment	17	13
Foreign exchange loss/(gain)	(25)	60
Steel segment EBITDA	**699**	**744**
Mining segment EBITDA reconciliation		
(Loss)/profit from operations	72	715
Add:		
Depreciation, depletion and amortisation	364	175
Impairment of assets	15	33
Loss on disposal of property, plant & equipment	8	4
Foreign exchange loss/(gain)	(42)	35
Mining segment EBITDA	**417**	**962**
Vanadium segment EBITDA reconciliation		
Loss from operations	(19)	(19)
Add:		
Depreciation and amortisation	23	17
Impairment of assets	0	0
Foreign exchange loss	0	(1)
Vanadium segment EBITDA	**4**	**(3)**
Other operations EBITDA reconciliation		
Profit from operations	71	74
Add:		
Depreciation and amortisation	21	20
Impairment of assets	1	(8)
Loss on disposal of property, plant & equipment	0	0

	Six months to 30 June	
	2012	2011
	(US$ million)	
Foreign exchange gain	1	(3)
Other operations EBITDA	**94**	**83**
Unallocated EBITDA reconciliation		
Profit from operations	(130)	(239)
Add:		
Depreciation and amortisation	3	1
Foreign exchange gain	38	129
Unallocated EBITDA	**(89)**	**(109)**
Intersegment eliminations		
Profit from operations	50	(48)
Eliminations EBITDA	**50**	**(48)**

Appendix 2

Liquidity

Liquidity is not a measure under IFRS and it should not be considered as an alternative to other measures of financial position. EVRAZ's calculation of Liquidity may be different from the calculation used by other companies and therefore comparability may be limited.

	30 June 2012	31 December 2011
	(US$ million)	
Liquidity Calculation		
Cash and cash equivalents	1,763	801
Amounts available under credit facilities	912	1,322
Short-term bank deposits	0	2
Total estimated liquidity	2,675	2,125

Appendix 3

Net Debt

Net Debt represents long-term loans, net of current portion, plus short-term loans and current portion of long-term loans, plus finance lease liabilities, including current portion of finance lease liabilities, less cash and cash equivalents (excluding restricted deposits). Net Debt is not a 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 2012	31 December 2011
	(US$ million)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	6,271	6,593
Short-term loans and current portion of long-term loans	1,531	613
Finance lease liabilities, including current portion	31	39
Less:		
Short-term bank deposits	0	(2)
Cash and cash equivalents	(1,763)	(801)
Net Debt	**6,070**	**6,442**

EVRAZ plc

Unaudited Interim Condensed Consolidated Financial Statements

Six-month period ended 30 June 2012

Contents

Independent Review Report to EVRAZ plc

Introduction
We have been engaged by EVRAZ plc (the Company) to review the condensed set of financial statements in the interim report for the six months ended 30 June 2012 which comprises the Interim Condensed Consolidated Statement of Operations, Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Cash Flows, Interim Condensed Consolidated Statement of Changes in Equity and related notes 1 to 14. We have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom.
A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
August 29, 2012

The maintenance and integrity of the EVRAZ plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Unaudited Interim Condensed Consolidated Statement of Operations

(In millions of US dollars, except for per share information)

	Notes	Six-month period ended 30 June 2012	2011
Revenue			
Sale of goods		**$ 7,440**	$ 8,221
Rendering of services		**179**	159
		7,619	8,380
Cost of revenue		**(6,029)**	(6,183)
Gross profit		**1,590**	2,197
Selling and distribution costs		**(621)**	(553)
General and administrative expenses		**(428)**	(443)
Social and social infrastructure maintenance expenses		**(21)**	(26)
Loss on disposal of property, plant and equipment		**(25)**	(17)
Impairment of assets	**7**	**(80)**	(32)
Foreign exchange gains/(losses), net		**28**	(220)
Other operating income		**33**	18
Other operating expenses		**(46)**	(65)
Profit from operations		**430**	859
Interest income		**8**	7
Interest expense		**(317)**	(387)
Share of profits/(losses) of joint ventures and associates	**8**	**6**	39
Gain/(loss) on financial assets and liabilities, net		**(26)**	(48)
Gain/(loss) on disposal groups classified as held for sale, net		**(2)**	1
Other non-operating gains/(losses), net		**(13)**	2
Profit before tax		**86**	473
Income tax expense	**6**	**(136)**	(210)
Net profit/(loss)		**$ (50)**	$ 263
Attributable to:			
Equity holders of the parent entity		**$ (38)**	$ 258
Non-controlling interests		**(12)**	5
		$ (50)	$ 263
Earnings per share: basic and diluted, for profit/(loss) attributable to equity holders of the parent entity, US dollars	**11**	**$ (0.03)**	$ 0.21

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

(In millions of US dollars)

	Notes	Six-month period ended 30 June 2012	2011
Net profit/(loss)		**$ (50)**	$ 263
Other comprehensive income			
Effect of translation to presentation currency		**(116)**	706
Net gains/(losses) on available-for-sale financial assets		**6**	(13)
Net (gains)/losses on available-for-sale financial assets reclassified to profit or loss		**–**	13
Income tax effect		**–**	–
		6	–
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment		**–**	(1)
Income tax effect		–	–
		–	(1)
Effect of translation to presentation currency of the Group's joint ventures and associates	**8**	**4**	60
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		**4**	60
Total other comprehensive income/(loss)		**(106)**	765
Total comprehensive income/(loss), net of tax		**$ (156)**	$ 1,028
Attributable to:			
Equity holders of the parent entity		**$ (144)**	$ 987
Non-controlling interests		**(12)**	41
		$ (156)	$ 1,028

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statement of Financial Position

(In millions of US dollars)

	Notes	30 June 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	**$ 7,936**	$ 8,306
Intangible assets other than goodwill		**771**	838
Goodwill	**5**	**2,175**	2,180
Investments in joint ventures and associates	**8**	**565**	663
Deferred income tax assets		**80**	79
Other non-current financial assets		**54**	53
Other non-current assets		**106**	107
		11,687	12,226
Current assets			
Inventories		**2,226**	2,188
Trade and other receivables		**957**	971
Prepayments		**200**	176
Loans receivable		**10**	44
Receivables from related parties	**9**	**13**	8
Income tax receivable		**33**	83
Other taxes recoverable		**280**	412
Other current financial assets		**86**	57
Cash and cash equivalents	**10**	**1,763**	801
		5,568	4,740
Assets of disposal groups classified as held for sale		**177**	9
		5,745	4,749
Total assets		**$ 17,432**	$ 16,975
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Issued capital	**11**	**$ 1,340**	$ 1,338
Treasury shares	**11**	**(1)**	(8)
Additional paid-in capital		**2,298**	2,289
Revaluation surplus		**171**	171
Unrealised gains and losses		**6**	–
Accumulated profits		**3,285**	3,606
Translation difference		**(1,963)**	(1,851)
		5,136	5,545
Non-controlling interests		**212**	236
		5,348	5,781
Non-current liabilities			
Long-term loans	**12**	**6,271**	6,593
Deferred income tax liabilities		**972**	1,020
Finance lease liabilities		**12**	26
Employee benefits		**290**	296
Provisions		**300**	285
Other long-term liabilities		**346**	285
		8,191	8,505
Current liabilities			
Trade and other payables		**1,384**	1,460
Advances from customers		**137**	154
Short-term loans and current portion of long-term loans	**12**	**1,531**	613
Payables to related parties	**9**	**185**	98
Income tax payable		**74**	92
Other taxes payable		**183**	188
Current portion of finance lease liabilities		**2**	13
Provisions		**63**	53
Amounts payable under put options for shares of subsidiaries		**–**	9
Dividends payable by the parent entity to its shareholders		**228**	–
Dividends payable by the Group's subsidiaries to non-controlling shareholders		**8**	9
		3,795	2,689
Liabilities directly associated with disposal groups classified as held for sale		**98**	–
		3,893	2,689
Total equity and liabilities		**$ 17,432**	$ 16,975

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

EVRAZ plc

Unaudited Interim Condensed Consolidated Statement of Cash Flows

(In millions of US dollars)

	Six-month period ended 30 June 2012	2011
Cash flows from operating activities		
Net profit/(loss)	**$ (50)**	$ 263
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:		
Deferred income tax (benefit)/expense	**(30)**	(12)
Depreciation, depletion and amortisation	**668**	501
Loss on disposal of property, plant and equipment	**25**	17
Impairment of assets	**80**	32
Foreign exchange (gains)/losses, net	**(28)**	220
Interest income	**(8)**	(7)
Interest expense	**317**	387
Share of (profits)/losses of associates and joint ventures	**(6)**	(39)
(Gain)/loss on financial assets and liabilities, net	**26**	48
(Gain)/loss on disposal groups classified as held for sale, net	**2**	(1)
Other non-operating (gains)/losses, net	**13**	(2)
Bad debt expense	**10**	29
Changes in provisions, employee benefits and other long-term assets and liabilities	**(61)**	(3)
Expense arising from the equity-settled awards	**8**	15
Share-based payments under cash-settled awards	**–**	(1)
Other	**(2)**	–
	964	1,447
Changes in working capital:		
Inventories	**(38)**	(343)
Trade and other receivables	**(14)**	67
Prepayments	**(31)**	2
Receivables from/payables to related parties	**91**	25
Taxes recoverable	**186**	(23)
Other assets	**(55)**	2
Trade and other payables	**(53)**	373
Advances from customers	**(15)**	(27)
Taxes payable	**(17)**	81
Other liabillities	**71**	(10)
Net cash flows from operating activities	**1,089**	1,594
Cash flows from investing activities		
Issuance of loans receivable to related parties	**(3)**	–
Issuance of loans receivable	**–**	(1)
Proceeds from repayment of loans receivable, including interest	**4**	3
Purchases of subsidiaries, net of cash acquired	**–**	(6)
Proceeds from sale of subsidiaries	**9**	–
Restricted deposits at banks in respect of investing activities	**(13)**	–
Short-term deposits at banks, including interest	**6**	4
Purchases of property, plant and equipment and intangible assets	**(565)**	(462)
Proceeds from disposal of property, plant and equipment	**4**	2
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	**2**	1
Dividends received	**86**	2
Net cash flows used in investing activities	**(470)**	(457)

Continued on the next page

Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

(In millions of US dollars)

	Six-month period ended 30 June 2012		Six-month period ended 30 June 2011	
Cash flows from financing activities				
Purchase of treasury shares in the course of the Group's reorganisation *(Note 11)*	**$**	**(4)**	$	(15)
Sale of treasury shares		**–**		3
Purchases of non-controlling interests *(Note 4)*		**–**		(51)
Proceeds from bank loans and notes		**2,072**		1,995
Repayment of bank loans and notes, including interest		**(1,807)**		(2,630)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest		**93**		(24)
Payments under covenants reset		**(7)**		–
Gain on derivatives not designated as hedging instruments		**42**		26
Collateral under swap contracts		**(21)**		4
Payments under finance leases, including interest		**(9)**		(10)
Net cash flows from/(used in) financing activities		**359**		(702)
Effect of foreign exchange rate changes on cash and cash equivalents		**(16)**		37
Net increase/(decrease) in cash and cash equivalents		**962**		472
Cash and cash equivalents at beginning of year		**801**		683
Cash and cash equivalents at end of period	**$**	**1,763**	$	1,155
Supplementary cash flow information:				
Cash flows during the period:				
Interest paid	**$**	**(271)**	$	(315)
Interest received		**3**		4
Income taxes paid by the Group		**(134)**		(210)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

EVRAZ plc

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

(In millions of US dollars)

	Attributable to equity holders of the parent entity										
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Legal reserve	Unrealised gains and losses	Accumulated profits	Translation difference	Total	Non-controlling interests	Total Equity
At 31 December 2011	**$ 1,338**	**$ (8)**	**$ 2,289**	**$ 171**	**$ –**	**$ –**	**$ 3,606**	**$ (1,851)**	**$ 5,545**	**$ 236**	**$ 5,781**
Net profit/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**(38)**	**–**	**(38)**	**(12)**	**(50)**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**6**	**–**	**(112)**	**(106)**	**–**	**(106)**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**6**	**(38)**	**(112)**	**(144)**	**(12)**	**(156)**
Issue of shares in the course of the Group's reorganisation *(Notes 4, 11)*	**2**	**(4)**	**–**	**–**	**–**	**–**	**8**	**–**	**6**	**(10)**	**(4)**
Acquisition of non-controlling interests in existing subsidiaries *(Note 4)*	**–**	**–**	**1**	**–**	**–**	**–**	**(30)**	**–**	**(29)**	**(6)**	**(35)**
Non-controlling interests arising on sale of ownership interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Buyback of own shares by a joint venture's subsidiary *(Note 8)*	**–**	**–**	**–**	**–**	**–**	**–**	**(22)**	**–**	**(22)**	**–**	**(22)**
Transfer of treasury shares to participants of the Incentive Plan *(Note 11)*	**–**	**11**	**–**	**–**	**–**	**–**	**(11)**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**8**	**–**	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Dividends declared by the parent entity to its shareholders *(Note 11)*	**–**	**–**	**–**	**–**	**–**	**–**	**(228)**	**–**	**(228)**	**–**	**(228)**
At 30 June 2012	**$ 1,340**	**$ (1)**	**$ 2,298**	**$ 171**	**$ –**	**$ 6**	**$ 3,285**	**$ (1,963)**	**$ 5,136**	**$ 212**	**$ 5,348**

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

EVRAZ plc

Unaudited Interim Condensed Consolidated Statement of Changes in Equity (continued)

(In millions of US dollars)

	Attributable to equity holders of the parent entity										
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Legal reserve**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At 31 December 2010	$ 375	$ –	$ 1,742	$ 180	$ 36	$ –	$ 4,570	$ (1,214)	$ 5,689	$ 247	$ 5,936
Net profit/(loss)	–	–	–	–	–	–	258	–	258	5	263
Other comprehensive income/(loss)	–	–	–	(1)	–	–	–	730	729	36	765
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(5)	–	–	5	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(6)	–	–	263	730	987	41	1,028
Acquisition of non-controlling interests in existing subsidiaries	–	–		–	–	–	(18)	–	(18)	(33)	(51)
Purchase of treasury shares	–	(15)	–	–	–	–	–	–	(15)	–	(15)
Transfer of treasury shares to participants of the Incentive Plan	–	11	–	–	–	–	(11)	–	–	–	–
Sale of treasury shares	–	3	–	–	–	–	–	–	3	–	3
Conversion of bonds	–	–	551	–	–	–	–	–	551	–	551
Share-based payments	–	–	15	–	–	–	–	–	15	–	15
Dividends declared by the Group's subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(1)	(1)
At 30 June 2011	$ 375	$ (1)	$ 2,308	$ 174	$ 36	$ –	$ 4,804	$ (484)	$ 7,212	$ 254	$ 7,466

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

EVRAZ plc

Selected Notes

to the Unaudited Interim Condensed Consolidated Financial Statements

Six-month period ended 30 June 2012

1. Corporate Information

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors of EVRAZ plc on 29 August 2012.

EVRAZ plc ("EVRAZ plc" or "the Company") was incorporated on 23 September 2011 as a public company under the laws of the United Kingdom with the registered number 7784342. The Company's registered office is at 5th Floor, 6 St. Andrew Street, London, EC4A 3AE, United Kingdom.

As a result of the reorganisation implemented by way of the share exchange offer made by the Company for the shares of Evraz Group S.A. in November 2011, the Company became a new parent entity of Evraz Group S.A. (Luxembourg), a holding company which owns steel production, mining and trading companies. Consequently, these interim condensed consolidated financial statements have been prepared as a continuation of the existing group using the pooling of interests method.

The Company, together with its subsidiaries (the "Group"), is involved in the production and distribution of steel and related products and coal and iron ore mining. In addition, the Group produces vanadium products. The Group is one of the largest steel producers globally.

Lanebrook Limited (Cyprus) is the ultimate controlling party of the Company.

Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis.

The Group's activities in all of its operating segments continue to be affected by the uncertainty and instability of the current economic environment. In this volatile environment management continues to monitor and take steps to proactively address potential issues. As part of these steps in the first half of 2012, management increased its future financial flexibility by renegotiating some of its financial covenants with certain bank lenders.

The directors and management have a reasonable expectation that the Group will be in compliance with its financial covenants and has adequate resources to continue in operational existence for the foreseeable future.

2. Significant Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, these interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The comparative figures as of 31 December 2011 are not the Company's statutory accounts for the year ended 31 December 2011 in terms of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011, in respect of which the audit report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 have been filed with the Registrar of Companies.

Operating results for the six-month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012.

Changes in Accounting Policies

In the preparation of the interim condensed consolidated financial statements, the Group followed the same accounting policies and methods of computation as compared with those applied in the complete consolidated financial statements for year ended 31 December 2011, except for the adoption of new standards and interpretations and revision of the existing IAS as of 1 January 2012.

New/Revised Standards and Interpretations Adopted in 2012:

- IFRS 7 - Disclosures - Transfers of Financial Assets (Amendment)

  The amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

The amendments described above did not have any impact on the accounting policies, financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Segment Information

The following tables present measures of segment profit or loss based on management accounts.

Six-month period ended 30 June 2012

US$ million	Steel	Mining	Vanadium	Other	Eliminations	Total
Revenue						
Sales to external customers	**$ 7,188**	**$ 157**	**$ 106**	**$ 94**	**$ –**	**$ 7,545**
Inter-segment sales	**177**	**1,171**	**147**	**334**	**(1,829)**	**–**
Total revenue	**7,365**	**1,328**	**253**	**428**	**(1,829)**	**7,545**
Segment result – EBITDA	**$ 662**	**$ 404**	**$ 38**	**$ 101**	**$ (52)**	**$ 1,153**

Six-month period ended 30 June 2011

US$ million	Steel	Mining	Vanadium	Other	Eliminations	Total
Revenue						
Sales to external customers	$ 7,880	$ 306	$ 134	$ 82	$ –	$ 8,402
Inter-segment sales	211	1,558	154	344	(2,267)	–
Total revenue	8,091	1,864	288	426	(2,267)	8,402
Segment result – EBITDA	$ 698	$ 891	$ 32	$ 71	$ (37)	$ 1,655

3. Segment Information (continued)

The following table shows a reconciliation of revenue and EBITDA used by the management for decision making and revenue and profit or loss before tax per the consolidated financial statements prepared under IFRS.

Six-month period ended 30 June 2012

US$ million	Steel	Mining	Vanadium	Other	Eliminations	Total
Revenue	**$ 7,365**	**$ 1,328**	**$ 253**	**$ 428**	**$ (1,829)**	**$ 7,545**
Forecasted vs. actual revenue	**24**	**2**	**2**	**(8)**	**–**	**20**
Reclassifications and other adjustments	**(370)**	**53**	**8**	**121**	**242**	**54**
Revenue per IFRS financial statements	**$ 7,019**	**$ 1,383**	**$ 263**	**$ 541**	**$ (1,587)**	**$ 7,619**
EBITDA	**$ 662**	**$ 404**	**$ 38**	**$ 101**	**$ (52)**	**$ 1,153**
Forecasted vs. actual EBITDA	**–**	**10**	**1**	**2**	**–**	**13**
Exclusion of management services from segment result	**50**	**24**	**2**	**2**	**–**	**78**
Unrealised profits adjustment	**(48)**	**–**	**–**	**–**	**102**	**54**
Reclassifications and other adjustments	**35**	**(21)**	**(37)**	**(11)**	**–**	**(34)**
	37	**13**	**(34)**	**(7)**	**102**	**111**
EBITDA based on IFRS financial statements	**$ 699**	**$ 417**	**$ 4**	**$ 94**	**$ 50**	**$ 1,264**
Unallocated subsidiaries						**(89)**
						$ 1,175
Depreciation, depletion and amortisation expense	**(257)**	**(364)**	**(23)**	**(21)**	**–**	**(665)**
Impairment of assets	**(64)**	**(15)**	**–**	**(1)**	**–**	**(80)**
Gain/(loss) on disposal of property, plant and equipment and intangible assets	**(17)**	**(8)**	**–**	**–**	**–**	**(25)**
Foreign exchange gains/(losses), net	**25**	**42**	**–**	**(1)**	**–**	**66**
	386	**72**	**(19)**	**71**	**50**	**471**
Unallocated income/(expenses), net						**(41)**
Profit/(loss) from operations						**$ 430**
Interest income/(expense), net						**(309)**
Share of profits/(losses) of joint ventures and associates						**6**
Gain/(loss) on financial assets and liabilities						**(26)**
Gain/(loss) on disposal groups classified as held for sale						**(2)**
Other non-operating gains/(losses), net						**(13)**
Profit/(loss) before tax						**$ 86**

3. Segment Information (continued)

Six-month period ended 30 June 2011

US$ million	Steel	Mining	Vanadium	Other	Eliminations	Total
Revenue	$ 8,091	$ 1,864	$ 288	$ 426	$ (2,267)	$ 8,402
Forecasted vs. actual revenue	55	(11)	(4)	(7)	–	33
Reclassifications and other adjustments	(654)	187	36	63	313	(55)
Revenue per IFRS financial statements	$ 7,492	$ 2,040	$ 320	$ 482	$ (1,954)	$ 8,380
EBITDA	$ 698	$ 891	$ 32	$ 71	$ (37)	$ 1,655
Forecasted vs. actual EBITDA	37	(8)	2	7	–	38
Exclusion of management services from segment result	41	22	2	1	–	66
Unrealised profits adjustment	13	–	(3)	–	(11)	(1)
Reclassifications and other adjustments	(45)	57	(36)	4	–	(20)
	46	71	(35)	12	(11)	83
EBITDA based on IFRS financial statements	$ 744	$ 962	$ (3)	$ 83	$ (48)	$ 1,738
Unallocated subsidiaries						(109)
						$ 1,629
Depreciation, depletion and amortisation expense	(288)	(175)	(17)	(20)	–	(500)
Impairment of assets	(7)	(33)	–	8	–	(32)
Gain/(loss) on disposal of property, plant and equipment and intangible assets	(13)	(4)	–	–	–	(17)
Foreign exchange gains/(losses), net	(60)	(35)	1	3	–	(91)
	376	715	(19)	74	(48)	989
Unallocated income/(expenses), net						(130)
Profit/(loss) from operations						$ 859
Interest income/(expense), net						(380)
Share of profits/(losses) of joint ventures and associates						39
Gain/(loss) on financial assets and liabilities						(48)
Loss on disposal groups classified as held for sale						1
Other non-operating gains/(losses), net						2
Profit/(loss) before tax						$ 473

In the six-month period ended 30 June 2012, the Group made a reversal of the allowance for net realisable value in the amount of $24 million.

3. Segment Information (continued)

The material changes in property, plant and equipment during the six-month period ended 30 June 2012 other than those disclosed above are presented below:

US$ million	Steel	Mining	Vanadium	Other	Total
Additions	**$ 323**	**$ 220**	**$ 6**	**$ 25**	**$ 574**

4. Purchases/Sales of Ownership Interests in Subsidiaries

Purchase of Non-controlling Interests in Evraz Group S.A.

On 17 February 2012, the Group purchased the remaining global depository receipts, representing 96,607.67 shares of Evraz Group S.A., for $4 million and exchanged them for the newly issued shares of EVRAZ plc. Since that date Evraz Group S.A. became a wholly-owned subsidiary of EVRAZ plc and a non-controlling interest amounting to $10 million was derecognised.

Increased Share in the Mezhegey Project

On 28 June 2012, the Group acquired an additional 9.996% ownership interest in Actionfield Limited, which holds and operates the Mezhegey coal field project. As a result, the Group increased its share in the project to approximately 60.016%.

The fair value of the consideration amounted to $36 million. It was agreed to settle the liabilities for the purchase by an offset with a loan receivable by the Group. The excess of the fair value of an ownership interest acquired over its carrying value amounting to $30 million was charged to accumulated profits.

Business Combination

On 1 January 2012, the Group obtained control over the operating activities of Kachkanar Heat and Power Plant (Russia), for which the Group paid $20 million in 2011. Goodwill arising on this business combination amounted to $3 million.

5. Goodwill

The table below presents a movement in the carrying amount of goodwill during the reporting period.

US$ million	Carrying amount
At 31 December 2011	$ 2,180
Goodwill recognised on acquisition of subsidiaries (Note 4)	3
Adjustment to contingent consideration	(3)
Translation difference	(5)
At 30 June 2012	**$ 2,175**

As of 30 June 2012, goodwill was tested for impairment in respect of cash-generating units where indicators of impairment have been identified.

For the purpose of the goodwill impairment testing the Group assessed the recoverable amount of each cash-generating unit, which demonstrated the performance below the expected levels. The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, cash flow projections have been estimated by extrapolating the respective business plans results using a zero real growth rate.

The key assumptions used by management in the value-in-use calculations for cash-generating units containing the goodwill are presented in the table below.

	Period of forecast, years	Pre-tax discount rate, %	Commodity	Average price of the commodity per tonne in 2013
Evraz Palini e Bertoli	5	12.95	steel plates	€670
Evraz Vanady-Tula	5	13.40	vanadium products	$23,630
Vametco	5	13.64	ferrovanadium products	$29,911
Nikom, a.s.	5	13.97	ferrovanadium products	$27,900
Evraz Highveld Steel and Vanadium Limited	5	12.48	ferrovanadium products	$28,085
			steel products	$879

5. Goodwill (continued)

The calculations of value in use are most sensitive to the following assumptions:

Discount Rates

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates have been determined using the Capital Asset Pricing Model and analysis of industry peers. Reasonable changes in discount rates could lead to an additional impairment at EVRAZ Highveld Steel and Vanadium Limited, EVRAZ Dnepropetrovsk Steel Works, and Evrazruda. If discount rates were 10% higher, this would lead to an additional impairment of $103 million. The recoverable amount of EVRAZ Highveld Steel and Vanadium Limited based on the discount rates applied exceeds its carrying amount by $22 million.

Sales Prices

The prices of the products sold by the Group were estimated using industry research. The Group expects that the nominal prices will grow with a compound annual gross rate of 4% in 2013– 2016, 3.0% in 2017 and thereafter. If the prices assumed for the 2nd half of 2012 and 2013 in the impairment test were 10% lower, this would lead to additional impairment of $166 million at EVRAZ Highveld Steel and Vanadium Limited, EVRAZ Dnepropetrovsk Steel Works, Evrazruda. The recoverable amount of EVRAZ Highveld Steel and Vanadium Limited based on the sales prices applied exceeds its carrying amount by $22 million.

Sales Volumes

Management assumed that the sales volume of steel products would increase by 6% during 2013 and then would grow evenly during the following four years to reach normal asset capacity thereafter. If the sales volumes were 10% lower than those assumed for the 2nd half of 2012 and 2013 in the impairment test, this would lead to additional impairment of $66 million at EVRAZ Highveld Steel and Vanadium Limited, EVRAZ Dnepropetrovsk Steel Works and Evrazruda. The recoverable amount of EVRAZ Highveld Steel and Vanadium Limited cash-generating unit based on the sales volumes applied exceeds its carrying amount by $22 million.

Cost Control Measures

The recoverable amounts of cash-generating units are based on the business plans approved by management. A reasonable deviation of cost from these plans could lead to an additional impairment at EVRAZ Highveld Steel and Vanadium Limited, EVRAZ Dnepropetrovsk Steel Works and Evrazruda. If the actual costs were 10% higher than those assumed for the 2nd half of 2012 and 2013 in the impairment test, this would lead to an additional impairment of $232 million. The recoverable amount of EVRAZ Highveld Steel and Vanadium Limited based on the cost control measures applied exceeds its carrying amounts by $22 million.

6. Income Taxes

Major components of income tax expense for the six-month periods ended 30 June were as follows:

US$ million	Six-month period ended 30 June 2012		Six-month period ended 30 June 2011	
Current income tax expense	**$**	**(206)**	$	(247)
Adjustment in respect of income tax of previous years		**40**		25
Deferred income tax benefit/(expense) relating to origination and reversal of temporary differences		**30**		12
Income tax expense reported in the consolidated statement of operations	**$**	**(136)**	$	(210)

7. Property, Plant and Equipment

The movement in property, plant and equipment for the six-month period ended 30 June 2012 was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2011, cost, net of accumulated depreciation	**$ 187**	**$ 1,640**	**$ 3,440**	**$ 281**	**$ 1,708**	**$ 23**	**$ 1,027**	**$ 8,306**
Assets acquired in business combinations	**–**	**6**	**7**	**–**	**–**	**–**	**–**	**13**
Additions	**–**	**–**	**3**	**–**	**18**	**1**	**552**	**574**
Assets put into operation	**–**	**34**	**233**	**37**	**140**	**2**	**(446)**	**–**
Disposals	**–**	**(7)**	**(17)**	**(2)**	**(4)**	**–**	**(5)**	**(35)**
Depreciation and depletion charge	**–**	**(75)**	**(260)**	**(22)**	**(290)**	**(4)**	**–**	**(651)**
Impairment losses recognised in statement of operations	**–**	**(18)**	**(34)**	**–**	**(15)**	**–**	**(2)**	**(69)**
Impairment losses reversed through statement of operations	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Transfer to/from assets held for sale	**(1)**	**(2)**	**–**	**(111)**	**–**	**–**	**–**	**(114)**
Change in site restoration and decommissioning provision	**–**	**1**	**–**	**–**	**21**	**–**	**–**	**22**
Translation difference	**(2)**	**(21)**	**(46)**	**(5)**	**(15)**	**–**	**(22)**	**(111)**
At 30 June 2012, cost, net of accumulated depreciation	**$ 184**	**$ 1,558**	**$ 3,326**	**$ 178**	**$ 1,563**	**$ 22**	**$ 1,105**	**$ 7,936**

Change in Estimate

On 1 April 2012, the Group has updated its mining plans relating mostly to the extraction of coking coal reserves. Consequently, the depreciation and depletion charge in the first half of 2012 is lower by $143 million compared to the amount that would have been charged in accordance with the previous mining plans.

7. Property, Plant and Equipment (continued)

Impairment of Cash-Generating Units

As of 30 June 2012, cash-generating units which demonstrated the performance below the expected levels were tested for impairment. The recoverable amount of such cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, cash flow projections have been estimated by extrapolating the respective business plans results using a zero real growth rate.

As a result, the Group recognised an impairment loss of $62 million. The most part of this loss ($49 million) relates to EVRAZ Dnepropetrovsk Steel Works (Ukraine).

The key assumptions used by management in the value-in-use calculations for EVRAZ Dnepropetrovsk Steel Works are presented in the table below.

	Period of forecast, years	**Pre-tax discount rate, %**	**Commodity**	**Average price of the commodity per tonne in 2013**
EVRAZ Dnepropetrovsk Steel Works	5	12.95	steel products	$719

8. Investments in Joint Ventures and Associates

The movement in investments in joint ventures and associates during the six-month period ended 30 June 2012 was as follows:

US$ million	**Corber**	**Streamcore**	**Other associates**	**Total**
At 31 December 2011	**$ 621**	**$ 24**	**$ 18**	**$ 663**
Share of profit/(loss)	(5)	6	–	1
Reversal of impairment of investments	–	5	–	5
Dividends paid	(86)	–	–	(86)
Acquisition of non-controlling interests	(22)	–	–	(22)
Translation difference	5	(1)	–	4
At 30 June 2012	**$ 513**	**$ 34**	**$ 18**	**$ 565**

8. Investments in Joint Ventures and Associates (continued)

In the six-month period ended 30 June 2012, share of profit/(loss) of joint ventures and associates which is reported in the statement of operations comprised the following:

US$ million	**2012**
Share of profit/(loss)	**$ 1**
Reversal of impairment of investments	**5**
Share of profits/(losses) of joint ventures and associates recognised in the consolidated statement of operations	**6**

Buyback of Shares by Raspadskaya

In 2012, Raspadskaya, a subsidiary of Corber, the Group's joint venture, made a buyback of 9.94% of its shares from shareholders. At the end of February 2012, Corber sold 48,351,712 shares back to Raspadskaya for $248 million. As a result of the buyback, Corber effectively acquired an additional 1.95% share in Raspadskaya and its ownership interest increased to 81.95%. The Group has a 50% interest in Corber.

The Group's share in the excess of the amounts of consideration over the carrying values of non-controlling interests acquired amounting to $22 million was charged to accumulated profits of the Group.

9. Related Party Disclosures

For the Group related parties include associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel, the Group's ultimate parent or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties may not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Amounts owed by/to related parties were as follows:

	Amounts due from related parties		**Amounts due to related parties**	
US$ million	**30 June 2012**	**31 December 2011**	**30 June 2012**	**31 December 2011**
Kazankovskaya	**$ 21**	$ 21	**$ –**	$ **–**
Raspadsky Ugol	**3**	2	**29**	39
Vtorresource-Pererabotka	**2**	–	**49**	–
Yuzhny GOK	**6**	5	**101**	46
Other entities	**11**	9	**6**	13
	43	37	**185**	98
Less: allowance for doubtful accounts	**(30)**	(29)	**–**	–
	$ 13	$ 8	**$ 185**	$ 98

9. Related Party Disclosures (continued)

Transactions with related parties were as follows for the six-month periods ended 30 June:

	Sales to related parties		Purchases from related parties	
US$ million	**2012**	**2011**	**2012**	**2011**
Interlock Security Services	**$ –**	$ –	**$ 24**	$ 22
Kazankovskaya	**–**	–	**–**	5
Raspadsky Ugol	**5**	6	**61**	124
Vtorresource-Pererabotka	**6**	–	**226**	–
Yuzhny GOK	**33**	19	**67**	102
Other entities	**3**	4	**16**	11
	$ 47	$ 29	**$ 394**	$ 264

Vtorresource-Pererabotka is a newly acquired subsidiary of the Group's joint venture. It sells scrap metal to the Group.

Compensation to Key Management Personnel

In the six-month periods ended 30 June 2012 and 2011, key management personnel totalled 54 persons. Total compensation to key management personnel was included in general and administrative expenses and consisted of the following in the six-month periods ended 30 June:

US$ million	**2012**	**2011**
Salary	**$ 11**	$ 10
Performance bonuses	**10**	5
Social security taxes	**3**	1
Termination benefits	**–**	1
Share-based payments	**4**	8
	$ 28	$ 25

10. Cash and Cash Equivalents

Cash and cash equivalents were denominated in the following currencies:

US$ million	**30 June 2012**	**31 December 2011**
US dollar	**$ 1,257**	$ 314
Russian rouble	**290**	262
Euro	**105**	89
South African rand	**32**	80
Ukrainian hryvnia	**21**	25
Canadian dollar	**57**	21
Czech koruna	**1**	6
Other	**–**	4
	$ 1,763	$ 801

The above cash and cash equivalents mainly consist of cash at banks.

11. Equity

Share Capital

Number of shares	30 June 2012	31 December 2011
Issued and fully paid		
Ordinary shares of $1 each	**1,339,929,360**	1,337,560,713

In 2012, the Group completed the corporate reorganisation commenced in 2011, which has been implemented by means of the share exchange. During the reporting period, EVRAZ plc issued 2,368,647 ordinary shares.

Date of exchange	Number of shares issued by EVRAZ plc	Number of shares of Evraz Group S.A. exchanged	Ownership interest exchanged
Total at 31 December 2011	**1,337,560,713**	**148,617,857.00**	**99.82%**
30 January 2012	839,388	93,265.33	0.06%
8 February 2012	659,790	73,310.00	0.05%
17 February 2012	869,469	96,607.67	0.07%
Total at 30 June 2012	**1,339,929,360**	**148,881,040.00**	**100.00%**

Treasury Shares

In the six-month period ended 30 June 2012, the Group purchased 869,469 treasury shares for $4 million and transferred 1,487,347 shares to participants of the Incentive Plan. The cost of treasury shares gifted under the Incentive Plan, amounting to $11 million, was charged to accumulated profits. As of 30 June 2012, the Group had 157,532 treasury shares.

Earnings per Share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

The following reflects the profit/(loss) and share data used in the basic and diluted earnings per share computations:

	Six-month period ended 30 June	
	2012	2011
Weighted average number of ordinary shares outstanding during the period	**1,337,900,998**	1,251,022,275
Effect of dilution: share-based awards	–	2,528,118
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,337,900,998**	1,253,550,393
Profit/(loss) for the period attributable to equity holders of the parent entity, US$ million	**$ (38)**	$ 258
Earnings/(losses) per share, basic and diluted	**$ (0.03)**	$ 0.21

11. Equity (continued)

Earnings per Share (continued)

In 2011, share-based awards had a dilutive effect. In the six-month period ended 30 June 2012, the Group reported net loss. Consequently, they were antidilutive.

The weighted average number of ordinary shares outstanding and earnings per share for the six-month period ended 30 June 2011 have been recalculated on the basis of the weighted average number of ordinary shares of Evraz Group S.A. outstanding during the period multiplied by the share exchange ratio.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

Dividends

In May 2012, the Annual General Meeting of EVRAZ plc approved final dividends for 2011 in the amount of $228 million, which represents $0.17 per share. The dividends were fully paid in July 2012.

12. Loans and Borrowings

Short-term and long-term loans and borrowings were as follows:

US$ million	**30 June 2012**	31 December 2011
Bank loans	**$ 2,634**	$ 2,613
8.875 per cent notes due 2013	**534**	534
8.25 per cent notes due 2015	**577**	577
7.40 per cent notes due 2017	**600**	–
9.5 per cent notes due 2018	**509**	509
6.75 per cent notes due 2018	**850**	850
13.5 per cent bonds due 2014	**609**	621
9.25 per cent bonds due 2013	**457**	466
9.95 per cent bonds due 2015	**457**	466
8.40 per cent bonds due 2016	**609**	621
Liabilities under bonds assumed in business combination	**1**	1
Unamortised debt issue costs	**(122)**	(133)
Interest payable	**87**	81
	$ 7,802	$ 7,206

Some of the loan agreements and terms and conditions of notes provide for certain covenants in respect of Evraz Group S.A. and its subsidiaries. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness and profitability.

12. Loans and Borrowings (continued)

At 30 June 2012, the Group had the maximum level of borrowings allowed by terms of certain loans. Temporarily, the Group's ability to increase its debt by attracting new borrowings will be limited. However, new borrowings are allowed for refinancing and other purposes defined in the facilities' documentation.

Pledged Assets

The Group pledged its rights under some export contracts as collateral under the loan agreements. All proceeds from sales of steel pursuant to these contracts can be used to satisfy the obligations under the loan agreements in the event of a default.

At 30 June 2012 and 31 December 2011, the Group had inventory with a carrying value of $380 million and $250 million, respectively, pledged as collateral under the loan agreements.

Issue of Notes and Bonds

In April 2012, the Group issued notes for the amount of $600 million due in 2017. The notes bear semi-annual coupon at the annual rate of 7.40% and must be redeemed at their principal amount on 24 April 2017. The proceeds from the issue of the notes were used for the repayment of certain bank loans.

Unutilised Borrowing Facilities

As of 30 June 2012, the Group had unutilised bank loans in the amount of $912 million.

13. Commitments and Contingencies

Operating Environment of the Group

The Group is one of the largest vertically integrated steel producers globally and the largest steel producer in Russia. The Group's major subsidiaries are located in Russia, Ukraine, the European Union, the USA, Canada and the Republic of South Africa. Russia and Ukraine are considered to be emerging markets with higher economic and political risks. Steel consumption is affected by the cyclical nature of demand for steel products and the sensitivity of that demand to worldwide general economic conditions.

The global economic recession resulted in a significantly lower demand for steel products and decreased profitability. In 2012, the sovereign debt problems in Europe added extra volatility to commodity and financial markets and led to an additional uncertainty in the process of recovery of the global economy.

The global economic climate continues to be unstable and this may negatively affect the Group's results and financial position in a manner not currently determinable.

13. Commitments and Contingencies (continued)

Taxation

Russian and Ukrainian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on management’s best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities. Possible liabilities which were identified by management at the end of the reporting period as those that can be subject to different interpretations of the tax laws and other regulations and are not accrued in these financial statements could be up to approximately $42 million.

Contractual Commitments

At 30 June 2012, the Group had contractual commitments for the purchase of production equipment and construction works for an approximate amount of $553 million.

In 2010, the Group concluded an agreement for the supply of oxygen, nitrogen and argon by a third party for a period of 20 years. The contractual price comprises a fixed component and a variable component. The total amount of the fixed component approximates 252 million euro. The agreement is within the scope of IFRIC 4 “Determining whether an Arrangement Contains a Lease”. At 30 June 2012, the lease had not commenced.

Social Commitments

The Group is involved in a number of social programmes aimed to support education, healthcare and social infrastructure development in towns where the Group’s assets are located. In the second half 2012, the Group plans to spend approximately $91 million under these programmes.

Environmental Protection

In the course of the Group’s operations, the Group may be subject to environmental claims and legal proceedings. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, improvements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement. Management believes that any pending environmental claims or proceedings will not have a material adverse effect on its financial position and results of operations.

In the period from 2012 to 2017, the Group is committed to spend approximately $308 million under the environmental programmes.

13. Commitments and Contingencies (continued)

Legal Proceedings

The Group has been and continues to be the subject of legal proceedings, none of which has had, individually or in aggregate, a significant effect on the Group's operations or financial position.

14. Subsequent Events

Sale of a Subsidiary

On 1 August 2012, the Group sold to its parent a controlling interest in a loss-making coke-chemical plant located in Ukraine. Cash consideration amounted to $4. According to the agreement with the parent, the latter will transfer to the Group cash proceeds from the further sale of this subsidiary to a third party if this sale occurs within 6 months after the disposal by the Group.

Interim Dividends

On 29 August 2012, the Board of directors of EVRAZ plc declared interim dividends for 2012 in the amount of $0.11 per share, which represents a distribution of approximately $147 million.